Respecting Human Rights

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 rights of its stakeholders. In particular, by making use of ICT, including social implementation of AI and utilization of biometrics and other data, each and every member of the Group, from executives to employees, shall maintain respect for human rights and view this issue as a top priority, making it a central theme to the Group's conduct and business practices.

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.

In June 2022, this 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's revisions were reported to the Board of Directors 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, temporary 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.

* For further details on the NEC Group Human Rights Policy (Revised June 2022), please visit the following URL:
  https://www.nec.com/en/global/csr/pdf/human_rights_en.pdf

Promoting Human Rights Due Diligence in Accordance with the UNGPs

In fiscal 2020, 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 front-line operations. Subsequently, the list of human rights issues was updated to better reflect actual situations.

In fiscal 2022, we also conducted a gap analysis at the corporate level 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.

Therefore, in fiscal 2023, the Risk Control and Compliance Committee furthered discussions with the Sustainability Advisory Committee regarding human rights associated with geopolitical risks and the newly identified "human rights risks related to geopolitical situations and conflicts" as a salient human rights issue. From these discussions a resolution was reached, which was then reported to the Board of Directors and made as part of an effort to improve NEC's system for preventing and mitigating human rights violations in the value chain.

[S] For more details, please refer to "The Progress of Sustainability Promotion and Our Response to the Human Rights Risks under Purpose-driven Management" on page 9 of *Sustainability Report 2022* and "Topic: Respecting Human Rights" on page 17 of the same report.

NEC's 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

Employee Safety and Health

NEC establishes targets for each fiscal year in accordance with its Companywide OH&S Policy Action Guidelines and the NEC Group Health Declaration. To meet these targets, we prepare and implement specific measures for each in-house geographical area, business site, and consolidated subsidiary in Japan. Regarding indicators for these measures, we set KPIs based on the World Health Organization's definition of health as "a state of complete physical, mental, and social well-being." Furthermore, the CHRO works under the direction of the CEO to oversee activities related to OH&S throughout the Company, including risk management, and then report on these activities to the Board of Directors.

New Technology and Human Rights (AI and Human Rights)

In accordance with the NEC Group Human Rights Policy, we are committed to the following three initiatives:

1. **Ensure that all products and services are implemented and utilized by NEC employees, customers, and partners appropriately**
2. **Continue to develop advanced technology and talent to further promote AI utilization with respect for human rights as the highest priority**
3. **Engage with a range of stakeholders to build partnerships and collaborate with closely**

In addition, we are actively involved in the following engagement and knowledge-sharing activities in order to promote proper usage of AI, not only within the NEC Group but throughout society as a whole.

[S] For more details, please refer to the "AI and Human Rights" section on page 64 of *Sustainability Report 2022*.

Participation in Discussions on AI and Public Interest at Davos Annual Meeting 2022

At the World Economic Forum Annual Meeting 2022, President Morita participated in a panel discussion, titled "AI on the Street: Managing Trust in the Public Square." During the discussion, he gave his opinions in response to the question "How can we make sure the use of AI in public services and spaces does not go against the public interest?" highlighting the following points.

- It is important to alleviate society's concerns about technology and build trust in the technology and its bearers.
- It is important to use case studies to foster a common understanding among the government, the private sector, and the general public, regarding how technology can benefit the public.
- In addition to public institutions, private companies should have a hand in creating governance frameworks related to the proper use of technology to ensure accuracy and transparency of technologies and protect privacy of individuals. This involvement will ensure trust in the systems and ultimately trust in AI.

Davos Annual Meeting 2022, panel discussion "AI on the Street"
Source: World Economic Forum

Labour in Supply Chains

NEC has designated "supply chain sustainability" as a material issue (materiality) and is enhancing cooperative ties with its suppliers through collaboration and co-creation. To address "labour in supply chains," positioned as a salient human rights issue, we are moving forward with efforts such as inspections, audits, and corrective measures using a risk-based approach.

Toward Further Development of Human Rights Initiatives in Procurement

Since 2019, NEC has held regular dialogue sessions between executives, on-site supervisors, and external experts on human rights issues that can arise in procurement.

For the dialogue held in fiscal 2022, we invited back experts from the dialogue in fiscal 2021: Daisuke Takahashi, representing Shinwa Law Offices, Ryusuke Tanaka, representing International Labour Organization (ILO) Office for Japan, and Asako Nagai, representing Business for Social Responsibility (BSR). During the session, they looked back on sustainable procurement activities over the past year and discussed issues related to human rights initiatives. These experts also gave their opinions on what initiatives are needed going forward and their expectations of NEC over the medium to long term amid ongoing legislation regarding human rights, centered mainly in the United States and Europe.

[S] For more details, please refer to the "Toward Further Development of Human Rights Initiatives in Procurement" section on page 92 of *Sustainability Report 2022*.