

## Topic: Respecting Human Rights

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, we believe that we can provide the social values of safety, security, fairness and efficiency.

Guided by the NEC Way's Principles, which express the behavior that we value as a company, NEC is dedicated to "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. NEC has also detailed its policy for respecting human rights across its entire value chain in the NEC Group Human Rights Policy.

In addition, as an ICT provider, 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 Group Human Rights Policy

In 2015, NEC formulated the NEC Group Human Rights Policy, declaring its intention to advance initiatives to promote respect for human rights across its entire value chain through dialogue and consultation with stakeholders and by implementing human rights due diligence.\*<sup>1</sup> Furthermore, in June 2022, the policy was revised and these revisions clearly show senior management's commitment to respecting human rights as well as its governance system, as required by the United Nations Guiding Principles on Business and Human Rights (UNGPs). The policy was reported to the Board of Directors held in fiscal 2023.

The NEC Group Human Rights Policy applies to all officers and employees of NEC and its consolidated subsidiaries, including fixed-term contract employees, temp employees, and part-time employees. We also encourage our suppliers, business partners, and customers to understand this policy and share our commitment to respecting human rights. This policy as well as our initiatives for promoting respect for human rights based on this policy will be reviewed periodically and updated or revised as necessary.

The policy supports international human rights standards relevant to NEC's businesses and technologies, including those established in the United Nations' International Bill of Human Rights,\*<sup>2</sup> the International Labour Organization (ILO) Core Labour Standards that consist of eight fundamental conventions in four categories,\*<sup>3</sup> the UNGPs, the Organisation for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises, and the International Labour Organization (ILO) Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy. Moreover, the policy stipulates that where national laws in the relevant jurisdiction conflict with internationally recognized human rights, we will seek ways to respect the principles of internationally recognized human rights.

 NEC Group Human Rights Policy (revised in June 2022)

### Respect for the Rights of Children

NEC strives to prevent or mitigate adverse impacts of its products and services on children in support of the United Nations Convention on the Rights of the Child and the Children's Rights and Business Principles,\*<sup>4</sup> which mentions the rights of vulnerable children, in addition to the international standards embedded in the NEC Group Human Rights Policy. In accordance with the Guidelines for Responsible Business Conduct in Supply Chains, NEC endeavors to abolish child labour from its supply chains and promote business activities and corporate citizenship activities that are based on consideration for human rights—including the rights of children.

\*<sup>1</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>2</sup> This refers collectively to the Universal Declaration of Human Rights, 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>3</sup> The ILO Core Labour Standards that consist of eight fundamental conventions in four categories

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| Freedom of Association and the Effective Recognition of the Right to Collective Bargaining | Convention concerning Freedom of Association and Protection of the Right to Organise (No. 87)<br>Convention concerning the Application of the Principles of the Right to Organise and Bargain Collectively (No. 98) |
| Elimination of All Forms of Forced or Compulsory Labour                                    | Convention concerning Forced or Compulsory Labour (No. 29)<br>Convention concerning the Abolition of Forced Labour (No. 105)  |
| Effective Abolition of Child Labour  | Convention concerning Minimum Age for Admission to Employment (No. 138)<br>Convention concerning the Prohibition and Immediate Action for the Elimination of the Worst Forms of Child Labour (No. 182)              |
| Elimination of Discrimination in Respect of Employment and Occupation                      | Convention concerning Equal Remuneration for Men and Women Workers for Work of Equal Value (No. 100)<br>Convention concerning Discrimination in Respect of Employment and Occupation (No. 111)                      |

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

### ■ Promoting Human Rights Due Diligence

To heighten the effectiveness of its human rights due diligence, NEC has conducted evaluations of its impact on human rights, beginning in fiscal 2019.

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, we 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, three salient 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, and employee safety and health.

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

Based on interviews conducted in fiscal 2021, we conducted a gap analysis at the corporate level in fiscal 2022 with the UNGPs and leading global companies as part of efforts to visualize issues at NEC.

Results of the analysis made it clear that, to prevent and mitigate human rights risks according to global trends, NEC needs to clarify its system for governing respect for human rights as well as its policy regarding human rights initiatives, and it must also respond to risks from the impact of conflicts and in high-risk countries and regions, which are general issues within NEC.

### ■ Enhancing Efforts to Address Risks of Human Rights Violations in the Value Chain

In fiscal 2023, based on discussions within the Sustainability Advisory Committee regarding human rights associated with geopolitical risks, the Risk Control and Compliance Committee furthered these discussions and made the following resolutions as part of an effort to improve NEC's system for preventing and mitigating human rights violations in the value chain, which were then reported to the Board of Directors.

- Revise the NEC Group Human Rights Policy
- Newly identify "human rights risks related to geopolitical situations and conflicts" as a salient human rights issue

Going forward, we will continue to engage in dialogues and consultation with stakeholders, promote further efforts regarding respect for human rights, and disclose information in a timely and appropriate manner.

#### Salient Human Rights Issues

- New technology and human rights (AI and human rights)
- Human rights risks related to geopolitical situations and conflicts
- Labour in supply chains
- Employee safety and health



## Implementation Framework

The CEO of NEC Corporation oversees its human rights initiatives. NEC promotes human rights initiatives in accordance with the UNGPs, with the Sustainability Promotion Department managing progress as secretariat. The corporate officer in charge of sustainability promotion regularly presents status reports on initiatives to the Board of Directors, which monitors the progress of the initiatives.

The Corporate Human Rights Promotion Committee, established in 1997, has continued its work to promote activities that raise awareness of human rights, such as the elimination of discrimination and the prevention of harassment.

### Human Rights Due Diligence Initiatives throughout the Value Chain

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 guidance 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.

In addition, NEC 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, we or its international subsidiaries immediately consult with the Export Control Division at the head office.

The NEC Europe Group conducts due diligence, including with support of third parties, and engages with partners and customers to confirm whether the human resources and labour management, procurement, and other operational processes of its own operations and supply chain comply with recognized international standards and applicable laws. The results of these monitoring activities are then reported to the board of directors of relevant subsidiaries and NEC Europe, and corrective actions are taken as necessary. Further, NEC Europe has confirmed that the human rights-related policies of the NEC Europe Group 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

### Grievance Mechanism

In the event of a violation or suspected violation of human rights, NEC will immediately and accurately investigate the facts and the causes of the incidents and strive to take appropriate measures to resolve the matter.

We have a whistleblowing system that allows stakeholders to report information anonymously. We will keep the identity of any whistleblower and the content of any whistleblowing reports confidential. We ensure that whistleblowers are protected effectively against unfair treatment or retaliation of any form. Aside from NEC Group employees, this system serves as a contact point for a wide range of stakeholders, including temporary workers, business partners, and local communities.

To further strengthen the grievance mechanism, we have participated in the Japan Center for Engagement and Remedy on Business and Human Rights (JaCER) at the investigation stage, a cross-industry initiative launched by the Japan Electronics and Information Technology Industries Association (JEITA) and the Business and Human Rights Lawyers Network (BHRL), an association of lawyers.

#### Human Rights Hotline (for employees in Japan, including temporary workers)

The Human Rights Hotline is intended for use by all those working for NEC, including dispatched and part-time workers. The system comprises an anonymous consultation desk operated by a third-party organization, as well as a point of contact set up in the Human Resources Division of each business site and in each business unit, with reports possible by phone or by email, in Japanese and English.

#### Hotline for Employees Outside of Japan (including temporary workers)

For NEC's consolidated subsidiaries outside of Japan, Regional Headquarters also set up whistleblowing systems operated by third parties in each region, which are available for local officers and employees to use in the native local language (English, Spanish, Portuguese, and Chinese).



#### Compliance and Risk Management

#### Compliance Hotline (for business partners)

NEC receives human rights-related reports from suppliers through the Compliance Hotline, which is operated by a third-party organization.



#### Compliance Hotline



#### Supply Chain Management

#### Customer Communications Center (for customers and local residents)

NEC receives human rights-related reports from customers and residents of local communities through the Customer Communications Center.



#### NEC Customer Communications Center



#### CS (Customer Satisfaction) Initiatives




### Examples in EMEA region

Employees at each subsidiary in the EMEA region can report witnessed or suspected fraud-related wrongdoing including modern slavery, through Safecall, a third-party 24/7 confidential reporting line. Suppliers' concerns can be reported either via contact points that are operated internally by subsidiaries in the EMEA region, the Legal Division of NEC Europe, or Safecall.

An internal committee consisting of members from the legal, HR, finance, and sustainability divisions reviews every report submitted to Safecall thoroughly. If there are any human rights claims, their resolution will be confirmed with the claimant. If necessary, this internal committee can request a third party to assist in its investigations and in any remedial actions that are taken.

## Measures and Main Fiscal 2022 Activities

### ■ Initiatives Related to Salient Human Rights Issues

-  **AI and Human Rights**
-  **Personal Information Protection and Privacy**
-  **Supply Chain Management**
-  **Health and Safety**

### ■ 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 and fiscal 2022, with the approval of the Board of Directors, NEC Corporation and 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.

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| Training at NEC Corporation                                  | <ul style="list-style-type: none"> <li>Training to spread awareness of human rights are held annually for all employees, including dispatched workers and non-temporary workers (fixed-term and part-time workers). This training follows themes such as "Companies and Human Rights," "Human Rights Issues in the Biometrics Business and NEC Initiatives," and "Diversity and Human Rights." The training also includes an explanation of the NEC Group Human Rights Policy.</li> <li>Companywide training (online): 20,768(completion rate 88%) Training for new employees: 568</li> </ul> |  |
|  | For newly appointed department managers   | We used case studies to provide training on the key points of labour management and harassment prevention.   |
|  | 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 700 people. |
| Training at NEC Corporation and its Group Companies in Japan | <ul style="list-style-type: none"> <li>We held training on "Harassment and Human Rights" for newly appointed corporate officers, and 68 people attended.</li> </ul>   |  |
| Training at NEC Group Companies                              | <ul style="list-style-type: none"> <li>NEC Corporation provides access to the human rights training program to its group companies in Japan, including security contractors.</li> <li>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.</li> </ul>   |  |

### ■ 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 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.

### ■ Operational Status of the Human Rights Hotline

In October 2020, we established a consultation desk operated by a third-party organization for employees of NEC Corporation in addition to the human rights hotline already existed at NEC Corporation and its Group companies. In April 2021, we expanded the scope of this service, to include employees at our Group companies in Japan.

We are working to raise awareness of the hotline with efforts that include officer messaging for eliminating harassment and online training.

Under such a situation, in fiscal 2022, 169 cases were reported to the Human Rights Hotline including harassment and human relations and work environment-related cases. There were no reports related to forced labour or human trafficking.

Related divisions work together to improve and resolve the contents of the consultations with the human rights hotline, and they are reported to the Risk Control and Compliance Committee in order to continue to raise awareness to prevent recurrence.