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Respecting Human Rights

Policy

As a company that operates its business globally, NEC is committed to mitigating and preventing any negative impacts its corporate activities may have on the human rights of its stakeholders. In addition, by making use of ICT, including social implementation of AI and utilization of biometrics and other data (hereinafter referred to as "AI utilization"), we believe that we can provide society with the values of safety, security, fairness and efficiency.

In the NEC Way, the Principles that express the behavior that we value as a company stipulate "Uncompromising Integrity and Respect for Human Rights," while the NEC Group Code of Conduct in governing the individual conduct of everyone from executives to employees, clearly requires that human rights be respected in all situations.

In addition, NEC has specified "Privacy policies and measures aligned with societal expectations" as a theme in its "materiality,"—priority management themes from an ESG perspective. As such, in addition to compliance with laws and regulations, NEC also plans to develop and supply products and services that are responsive to the different privacy needs of various countries and regions due to cultural perspectives and that are sensitive to human rights issues, such as discrimination. Through these means, NEC will strive not only to minimize adverse impacts on society but also to maximize social value.

NEC upholds the United Nations' (UN) International Bill of Human Rights^{*1}, the International Labor Organization (ILO) Declaration on Fundamental Principles and Rights at Work, and the 10 principles of the UN Global Compact^{*2}. It also seeks to improve its initiatives across all Group companies for respecting human rights by taking into account trends in international standards and laws, such as the UN's Guiding Principles on Business (UNGPs) and Human Rights and Sustainable Development Goals (SDGs), the EU General Data Protection Regulation (GDPR), and the UK Modern Slavery Act. In cases where local domestic laws and regulations are not compatible with internationally recognized human rights, we seek resolutions that enable international human rights principles to be respected.

^{*1} It refers collectively to the Universal Declaration of Human Rights, and 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 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 cover the protection, maintenance, and respect of human rights, the eradication of forced labor and the prohibition of child labor.

In promoting respect for human rights, we have adopted the following policies based on the NEC Way. We share the approach of the NEC Way with our suppliers and require them to undertake corporate activities that respect human rights under the Guidelines for Responsible Business Conduct in Supply Chains.

- ▶ [Guidelines for Responsible Business Conduct in Supply Chains](#)
- ▶ [Supply Chain Management](#)

NEC Group Human Rights Policy

In 2015, NEC published its "NEC Group Human Rights Policy," promoting initiatives to respect human rights across its entire value chain through dialogue and consultation with its stakeholders and by implementing human rights due diligence^{*3}.

^{*3} Human Rights Due Diligence refers to the process that includes the assessment of risks and identification of issues caused by the Company's business operations that have negative impacts on human rights, the response to these identified issues (their integration into management), the monitoring of the results, and the reporting of initiatives.

- ▶ [NEC Group Human Rights Policy](#)

NEC Group AI and Human Rights Principles

In April 2019, we announced the "NEC Group AI and Human Rights Principles." These principles guide each of our officers and employees to recognize respect for human rights as the highest priority in each and every stage of our business operations in relation to social implementation of AI and utilization of biometrics and other data (hereinafter referred to as "AI utilization") and enable them to take action accordingly.

- ▶ [NEC Group AI and Human Rights Principles](#)
- ▶ [AI and Human Rights](#)

NEC Privacy Policy

We have implemented and maintain the "NEC Privacy Policy," which stipulates that personal information must be handled in conformance with Japan's "Act on the Protection of Personal Information" and "JIS Q 15001 (Personal information protection management systems – requirements)," the Japanese industrial standard for safe and appropriate management of personal information handled by corporations and other organizations in the course of their operations.

- ▶ [NEC Privacy Policy](#)
- ▶ [Personal Information Protection and Privacy](#)

Promotion Framework

Human rights promotion committee

In 1997, NEC established the Corporate Human Rights Promotion Committee and the Business Unit Human Rights Promotion Committee, which are chaired by the officer in charge of human resources. The committees discuss, establish, and implement basic activities and promote in-house training for human rights awareness, such as elimination of discrimination and prevention of harassment. These activities are also being promoted throughout the NEC Group by establishing similar frameworks mainly at domestic consolidated subsidiaries.

Building a Structure for Promoting Human Rights Due Diligence

As the scope of the Company's potential negative impact on human rights has expanded to the supply chain and, furthermore, to the entire value chain, an increasing number of divisions have begun to conduct initiatives more proactively for respecting human rights in each area of the value chain.

Under these conditions, in accordance with UNGP, we have set targets and KPIs for our activities, and seek to manage the status of our progress and conduct transparent reporting. To this end, in complying with the Modern Slavery Act 2015, since 2016 we have been maintaining a

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system for promoting human rights due diligence, using the Sustainability Promotion Office as a secretariat.

For local overseas subsidiaries, in the Europe, the Middle East, and Africa (EMEA) region, we have established a quarterly review process to monitor the status of progress on human rights and health and safety initiatives for directors and employees of subsidiaries of NEC Europe and their business partners and where violations can be considered and acted upon. In addition, the status of this process is reported to the Board of Directors of NEC Europe once a year.

Complaints Handling Mechanism

NEC has set up contact points to receive inquiries and consultations on human rights from stakeholders in order to mitigate and prevent negative impacts on human rights caused by its corporate activities, and to reinforce initiatives to promote respecting human rights.

NEC has established a complaints handling mechanism to enable it to respond swiftly and sincerely and make improvements to any human rights violations. This mechanism is for a wide range of stakeholders, including NEC Group employees, as well as irregular employees, business partners, customers, and local communities.

Human Rights Hotline (for employees)

The Human Rights Hotline has been set up at the Human Resources Division in each business site and area and within each business unit, to provide a platform for consultations about human rights to employees including temporary workers through telephone and/or email. A system has been set in place to protect the privacy and avoid any disadvantageous treatment of employees who may use the hotline. Outside Japan, the Compliance Hotline as the contact point receives consultations on human rights.

Once a violation of human rights has been recognized through consultations with the Human Rights Hotline, the Human Resources Division works with the relevant divisions to resolve and prevent such violations.

Compliance Hotline (for business partners)

NEC receives inquiries and consultations on human rights from suppliers through the Compliance Hotline.

Compliance Hotline (for business partners)

Customer Communications Center (for customers and local residents)

NEC receives inquiries and consultations on human rights from customers and residents of local communities through the Customer Communications Center.

NEC Customer Communications Center

Main Activities and Results for Fiscal 2020

Confirmation of Human Rights Issues to Be Addressed by NEC

NEC is taking steps to promote due diligence on human rights with a view to increasing the efficacy of its activities to address human rights issues. In fiscal 2019, we worked with Ernst & Young ShinNihon LLC to conduct a quantitative human rights impact evaluation of the main businesses of NEC Corporation and its consolidated subsidiaries in conformance with UNGP. Moreover, to ensure that we can continue to play a role as a resident of the rapidly changing ICT industry, in fiscal 2020, we created a list of human rights issues that is easier to use in management decision making and identified the following potential risks by referring to the human rights risk data of an international NPO Business for Social Responsibility (BSR) and focusing on the latest risk examples in the ICT industry and the inherent challenges for the industry that are expected going forward.

- General issues: Access to aid and climate change
- Issues related to customers and local communities: Privacy and data protection, right to life and safety, non-discrimination and freedom of movement, speech, expression, and assembly, children's rights
- Issues related to the supply chain: Supplier labor standards, forced labor and modern slavery, child labor, procurement of materials from conflict zones and high risk areas, environmental impact, fair business practices and anti-corruption

- Issues related to employees: Working environment, health and safety, right to collective bargaining and freedom of association, non-discrimination and equal opportunity, privacy and information security, youth employment

Based on the above list of human rights issues, we held dialogues between external stakeholders (international NPOs, international institutions, and legal experts), NEC Corporation officers, and managers of relevant divisions. As a result, we identified "new technologies and human rights (AI and human rights)" and "labor issues in global supply chains" as issues to be carefully monitored in fiscal 2021, and we are promoting initiatives for these initiatives.

AI and Human Rights Initiatives

We are promoting initiatives to incorporate the way of thinking of the NEC Group AI and Human Rights Principles into business. For example, we have conducted regular online training about human rights in relation to AI utilization for employees involved in relevant business operations, and established and held meetings of the Digital Trust Advisory Council with diverse external experts.

- ▶ [NEC Group AI and Human Rights Principles](#)
- ▶ [AI and Human Rights](#)

Initiatives on Personal Information Protection and Privacy

NEC Corporation believes that providing services and solutions that consider personal information will enable it to provide society with highly reliable value. The NEC Group Code of Conduct sets out guidelines for management of confidential information and personal information, and we are promoting initiatives in regard to personal information protection.

- ▶ [NEC Privacy Policy](#)
- ▶ [Personal Information Protection and Privacy](#)

Initiatives across the NEC Group’s Supply Chain

Since fiscal 2019, we have been keeping Supplier Visit Record (SVR) as an initiative for inspecting required items for sustainable procurement, including human rights, when we visit suppliers. In fiscal 2020, we have renewed the Guidelines for Responsible Business Conduct in Supply Chains, which include items on human rights. In fiscal 2021, we plan to formulate a declaration for our business partners according to these guidelines and ask them to make a commitment.

- ▶ [Guidelines for Responsible Business Conduct in Supply Chains](#)
- ▶ [Supply Chain Management](#)

Responding to the Modern Slavery Act

Section 54 of the UK Modern Slavery Act requires UK corporations as well as foreign commercial organizations that meet certain criteria to publish a statement on measures to prevent modern slavery within the organization and across its supply chain.

NEC Corporation and NEC Europe have continuously published a statement with approval from the Board of Directors since 2018. In our 2020 statement, we plan to clarify our position and approach to new issues that may have a major impact on human rights, such as COVID-19 and climate change.

- ▶ [NEC Group’s Compliance with the UK Modern Slavery Act \(Declaration\)](#)
- ▶ [Supply Chain Management Monitoring](#)

Awareness Raising of Officers and Employees

NEC provides awareness raising activities including training with all officers and employees responsible for respecting human rights, in order to deepen their awareness on respecting human rights and promote their understanding of global trends on human rights issues. The Group conducted the activities below in fiscal 2020.

<Awareness Raising Activities in NEC Corporation>

- Training to raise human rights awareness
Every year, in principle, we conduct training on the theme of “Human rights and Business” for all employees. The group training for fiscal 2020 included level-specific and

position-specific training under the new organizational inclusion and diversity framework, on the theme of “Diversity in the Corporation.”

	FY2018	FY2019	FY2020
Online training*1	8,026	20,936	21,150*2
Group training	586	441	537

*1 E-learning for all employees (“Human rights and Business”) is held every year (attendance required). In fiscal 2019, the training held for management-level in fiscal 2018 was held for all employees.
*2 The online training in fiscal 2020 was on “Human rights issues in the AI and biometrics business and points for compliance in practice.”

- For all divisions in the Public Infrastructure Business Unit We promoted awareness-raising activities for the Public Infrastructure Business Unit, which conducts highly public business activities, regarding our response to global social trends and the expectations of civic society for inclusion and diversity, including promotion of women’s participation in the workplace and LGBT issues, and employment of foreign national workers and people with disabilities.

▶ [Inclusion and Diversity](#)

- For newly appointed department managers
We held training on ways to deal with incidences of bullying and harassment and related issues in the workplace.
- For recruitment interviewers
We ensured that everyone had a clear understanding of points to be observed when introducing example cases and answering questions in order to maintain fair hiring decisions and equal opportunity in the workplace. 560 people attended the course.

<Awareness Raising Activities at NEC Group Companies>

- We held training on “Human Rights and Business” for newly appointed corporate officers of NEC Corporation and domestic affiliates, with 94 people attending.
- In the EMEA region, NEC conducts online education to familiarize all employees with the NEC Group Code of Conduct. The contents of this course are periodically

reviewed to incorporate the latest information regarding global trends and laws and regulations in human rights issues, such as the UK Modern Slavery Act and GDPR, as well as the impacts on our business.

NEC Europe takes the responsibility of bearing recruitment fees in compliance with relevant laws and ILO standards, also ensuring that employees in relevant positions are appropriately informed and educated about these matters.

In addition NEC Europe communicates model examples of human rights initiatives, as well as activity know-how and other information through internal newsletters and the Company Intranet.

Participation in Initiatives

NEC Corporation participates in the Working Group on Human Rights Due Diligence run by the United Nations Global Compact Network Japan.

In fiscal 2020, we also became a member of the international NPO Business for Social Responsibility (BSR), which has a strong record of supporting responses to human rights issues in the global ICT industry. We acquire information on the latest trends and examples from seminars and study sessions, which inform our activities to improve and enhance initiatives on global human rights issues.

Status of Grievances

A total of 42 inquiries and consultations including those regarding harassment (12 on power harassment and 2 on sexual harassment) were received by our human rights hotline in fiscal 2020. Moreover, there were 0 reports regarding forced labor or human trafficking.

Overseas, we have established basically the same systems as in Japan. In EMEA, for example, we operate an operational grievance mechanism for all regional subsidiaries to file grievances both internally and externally. We monitor the content and number of inquiries and reports. Suppliers’ inquiries are received by procurement desk personnel or the online desk as well as by direct email to the Legal Division of NEC Europe. By providing multiple routes for accepting suppliers’ inquiries, NEC Europe ensures that they can easily contact NEC Europe for their questions and concerns pertaining to business transactions.

In fiscal 2020, there were 0 reports regarding human rights, including conflict-mineral related reports.