

Respecting Human Rights

In the Principles of the NEC Way, NEC has committed itself to “Uncompromising Integrity and Respect for Human Rights,” while the NEC Group Code of Conduct 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 meet the range of privacy needs arising from cultural differences in various countries and regions and that are sensitive to human rights issues such as discrimination. Through such means, NEC will strive not only to minimize adverse impacts on society but also to maximize social value.

Increasing the Effectiveness of Activities for Solving Human Rights Issues

NEC is working to increase the effectiveness of its activities for solving human rights issues. 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, since 2016 we have been promoting human rights due diligence, using the Sustainability Promotion Office as a secretariat.

For local 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.

In fiscal 2020, we created a list of human rights issues to consider in management decision making or business activities by referring to the human rights risk data of an international NPO, Business for Social Responsibility (BSR), focusing on the latest risk

examples in the ICT industry and the inherent challenges for the industry that are expected going forward. Within this list, we identified the potential risks shown below.

Based on the list, discussions were held between representatives from international NPOs and international institutions, legal experts, NEC Corporation officers, and responsible 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, and we are promoting related initiatives.

Furthermore, in response to the COVID-19 pandemic, we will also treat increased vigilance regarding employee health and safety as an important issue going forward.

For further information, please refer to Sustainability Report 2020 “Respecting Human Rights.”

Potential Risks That NEC Should Address

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, and 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

Initiatives to Promote Business Operations in Relation to AI Utilization with Respect for Human Rights

In April 2019, NEC formulated the “NEC Group AI and Human Rights Principles” (“Companywide principles”) to guide our employees to recognize respect for human rights as the highest priority in our business operations in relation to social implementation of AI and utilization of biometrics and other data (“AI utilization”). Since then, we have promoted initiatives to incorporate this way of thinking into relevant businesses.

In addition to the above, NEC has established the Digital Trust Advisory Council. Our aim is to incorporate diverse opinions from external experts who have specialized knowledge, and use those opinions to strengthen our ability to deal with new issues arising from AI utilization. In fiscal 2020, we held the Advisory Council twice in Japan, and consulted with external experts (a lawyer, a member of an NPO, an academic, and a consumer) on the impacts to be grasped and measures to deal with them, as well as our initiatives to promote business operations with respect for human

rights based on Companywide principles in light of global trends related to biometrics authentication.



Digital Trust Advisory Council

For further information, please refer to Sustainability Report 2020 “AI and Human Rights.”

Strengthening Initiatives to Respect Human Rights in Procurement Activities

We held a dialogue with experts to hear their opinions and advice regarding initiatives for respecting human rights in the supply chain and points to bear in mind.

The experts agreed with NEC Corporation’s concept for procurement activities that incorporate “collaborating” with suppliers to solve issues and “co-creating” to create social value through business. They also commented that addressing human rights issues would also lead to collaboration and co-creation.

Moreover, with regard to issues such as the difficulty of identifying issues facing workers through audits and the delay in establishing a legal framework for increasing individual business owners in the ICT field, the experts suggested that improvements could be made through dialogue and engagement, and that it was important to explore approaches for dealing with owners.

The international community is calling for greater transparency, and as such, in July 2020, we revised our existing CSR Procurement Guidelines and renamed them the Guidelines for Responsible Business Conduct in Supply Chains. We have also distributed a declaration to over 7,000 suppliers as of August 2020, seeking their compliance with the guidelines.

Through these Statements of Agreement, we will further promote responsible procurement activities, including respect for human rights.



Photograph from left: **Toshiyuki Nakamura** Assistant General Manager, Purchasing Division, NEC Corporation
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*This dialogue was held in February 2020.

For further information, please refer to Sustainability Report 2020 “Strengthening Initiatives to Respect Human Rights in Procurement Activities.”