

# Respecting Human Rights

## Policy

As a company that operates businesses globally, NEC is committed to reducing and preventing any negative impacts its corporate activities may have on the human rights of its stakeholders. Also, 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 the social values of safety, security, fairness, and efficiency.

The NEC Way’s Principles, which express the behavior that we value as a company, stipulate “Uncompromising Integrity and Respect for Human Rights,” while the NEC Group Code of Conduct governs the individual conduct of everyone from executives to employees by clearly requiring respect for human rights in all situations.

In addition, NEC has specified “Provision and Utilization of AI with Respect for Human Rights as the Highest Priority (AI and Human Rights)” as a priority management theme from an ESG perspective—materiality. 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’ International Bill of Human Rights,<sup>\*1</sup> the International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at Work, and the 10 principles of the UN Global Compact (UNGC)<sup>\*2</sup>. The Company 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 and Human Rights (UNGPs), the Sustainable Development Goals (SDGs), the EU General Data Protection Regulation (GDPR), and modern slavery acts. 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.

In promoting respect for human rights, we have set out the policy below, which is based on the NEC Way. Moreover, we share the NEC

Way’s philosophy with our business partners and require them to pursue corporate activities in a manner consistent with respect for human rights as defined by our “Guidelines for Responsible Business Conduct in Supply Chains.”

<sup>\*1</sup> This 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 that were adopted by the UN General Assembly.

<sup>\*2</sup> NEC has been a member since 2005. The 10 principles of the UNGC are based on global agreements such as the Universal Declaration of Human Rights and the ILO Declaration on Fundamental Principles and Rights at Work and cover the protection, maintenance, and respect of human rights, the eradication of forced labour, and the prohibition of child labour.

 Guidelines for Responsible Business Conduct in Supply Chains  
 Supply Chain Management

### ● NEC Group Human Rights Policy


In 2015, NEC declared that it would advance initiatives to promote respect for human rights across its entire value chain through dialogue and consultation with its stakeholders and by implementing human rights due diligence.<sup>\*3</sup>

### Respect for the Rights of Children

NEC endorses the rights of children as set forth in the United Nations Convention on the Rights of the Child and the Children’s Rights and Business Principles.<sup>\*4</sup> In accordance with the NEC Group Human Rights Policy and in-house Guidelines for Responsible Business Conduct in Supply Chains, NEC endeavors to abolish child labour from the Company and its supply chains and promotes business activities and corporate citizenship activities that are based on consideration for human rights—including those of children.


<sup>\*3</sup> 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.

<sup>\*4</sup> Established by UNICEF, the UNGC, and Save the Children in 2012

 NEC Group Human Rights Policy

### ● NEC Group AI and Human Rights Principles

In 2019, we announced guidelines that call for respect for human rights as the highest priority in each and every stage of our business operations in relation to social implementation of AI utilization and which enable the implementation of action accordingly.

 NEC Group AI and Human Rights Principles  
 AI and Human Rights

### ● NEC Privacy Policy

NEC implements and upholds stipulations stating 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 chief human resources officer. 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 Japanese consolidated subsidiaries.

## ● Promoting Human Rights Due Diligence

We promote human rights due diligence in accordance with the UNGPs, with the Sustainability Promotion Division serving as the secretariat. The secretariat sets activity targets and KPIs, manages progress, conducts transparent disclosure, and submits timely reports to the Board of Directors.

NEC's senior executives are appointed to Board of Directors at the head offices of international subsidiaries, and it is confirmed that human resource and employment policies are being complied with as important matters relating to business management. In addition, through reporting lines from the human resources manager of each local subsidiary to the human resources manager of the head office, policies and other important matters are communicated, the status of each company is reported, and improvements are made as appropriate.

For example, NEC Europe Ltd. regularly has a third party check whether the human resources and labour management, procurement, and other operational processes of subsidiaries and business partners in the Europe, the Middle East, and Africa (EMEA) region comply with international standards. The results are then reported to NEC Europe's Board of Directors, and corrective actions are taken as necessary.

Further, NEC Europe has confirmed that the human rights-related policies of Group companies in the EMEA region cover the following items.

- Freedom of workers to terminate employment
- Freedom of movement
- Freedom of association
- Prohibition of any threat of violence, harassment, and intimidation
- Prohibition of the use of worker-paid recruitment fees
- Prohibition of compulsory overtime
- Prohibition of child labour
- Prohibition of discrimination
- Prohibition of the confiscation of workers' original identification documents
- Provision of access to remedy, compensation, and justice for victims of modern slavery

## ● Complaints-handling Mechanism

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

In Japan, the Human Rights Hotline has been set up at the Human Resources Division of each business site and area and within each business unit, to provide consultation desks for consultations about human rights to employees, including temporary workers, through telephone and/or email. In April 2020, we also added a consultation desk for consultations in English so that non-Japanese employees can readily consult with us. With respect to each consultation desk, a system has been set in place to protect the privacy and avoid any disadvantageous treatment of employees who may use the hotline.

If a human rights violation is confirmed as a result of a consultation with the Human Rights Hotline, the Human Resources Division and related divisions work together to resolve the issue and to prevent any further violation.

We are advancing the development of a culture conducive to speaking out.

As part of these efforts, in October 2020 we also established a consultation desk that facilitates anonymous consultations via a third-party organization.

### 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

## Measures and Main Fiscal 2021 Activities

### ● Human Rights Impact Evaluation

To heighten the effectiveness of its human rights due diligence, the Company revises its human rights impact evaluation as required. 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 the UNGPs.

In fiscal 2020, based on the results of the aforementioned evaluation, the Company utilized the human rights risk data of the international NPO Business for Social Responsibility (BSR) to compile a list of NEC's human rights issues. From this list, the following particularly conspicuous human rights issues were identified and reported to the Board of Directors in fiscal 2021.


- New technology and human rights (AI and human rights)
- Labour in supply chains
- Employee safety and health

In fiscal 2021, from a third-party standpoint and with a focus on business divisions, BSR confirmed the specific details of the business activities and management systems of 22 divisions as well as the issues they face in frontline operations and updated the list of human rights issues to better reflect actual situations.

### List of Human Rights Issues

- 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, and product quality and safety
- Issues related to the supply chain: Supplier labour standards, forced labour and modern slavery, child labour, procurement of materials from conflict zones and high-risk areas, risks of business partners related to geopolitics, conflicts, and human rights governance, environmental impact, fair business practices, and anti-corruption
- Issues related to employees: Working environment, health and safety, non-discrimination and equal opportunity, privacy and information security, diversity, and equity and inclusion

In addition, we held dialogues among external stakeholders (international NPOs, international institutions, and legal experts), NEC Corporation officers, and managers of relevant divisions.

 Working toward Robust and Resilient Human Rights Due Diligence throughout Supply Chains

**● Human Rights Due Diligence Initiatives throughout Value Chains**

We check human rights-focused measures in procurement activities and at the planning stages of products and services. Also, we ensure that business managers are informed about our guide on human rights-related considerations. Further, we have established a consultation desk that is managed by a department specializing in biometrics and image analysis. In export control, we confirm the intended use of products and services prior to transactions as well as checking customers with reference to the sanctions lists of the United Nations and countries. The sanctions lists of countries include organizations and individuals that are subject to human rights-related sanctions, such as those set forth in the U.S. Department of the Treasury's Office of Foreign Assets Control sanctions list.

Further, the Company has established a system whereby, if an inquiry is received in relation to a transaction involving an organization or a customer on the sanctions list of a country, the Company or its international subsidiaries immediately consult with the Export Control Division at the head office.

**● Initiatives across the NEC Group's Supply Chain**

-  Guidelines for Responsible Business Conduct in Supply Chains
-  Supply Chain Management

**● AI and Human Rights Initiatives**

-  NEC Group AI and Human Rights Principles
-  AI and Human Rights



**● Initiatives on Personal Information Protection and Privacy**

-  NEC Privacy Policy
-  Personal Information Protection and Privacy

**● Responding to the Modern Slavery Acts**

With approval from the Board of Directors, since fiscal 2019 NEC Corporation and NEC Europe have published a declarative statement to the effect that they will report on measures in relation to the United Kingdom's Modern Slavery Act 2015, which is aimed at preventing slave labour and human trafficking.

Further, in fiscal 2021, based on the approval of the Board of Directors, NEC Australia Pty Ltd also published a declarative statement of its intention to comply with Australia's Modern Slavery Act 2018.

-  NEC Group Statement for Modern Slavery Acts
-  Supply Chain Management

**● Raising the Awareness 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 2021.

**Awareness-raising Activities at NEC Corporation**

Training to raise human rights awareness

Every year, we conduct training on the theme of "Human Rights and Business" for employees. In fiscal 2021, in addition to this training, we conducted web training on harassment prevention in accordance with the June revision of the Labour Measures Comprehensive Promotion Act (commonly known as the "Power Harassment Prevention Act").

Number of People Completing Human Rights Awareness-raising Training

	FY2019	FY2020	FY2021
Companywide training*5	20,936	21,150*6	20,592
New employees	441	537	614*7

Scope: NEC Corporation

\*5 Web training for all employees ("Human Rights and Business") is held every year (attendance required), in principle. This training includes explanations of the NEC Group Human Rights Policy.

\*6 In fiscal 2020, we conducted Companywide web training on Human Rights Issues in the AI and Biometrics Business and Key Points Relating to Compliance in Practice.

\*7 We began conducting this training online in fiscal 2021.

 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. The course was attended by approximately 800 people.

For managers

We conducted a program that deepens understanding of harassment risk from the viewpoint of compliance in relation to labour.

**Awareness-raising Activities at NEC Group Companies**

- We held training on "Harassment and Human Rights" for newly appointed corporate officers of NEC Corporation and its affiliates in Japan, and 61 people attended.

 Supply Chain Management "Internal Training and Awareness Raising"

- For the managers of the consultation desks of the Human Rights Hotline who work at NEC Corporation and its affiliates in Japan, we held a "Seminar on Companies and the Latest Trends in Human Rights," which was conducted by Mr. Ryusuke Tanaka, an ILO Programme Officer.

Mr. Ryusuke Tanaka's Profile

 Dialogue and Co-creation with Our Stakeholders

- Via internal newsletters and its intranet, NEC Europe shares human rights-related information on such matters as activities, know-how, and good examples of initiatives.

**● Participation in Initiatives**

NEC Corporation and NEC Europe participate in the Working Group on Human Rights Due Diligence run by the UNGC Local Network.

In fiscal 2020, we also became a member of 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 23 inquiries and consultations in Japanese and English were received by our Human Rights Hotline in 2021. These included issues involving harassment (14 regarding power harassment and four regarding sexual harassment) and other matters (five grievances). Of these issues, there were zero reports regarding forced labour or human trafficking.

Our Compliance Hotline enables employees to submit human rights-related reports in Japanese, English, Spanish, Portuguese, or Chinese to a third-party body.

Internationally, we have established basically the same systems as in Japan. In EMEA, we operate an operational grievance mechanism for all regional subsidiaries to file grievances both internally and externally. Suppliers' concerns on potential human rights breaches can be reported either to an internal responsible business contact line or via an external 24/7 confidential reporting line.

In fiscal 2021, with respect to reports concerning human rights, after taking appropriate measures based on international standards, we had a third party investigate, and we then confirmed resolution.