Respecting Human Rights

By providing a wide range of products and services that support an information society, NEC aims to realize information societies that are more convenient, safer and secure to live in for all people around the world. NEC believes that innovative and advanced IT-network solutions and communications products can help solve some of the most challenging social and environmental issues facing global society.

However, if the evolution of technology can help social progress and the realization of the human rights of some, it may also potentially damage the environment and/or also hinder or infringe the human rights of others.

NEC is fully aware of this paradox and recognizes its corporate responsibility, as a global international company operating in a complex world environment*, to address any adverse human rights impacts which could potentially arise from its business activities and/or relationships.

* Reference: UN Guiding Principles on Business and Human Rights

Policy

As a global company, NEC strives to uphold international standards for the protection of all human rights such as the United Nations’ (UN) International Bill of Human Rights*1, the ILO (International Labor Organization) Declaration on Fundamental Principles and Rights at Work, and the 10 principles of the UN Global Compact*2. The Company also seeks to improve its human rights initiatives by using benchmarks such as the "UN's Guiding Principles on Business and Human Rights" and the "European Commission's ICT Sector Guide on Implementing the UN Guiding Principles on Business and Human Rights.”

In addition, NEC reviews carefully and takes into consideration the impacts of non-legislative and legislative changes around the world on business practices. This includes for example, the Sustainable Development Goals, the UK Modern Slavery Act, and developments in the European Union for example on conflict minerals, data privacy or non-financial reporting. NEC considers regional frameworks such as the EU Trade Policy Strategy 2015 as well as new national initiatives such to prevent tax evasions.

NEC formally started the journey to embed the respect human rights deep down within its organization in 2004, by clarifying its commitment contained in the Group Charter of Corporate Behavior. In 2015, the Company announced its Group Human Rights Policy (below), as a strong commitment to all its stakeholders. In a nutshell, this policy states that NEC will engage with its stakeholders to develop and implement human rights due diligence and that the Company requires a similar level of respect for human rights from its business partners in the value chain and other associates as its own.

*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 Cultural Rights and International Covenant on Civil and Political Rights.

*2 NEC has been a member since 2005. The 10 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.
NEC CSR Report 2017

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<th>CSR Management</th>
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<th>Society</th>
<th>Environment</th>
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**NEC Group Human Rights Policy**

April 2015

Policy statement

NEC Corporation and its consolidated subsidiaries (“NEC”) aim to realize an information society in which people all over the world can live more safely and securely. All of NEC’s actions are governed by a pledge to act responsibly on behalf of future generations to ensure social, environmental and economic progress. NEC is committed to comply with the strictest corporate ethics standards and respect all applicable international and national laws and human rights in the countries in which we operate.

NEC recognizes that it has, as a global company, a responsibility in addressing the potential impacts that its products, business activities and relationships (“corporate activities”) may have on the human rights of right holders. NEC supports the fundamental rights of individuals and workers in reference to guidelines set out by the United Nations Universal Declaration of Human Rights, the United Nations (UN) Guiding Principles on Business and Human Rights, the related European Commission’s Charter of Fundamental Rights of the European Union, the United Nations (UN) Guiding Principles on Business and Human Rights, and the International Labor Organization (ILO).

NEC’s commitments on human rights

Every officer and employee of NEC is required to respect all human rights in compliance with the fundamental principles of the NEC Charter of Corporate behavior, the NEC Code of Conduct and its management approach (The NEC Way):

1. In every aspect of all corporate activities, we will respect fundamental human rights and will not act in such a way that may offend the dignity of any individual or be prejudicial on the grounds of race, beliefs, age, social position, family origin, nationality, ethnicity, religion, gender and gender identity, sexual orientation, physical or mental handicap.

2. We will abide by the rules and regulations of each country or region for hiring and labor practices. However, we will never accept child labor or forced labor, under any and all circumstances.

3. We, as an ICT provider, will strive not to cause or contribute to human rights violations on data privacy and security through our business activities.

In addition, NEC 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.

Engaging with stakeholders to respect human rights

NEC will engage with its stakeholders to address the following commitments in every aspect of its corporate activities:

1. NEC will develop and implement human rights due diligence to address the actual or potential negative impact of its corporate activities on human rights. NEC will identify and assess actual or potential human rights risks and take measures to mitigate or prevent those risks in a consistent manner. In addition, NEC will develop processes to disclose findings externally as part of the company’s wider efforts to strengthen transparency and accountability.

2. Where NEC’s corporate activities result in negative human rights impacts caused either directly or indirectly, the company will endeavor to provide for or to cooperate to the remedy of those impacts and will take appropriate measures to prevent their recurrence.

3. Where national laws are in conflict with internationally recognized human rights, NEC will seek solutions that support the respect of the principles of international human rights.

4. NEC is committed to provide appropriate training, promote better awareness of human rights and implement other initiatives such as capacity-building, for all its officers and employees to ensure that this policy and human rights due diligence are implemented adequately.
Human Rights Due Diligence Processes

NEC is committed to solve human rights issues at global, regional and national levels, through the continual identification and monitoring of potential sources of adverse human rights impacts in all its locations worldwide.

NEC promotes an increased understanding of human rights issues through different types of engagement with its stakeholders.

Since fiscal 2015, NEC has developed a Human Rights Due Diligence Process which includes a phased approach as described in the diagram below. This process involves the recognition and understanding of human rights issues, the assessment of impacts and their evolution, the tracking of results, the transmission of these results to senior management, the evaluation of the level of integration of these findings within the organization and the related reporting.

Salient Human Rights Issues

Since fiscal 2015, progress has been made in the following areas:
- Better understanding of human rights issues and of their relationships through national and regional level research, risk assessments and stakeholder engagements.
- Deeper insight on human rights issues in the value chain by partnering with NGOs to train human rights risks assessors and collaborating with them when performing CSR audits of suppliers in China.

As a result of this engagement, we were able to identify and/or confirm the current most salient human rights issues for our Company:
- Labor rights related to supply chain matters including health and safety, fair employment and the sides effects of conflict minerals
- Data protection and security rights
- Economic rights (NEC has a zero tolerance approach to bribery and corruption that can threaten the rule of law and the realization of economic rights)
- Environment rights (NEC’s environmental strategy promotes the management of the impacts of our activities on the environment including CO₂ emissions, end of life)
- Customer rights (Product safety and quality assurance)
In early FY2017, NEC launched a materiality survey to evaluate the perception of material issues by staff. The results of this survey, undertaken with the purpose of further engaging with staff, will help review existing salient issues or identify emerging ones.

### Human Rights Due Diligence Processes

<table>
<thead>
<tr>
<th>Due Diligence Process in the Supply Chain</th>
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<tbody>
<tr>
<td>NEC’s due diligence process in the supply chain is based on the Japanese Electronics and Information Technology Industries Association (JEITA)’s framework. JEITA published its &quot;Supply-Chain CSR Deployment Guidebook (Tutorial of CSR Items)” back in 2006. This guidebook has been instrumental in helping us develop our own tools for suppliers (Supply Chain CSR Guidelines, Supply Chain CSR Checklist).</td>
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### Assessing Impacts in the Supply Chain

<table>
<thead>
<tr>
<th>An example of best Practice: EMEA</th>
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<tr>
<td>NEC EMEA Group is promoting a risk-based thinking approach which leverages on cooperation and dialogue with employees and business partners including on human rights issues. This comprises preventative initiatives, analysis of issues and of their sources of occurrence identified during the regular self-assessment exercise of the Group, as well as to implement actions to prevent recurrence.</td>
</tr>
</tbody>
</table>

Human right risks are recorded in local and group wide risk registers which have been amended in FY2016 to take into account impacts on stakeholder groups and external context. All social, governmental and environmental risks are reported periodically and as required for planning and decision making purposes, to the risk committee of NEC EMEA in addition to the directors of the appropriate corporate entities, and parent company, during quarterly board meetings.

New vendors are required to complete a questionnaire that puts human rights at an equal level with other criteria, such as quality, environment or ethical business practices. It is reviewed regularly in light of new trends and regulations where appropriate (for example, in the UK, the Modern Slavery Act). Vendors must commit to comply with NEC’s principles for responsible business conduct or must provide evidence of compliance to equivalent requirements. Each self-assessment is duly reviewed and evaluated by a cross functional team and mandatory to be qualified for inclusion in the vendor database. Self-assessments are also used to identify needs for local site inspection of vendors and training.

The Modern Slavery Act 2015 is an important piece of legislation in the UK, with a global reach. NEC’s global commitment to human rights clarifies the company’s position on recruitment and labor practices, as well as child and forced labor:

"We will abide by the rules and regulations of each country or region for hiring and labor practices. However, we will never accept child labor or forced labor under any and all circumstances.”

In FY2016, NEC increased its understanding of the requirements of the Modern Slavery Act by participating in expert learning groups with some peers and seminars both in the UK and in Japan.

NEC also issued its first statement in reference to Section 54 of the Modern Slavery Act covering the organization and supply chain of NEC EMEA in September 2016.

**NEC EUROPE LTD  Modern Slavery and Human Trafficking Statement**

NEC EMEA has used the findings made through the analysis of the responses to its vendor questionnaire to map its supply chain, taking into account country risk ratings, and has reviewed which areas of its business may be exposed to which extent, to such risks. Following this initiative, the company has updated the requirements of its "Vendor Charter of Responsible Business Conduct” in relation to trafficking and slavery issues.

Local best practices are shared with NEC entities worldwide through regular communications.
Integrating Impact Assessment Results

We require that our employees, business partners and other parties in the value chain fully respect all human rights. We contribute to develop their awareness of our human rights policy through dialogue, training, capacity building, contract clauses, and the promotion of membership of several industry associations.

Organizational Structure: Human Rights Awareness Committees

An NEC-wide Human rights Awareness Committee (chaired by the executive vice president) and a Business Unit Human rights Awareness Committee (chaired by the head of the corporate planning department of each business unit), were established in 1997 to supervise NEC’s approach to human rights. The role of this Committee is to make sure that a human rights framework is created and adequately implemented, to take decisions and promote internal awareness on human rights. Similar frameworks have been established at the level of Group companies.

Human Rights Risk Management

NEC carries out a questionnaire-style risk management survey every year. Companywide risks are then prioritized based on the analysis of the results. Human rights salient for the company are identified as a result of this process, as well as the stakeholders that need to be engaged with for each specific issue.

In fiscal 2016, in order to further promote Human Rights Due Diligence, NEC engaged all business division general managers through a survey to better explain the following issues: “Promotion of human rights policy,” “Implementation of human rights policy [Business/Workplace],” “Escalation of procedures necessary to resolve human rights violation issues” and “Procedures to be implemented after a human rights violation.”

Promoting Employee’s Awareness on Human Rights

As NEC further expands its international business, it becomes increasingly important that its staff is appropriately educated about global human rights issues and that common shared practices are adopted by all entities.

In Japan, NEC has implemented a compulsory company-wide e-learning program for all its employees across every level, from recently recruited employees to long standing officers. This learning program incorporates an exposure to a variety of international regulations, case studies, and risks though our business in order to strengthen the understanding by management staff of what is required to respect human rights at global level. In addition, face-to-face training sessions are organized by Human Resources and senior management.

The NEC Web training program in fiscal 2016 was entitled “Human rights related to the Corporation,” and covered several human rights issues such as social integrations, disabled, LGBT in Japan, related to global business, and harassment obstructed promotion of diversity.

The training session also focused on understanding the concept of “reasonable accommodation for disabled people in employment.” This content was developed to take into account the raising awareness of the Japanese Act on the Elimination of Discrimination against Persons with Disabilities and an amendment to the Act on Employment Promotion of Persons with Disabilities that were enacted or amended in April 2016 and to take into account measures dealing with workplace harassment (i.e., maternity, paternity and childcare), maternity leave, childbirth leave, childcare leave and family-care leave as required by the Revised Equal Employment Opportunity Law enacted in January 2017.

In addition, specific e-learning sessions were carried out for all persons in charge of recruitment based on the “Recruitment Interviewer Manual” to maintain fair recruitment selection and provide equal employment opportunity. Several questions were introduced that displayed discriminatory attitudes or work discrimination at the time of selection, and enhanced the knowledge of prohibited questions.

Since the fiscal 2016, the Company has been promoting the accurate understanding of LGBT (Lesbians, gays, bisexuals and the transgendered) through training, and has implemented requirements to ensure that applicants are selected only on the basis of their abilities and appropriateness to the job offer.
Human rights are also promoted locally through a variety of communication tools, from the use of leaflets and human rights awareness slogans (diversity promotion slogans) suggested by some employees and their families, to the use of the Company intranet and posters.

Number of people that have attended a human rights awareness training session [Scope: NEC Corporation]

<table>
<thead>
<tr>
<th></th>
<th>Fiscal 2015</th>
<th>Fiscal 2016</th>
<th>Fiscal 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>e-learning*1</td>
<td>23,538</td>
<td>22,063</td>
<td>20,296</td>
</tr>
<tr>
<td>lecture*2</td>
<td>2,932</td>
<td>2,030</td>
<td>1,731</td>
</tr>
</tbody>
</table>

*1 The number of participants for e-learning for all employees and must be attended every year
*2 Including training for interviewers

Promoting Human Rights in EMEA

Overseas, global human rights training was developed in EMEA (Europe, Middle East and Africa), North America, APAC (South East Asia, Oceania), Central and South America and China/East Asia from fiscal 2012 and completed in fiscal 2014. In the future, NEC plans to implement new initiatives for awareness raising and education based on the NEC Group’s Human Rights Policy, create a new mechanism for human rights due diligence such as monitoring the impact on human rights and make further expansions. The following describes these initiatives in EMEA.

In EMEA, human rights are promoted through an online learning system that explains the principles of the NEC Group Chapter of Corporate Behavior and the NEC Group Code of Conduct. These training modules are made available to every new employee and contractor.

In FY2017, in line with previous years, the president of NEC Europe Ltd. required that all Group companies in EMEA engage in risk management activities. Priority risks were identified and assessed, then shared with the personnel of NEC companies in EMEA.

A report on progress containing recommendations on measures was made at the regular board meetings of each company. This initiative helped to support the awareness of employees on how regular business activities are connected to human rights.

Integration of Supply Chain Assessment Results into CSR Management

If any negative impact of human rights is found out, NEC requires the supplier to establish the action plan for risk improvement.

The HR, purchasing and CSR divisions share information as needed on human rights issues in the supply chain or for CSR promotion. NEC has a policy, guidelines and a check sheet for overall CSR and is checking the progress level of the CSR approach as executed by its business partners, in place.

On Site CSR Assessment Program (CSR-PMR: CSR Process Management Review)

During these management reviews, the NEC CSR PMR team identifies social and environmental issues that challenge suppliers, and uses them to prepare improvement plans. In fiscal 2016, NEC carried out an on-site CSR assessment for four Chinese OEMs in collaboration with an external institution that had expertise in solving local issues.

Supply-Chain Management
Tracking Performance

Confirming Progress through Stakeholder Review with the CRF

On an annual basis, the Japanese CSR Review Forum-Japan reviews, analyses gaps and offer advices for improvement with regards to NEC’s management approach and operations based on the seven core subjects of ISO 26000 annually – including human rights.

Personnel and Labor Management Audit

NEC tracks how human right issues are handled among employees; personal and labor management audits and other initiatives are regularly conducted throughout the group companies. This enables NEC to verify that its human rights awareness initiatives are being regularly deployed throughout the Group.

Tracking Performance in the Supply Chain

- On-site CSR Assessment Program (CSR-PMR: CSR Process Management Review)
  During dialogue sessions which are implemented as part of CSR-PMR, NEC confirms whether suppliers are implementing improvement plans.

- CSR Audits by Customers
  Our human rights performance interests our customers particularly labor rights. NEC works closely with its important customer for the improvement of business practices in its supply chain.

Communicating how Impacts are addressed

NEC will introduce the following initiatives in the annual CSR Report (Web version) as well and for other opportunities as they present themselves, such as lectures or seminars held outside the company.

Best Practices

Collaboration and exchange can be a tool for improvement. For example, NEC EMEA aims to enhance its knowledge and approach to corporate responsibility through its membership of several organizations. For example:

- Exchanging best practices on CSR (including human rights) with other member of the Japanese Business Council in Europe (JBCE)
- Participating to round tables, such as on gender diversity, involving participants from several companies, and representatives from DG Justice and the Japanese Government
- Participating to seminars
- Participating at events as speaker that promote the global agenda, as well as the EU-Japan business agenda of CSR involving the private sector, the European commission etc.
- Participating to human rights workshops organized by leading experts
- Participating to forums such as the UNCTAD World Investment Forum which was an opportunity to identify the key role of investment in the achievement of the Sustainable Development Goals

Sponsoring community events that build up on the social aspects of human rights and diversity, as well as youth education (school event during the NEC Wheelchair Tennis Masters)

- Participating in COP peer reviews as a member of the UN Global Compact UK network
- Participating in themed working groups on human rights (for example on the Modern Slavery Act, on the Sustainable Development goals, on conflict minerals), of which some members are part of the UN Global Compact UK network
- Participating in conferences such as the annual United Nations Business and Human Rights Forum and other seminars conducted by law firms
Participation to the Global Compact Network Japan (GC-NJ)

NEC is one of the main corporate members of the working group on human rights due diligence run by the United Nations Global Compact Network Japan. In this context, NEC has committed to plan and carry out programs that assist Japanese companies to understand and seek remedies for breaches of global human rights. NEC participates in various lectures and workshops, learning about the latest international developments related to human rights, including the UN Guiding Principles on Business and Human rights, and issues more specifically applicable to Japanese companies, which we can use to improve our own initiatives. Other NEC companies in the world participate to similar local networks, for example, in the UK.

Reporting

NEC reports about its various human rights initiatives and progress made on them on its Website, on an annual basis and/or as required.

Eliminating the Digital Divide

NEC recognizes that it can play a role in eliminating the digital divide and facilitating the right to access information, leveraging on its products and services, and with the aim to create a safe and secure society.

Solutions for Society

Initiatives mitigating risks due to human rights violations inflicted by business operation

NEC has implemented various initiatives in each business unit. These initiatives, which highlight important themes in the ICT industry, cover areas such as privacy protection, environmental-friendliness, securing product safety and quality.

Protecting privacy is a very important human rights issue and relevant to personal data usage when promoting businesses. NEC has led an investigative project that is calling for cooperation from 35 companies and research institutes facing the same issues. The goal is to create rules that allow for the promotion of such businesses regarding visual data usage while protecting the privacy of the general public. A summary of the draft rules by project members included opinions from experts. A working group established by the relevant ministry and agencies also began reviewing how to treat visual images in terms of privacy protection. The draft was then proposed to a working group as a reference. This led to the publication of an official guidebook on the use of visual images and protection of privacy.

In April 2017, NEC launched the “Data Distribution Strategy Office” and has been working in active cooperation with external experts to promote such initiatives as strategy and solution planning for personal data usage focusing on privacy, policy proposals and communication to related stakeholders.

With a clear focus on human rights issues such as privacy protection, NEC aims to provide new solutions using AI or IoT and to expand its global business through these activities.

"Handling Privacy in the Social Solutions Business and Rulemaking" – Stakeholder Review based on ISO26000

Developing Human Rights Awareness through Social Contribution Programs

Social contribution activities can be an appealing way to improve the awareness and understanding of staff about the human rights of the local communities. For example, NEC is taking part in several initiatives that aim to better include those with physical disabilities:

- NEC sponsors wheelchair tennis, and organizes events in which employees can participate as volunteers since 1991.
NEC holds the NEC Internet Safety Classes for pupils in elementary schools to teach them how to use the Internet safely based on the Children’s Rights and Business Principles developed by UNICEF, the UN Global Compact and Save the Children in 2012, since 1999.

NEC has led an IT Communication Support Course that helps people with severe disabilities, to communicate using computers with minimal movement, since 2008.

Activities for Contributing to Society

Operational Grievance Mechanism: Human Rights Hotline Desk

A variety of options are available to different types of NEC’s stakeholders in order for them to report their concerns or engage in consultations about human rights, as part of a wider process to mitigate adverse impacts on human rights. The use of these options is supported by policies on grievance, whistleblowing and by enabling dialogue to empower people to raise their complaints or concerns.

For example, NEC has implemented a Human rights Hotline Desk, which is a consultation contact point for employees, including temporary employees, for the purpose of clarifying the nature of consultations and expediting responses. This hotline is led by the Personnel Affairs Division of NEC Corporation and staff appointed in each business unit, and offers consultation and advice. A system has been set in place to ensure that those seeking consultation are guaranteed protection of their privacy and are shielded from retaliation. This system is assessed to ensure the effectiveness of outcomes.

New staffs in charge of the hotline are trained on the responsibilities of their role, consulting methods and approach. Other practical initiatives are taking place, such as based on role-play. Outside Japan, specific compliance reporting systems, have been established and employee consultations procedures are in place.

In fiscal 2016, the Hotline Desk added another hotline function for its suppliers and various orientations have been held to support the function: “Study meeting for understanding the LGBT community” and “Briefing session on amendments to laws related to the disabled and reasonable accommodation.” In fiscal 2017, a hotline function for the disabled and LGBT community were added in addition to the existing one on harassment and bullying.

About 30 requests for consultation were received, of which 90% concerned issues of harassment (sexual harassment and power harassment) in fiscal 2016. Suppliers have access to a Compliance Hotline. Residents of local communities can pass on their opinions through Customer Communications Centers.

Objectives and Achievements

Objectives for the Medium Term (From fiscal 2017 to fiscal 2019)

Steadily implement human rights due diligence activities and prevent human rights violations in business and the workplace.
### Fiscal 2017 Objectives, Achievements and Progress, and Degree of Completion

<table>
<thead>
<tr>
<th>Objective</th>
<th>Achievements and Progress</th>
<th>Degree of completion</th>
</tr>
</thead>
</table>
| 1. Promotion and adoption of human rights due diligence based on the NEC Group's human right policy | - Implementation of the Self-Check Sheet (self-check assessment) for Managers (on human rights items below)  
- Awareness raising for NEC Group Human Rights Policy  
- Human Rights Policy – Enforcement of NEC Group Human Rights Policy in business and the workplace  
- Escalation when there are human rights violations  
- Troubleshooting when there are human rights violations  
- Conduct dialogues with external experts to consider future activities related to human rights due diligence | Some progress |

### Fiscal 2017 Objectives

<table>
<thead>
<tr>
<th>Objective</th>
<th>Achievements and Progress</th>
</tr>
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<tbody>
<tr>
<td>1. Promote and establish human rights due diligence activities</td>
<td>- Promotion of implementing related activities into the human rights management system</td>
</tr>
</tbody>
</table>
| 2. Strengthen initiatives to raise awareness of human rights across the whole NEC Group | - Analysis of the latest legal trends in human rights issues and holding study meetings  
- Confirmation of structures and help desks for human rights activities at each subsidiary in the Group; provide information and training materials related to human rights awareness  
- Strengthening of initiatives to prevent recurrences of human rights violations |