NEC endeavors to work not only within itself but also through collaboration and co-creation with suppliers to conduct business while giving full attention to its impacts on the environment and society as a whole, in order to gain the trust of society and to help create sustainable social value.

**Promoting Initiatives in Collaboration with Our Suppliers**

Sustainable procurement activities of the entire NEC Group are under the responsibility of the Chief Supply Chain Officer (CSCO). Decisions are made by the Procurement Steering Committee chaired by the Senior Director of the Sourcing and Purchasing Department. International subsidiaries conduct activities under the Global SCM Leaders Session, which meets annually, as the decision-making body.

Guided by the Global SCM Leaders Session, we promote sustainable procurement in accordance with the culture and business practices of each country.

In addition, the NEC Group Procurement Policy and the Guidelines for Responsible Business Conduct in Supply Chains require our suppliers, including upstream business partners, to implement responsible business conduct and identify the six priority risks.

With regard to human rights, the NEC Group Procurement Policy clearly rejects slavery and human trafficking, and the Guidelines for Responsible Business Conduct in Supply Chains prohibit forced labour and child labour, while respecting workers’ right to organize. The policy and guidelines also require appropriate wages and management of work hours.

Moreover, we perform due diligence on human rights in accordance with the Guidance from the OECD, identify and evaluate risks, and take steps to mitigate risks.

**Document Checks, Evaluation of Results, and Feedback**

NEC conducts self-assessments in order to assess the status of supplier compliance with requirements and initiatives relating to the fields of human rights, occupational health and safety (OH&S), the environment, fair trading and ethics, and information security.

For one type of these document checks—sustainable procurement self-check sheets—we newly added important inspection themes for foreign national technical intern programs and COVID-19 countermeasures. We received responses from 956 companies out of the 1,015 companies we queried, and evaluated the status of each supplier on a five-point scale of A, B, C, D, and Z for each theme in light of the following evaluation criteria: “score rate” and “critical points.”

We will implement support for suppliers that received Z ratings aimed at correcting these issues during the first half of fiscal 2023 through supplier engagement, such as understanding the conditions and providing correctional guidance.

### Six Priority Risks at Our Suppliers

<table>
<thead>
<tr>
<th>A</th>
<th>B</th>
<th>C</th>
<th>D</th>
<th>Z</th>
</tr>
</thead>
<tbody>
<tr>
<td>Human Rights and Labour Practices</td>
<td>Product Quality and Safety</td>
<td>Fair Trading and Ethical</td>
<td>Environmental Requirements</td>
<td>Information Security</td>
</tr>
</tbody>
</table>

**Evaluation Categories**

**A** Score rate between 80% and 100% Implemented outstanding initiatives

**B** Score rate between 60% and 80% Implemented standard initiatives

**C** Score rate between 50% and 60% Implemented initiatives but only for some issues

**D** Score rate of 50% or below Initiatives themselves are insufficient

**Z** Unable to clear critical points Risks expected

For more details, please refer to the “Supply Chain Management” section on page 88 of Sustainability Report 2022.