

Strengthening Initiatives to Respect Human Rights in Procurement Activities

NEC worked with external experts to conduct a review of human rights issues that could impact its business activities. The review found two high-risk themes were “new technology and human rights” and “labor in supply chains.” Among these, we received advice from the experts regarding ways to take the initiatives on respecting human rights in the supply chain and points to bear in mind.

*This dialogue was held in February 2020



Sustainability as Added Value

The NEC Group has 327 sites in 160 countries. Our software development sites are mainly situated in Asia, Europe and the United States, while our hardware production sites are mainly in Asia. Against a backdrop of rising social demands regarding human rights and so forth, we aim to realize sustainable supply chains, and to promote activities based on building strong relationships with suppliers.

Shimizu At our annual exchange meeting with around 200 major suppliers from Japan and overseas, we emphasize our desire to focus on “collaboration” to resolve issues in delivery, technology, and business continuity planning, and on “co-creation” to create social value through business.

These 200 companies also cooperate with surveys about human rights and the environment, but we would also like to get advice from both long- and short-term perspectives about effective ways to achieve real improvements in our initiatives.

Takahashi The concept of creating social value through “collaboration” and “co-creation” with suppliers is highly commendable from a perspective that considers society’s needs. In the global business environment, particularly in Europe and the United States, there is a trend of differentiating their products from ones made in emerging countries by adding sustainability as a value to be provided in addition to the traditional values of quality, safety, and price. I expect NEC to share the understanding with its suppliers that the initiatives on human rights would contribute not only to collaboration but also to the co-creation of value.



Kazuhiro Okimi
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Moreover, in promoting human rights due diligence, as stated in the “UN Guiding Principles on Business and Human Rights” (the “Guiding Principles”), the first step is to ascertain the negative impacts on human rights in business and the supply chain (human rights risk), then take a risk-based approach of investigating areas with a high human rights risk.

Okimi I feel the risk-based approach is important, as it would be difficult to launch specific initiatives across all suppliers simultaneously.



Daisuke Takahashi
Partner Attorney
Shinwa Sohgo Law Offices

When investigating the risk, what kind of factors should be considered in addition to region and procurement amount?

Takahashi For example, you might consider the risks of sectors, supplier companies, and products being procured and so forth. You can refer to risk information provided by various governments, international organizations, and NGOs as a starting point.

Nagai In addition to the above, the degree of human rights infringements is another perspective that should be included as a factor in the risk-based approach.

Partnerships with Suppliers Help to Increase Competitive Advantage



Shigeki Shimizu
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Shimizu In fiscal 2020, we drafted a supplier’s declaration, a written pledge for suppliers to observe our “Guidelines for Responsible Business Conduct in Supply Chains”. We plan to start with all suppliers in Japan, then expand to overseas suppliers. In addition, one of NEC’s original initiatives is to create a Supplier Visit Record confirming the labor environment and so forth when a buyer visits a supplier. This inspection is being implemented on a trial basis in China, and we hope you could point out anything that we should be focusing on when it is implemented.

Takahashi The supplier written pledge is not only a clear guarantee, it is important also that it be used to facilitate

communication with suppliers. For example, when conducting audits, it is important to also have a perspective on how you could cooperate with the supplier in developing their capabilities. In the Guidance on Human Rights Due Diligence by the Japan Federation of Bar Associations, there is an emphasis on the importance of considering how communication between the supplier and the ordering company can be facilitated. Regarding the relationship with the SDGs, these initiatives correspond to Goal 12 “Responsible consumption and production” and Goal 17 “Partnerships for the goals.”

Tanaka It is often difficult to identify issues facing workers by a one-sided, non-participatory audit. In addition, a large number of inconsistent audit requirements hinder the growth of SMEs in Asian countries. That indicates the importance of dialogue and engagement as highlighted in the Guiding Principles.



Ryusuke Tanaka
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It seems necessary to develop human resources with thorough knowledge of local circumstances and practices throughout NEC’s supply chains, and to build robust relationships with suppliers that allow sharing the benefits of co-promoting socially responsible business conduct. It seems rather challenging for NEC to have a sufficient leverage (influence) over its suppliers through business relationships alone. Improving industrial relationships by collecting and reflecting workers’ voices will allow NEC to gain early access to risk information and develop a foundation to resolve issues, which eventually will help prevent labor conflicts. When issues are found to be unsolvable by the efforts of one company alone, such issues can be shared with other companies in the same industry to inspire collaborative actions. It is of paramount importance that the Company works towards achieving sustainable and competitive enterprises by encouraging socially responsible labor practices throughout the supply chains and the industry. Engaging in collaboration with governments and stakeholders, and co-creation of values on labour issues inherent to certain industries or regions is meaningful for this purpose.

Takahashi It is also important to establish a contact point for handling complaints as an initiative to complement due diligence and to ensure access to remedy. Recognizing issues at an early stage makes it possible to deal with them before the problem becomes serious.

Responding to Work Styles of the Future through Advances in ICT

Nakamura I think it will be difficult to expand business going forward without asking crowdworkers to do jobs on a task basis because of a shortage of engineers in the field of ICT. Are there aspects of hiring crowdworkers that we should bear in mind?

Tanaka In a platform economy composed mainly of crowdwork, concerns have been raised around the risk that workers could be forced to work long hours that are not commensurate with their compensation as a result of being treated as a self-employed. There also needs to be a discussion about excessive monitoring of work, workers’ self-supporting the cost of their own skill acquisition, inadequate systems for social protection and representation, as well as the cross-border governance of crowdwork. Currently, there is no adequate international framework for these new issues. Initiatives by enterprises to promote decent work, sharing of challenges, and exploration of methods for addressing them through multi-stakeholder dialogues would be expected.

Nagai The concepts around work are changing in Europe and the United States, and the number of individual business owners there is increasing rapidly. Also, individual business owners do not have freedom of association, so there has been an increase in lawsuits calling for improvement in the work environment and conditions. You should keep in mind that companies are worried about responding to lawsuits since lawmaking has not kept pace with these changes.

Takahashi The Guiding Principles were formulated with the perspective of looking at social issues from various

angles in the areas where legislation has not addressed the impact of corporate activities on stakeholders. In cases like those of crowdworkers, it is important to analyze and see whether companies are having a negative impact on the workers by engaging with them, and investigate beyond the framework of the law.

Shimizu Today has provided an excellent opportunity to elevate our stance and viewpoint. We will continue to carefully retain the themes of collaboration and co-creation, while reflecting them in our future responsible procurement action plans, including respect for human rights.



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