

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 to 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. Furthermore, the initiatives of this policy, as well as those based on its contents, are reviewed on an ongoing basis and updated and revised as necessary.

 For the NEC Group Human Rights Policy, please follow the link below.
https://www.nec.com/en/global/sustainability/pdf/human_rights_en.pdf

Promoting Human Rights Due Diligence Centered on Salient Human Rights Issues

NEC has utilized the human rights risk data of the international NPO Business for Social Responsibility (BSR) to compile a list of its human rights issues, from which three salient human rights issues have been identified.

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.

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

New Technology and Human Rights (AI and Human Rights)

In accordance with the NEC Group AI and Human Rights Principles, 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

We are actively collaborating with various stakeholders in Japan and overseas in industry, government agencies, international organizations, and academia, with a view to building a framework for an AI society. We also participate in symposiums with regard to these efforts.

Digital Trust Advisory Council

The Digital Trust Advisory Council, a panel of experts established in 2020, incorporates on an ongoing basis the diverse opinions of outside experts in human rights, privacy, and ethics, as well as the legal system, to strengthen our response to new issues that arise in relation to the use of AI. At the council's fiscal 2023 meeting, we exchanged opinions on our policies for strengthening AI governance based on trends in

domestic and international laws and regulations and society's expectations and demands, as well as how to appropriately disseminate information, and our approach to our responsibilities in dealing with stakeholders in the value chain. The points raised in these discussions were used as a guide in establishing systems and processes to strengthen risk mitigation measures.


Fiscal 2023 Members

Composed of five members including jurists, lawyers, consumer organization representatives, and NPO officials in such areas as sustainability and human rights

Respecting Human Rights

Recommendations on the Use of Human-centered AI Made at the DX Summit, the Official Public-Private Event of the G7 Digital and Tech Ministers' Meeting

One of NEC's corporate SEVPs, Shigehiro Tanaka, participated in a panel discussion titled "AI and Governance" at the Digital Transformation (DX) Summit, held in Shibukawa City, Gunma Prefecture in April 2023. The event was hosted by the World Economic Forum's Centre for the Fourth Industrial Revolution Japan and co-hosted by the Ministry of Economy, Trade and Industry. One of the themes of the discussion was "Generative AI will be a broadly transformative technology, but what are its potential benefits and impacts, and how can we design and use AI in a human-centered way?" to which Mr. Tanaka offered the following thoughts and observations. The contents of this panel discussion are also included in the Ministerial Declaration of the G7 Digital and Tech Ministers' Meeting.

 For information on the Ministerial Declaration of the G7 Digital and Tech Ministers' Meeting, please follow the link below.
https://www.soumu.go.jp/joho_kokusai/g7digital-tech-2023/topics/pdf/pdf_20230430/ministerial_declaration_dttm.pdf

- NEC believes that the use of AI is important in resolving social issues and creating social value as it works toward realizing its Purpose. As one example of such efforts, NEC has contributed to resolving global issues through its expeditious AI-assisted development of vaccines for infectious diseases in partnership with the Coalition for Epidemic Preparedness Innovations (CEPI).

- NEC has introduced AI principles based on a human-centered approach and guidelines to assure quality in AI development. NEC's approach to generative AI remains unchanged, including on matters such as the required transparency, privacy, and protection of intellectual property rights. We believe it is essential that everyone, from employees to customers, understands the principles and risks of AI before engaging in its use. As such, we have established guidelines for providing AI to customers as well as rules for using AI within the Company.
- To realize safe, reliable, human-centered AI from a technological standpoint, we must establish globally compatible rules. NEC has been actively involved in multilateral discussions with the OECD, Business at OECD (BIAC), and the World Economic Forum. We must also ensure compatibility through international standards, and NEC has made efforts to contribute to timely rule making through its activities with various standardization bodies.
- To ensure that AI does not become a technology that unfairly benefits certain countries or organizations, we have introduced a program to develop AI specialists through international collaboration. The social implementation of AI will be promoted by AI specialists who are well-balanced from a diversity and inclusion standpoint, which we anticipate will lead to creative and innovative solutions to social issues and the creation of social value.



Moderators (from left to right): Ugo Pagallo, University of Turin; Shigehiro Tanaka, Corporate SEVP, NEC; Michaela Browning, Google; Mia Garlick, Meta; Mike Yeh, Microsoft
Source: The World Economic Forum's Centre for the Fourth Industrial Revolution Japan

Human Rights Risks in Light of the Changing Geopolitical Landscape and the Impact of Conflicts

When controlling exports, we confirm the intended use of products or services prior to transactions, as well as confirming whether consumers are on the sanctions lists of the United Nations and relevant countries. Each country's sanctions list includes organizations and individuals that are subject to human rights sanctions, such as those on the Office of Foreign Assets Control sanctions list. In addition, we have identified high-risk countries and regions based on

the OECD's States of Fragility 2022* report and examined human rights information relating to customers in relevant regions prior to transactions. We work to prevent and mitigate any risks that are confirmed through contracts and other means, and report said risks to the Risk Control and Compliance Committee.

* Indicators for evaluating each country's risk status and response capabilities from the six standpoints of the economy, the environment, government, security, society, and people


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.

In response to the Guidelines on Respecting Human Rights in Responsible Supply Chains,

published by the Japanese government in 2022, as well as the development of legal frameworks for preventing human rights abuses in supply chains overseas, and the designation of "labour in supply chains" as one of NEC's salient human rights issues, we have strengthened our human rights due diligence efforts, including in our ongoing initiatives.

 For more details, please refer to "Supply Chain Sustainability" on page 50.

Employee Safety and Health

The Company identifies and addresses risks in accordance with the NEC Group Occupational Health and Safety Management System. In fiscal

2024, we began conducting self-assessment checks geared toward improving occupational health and safety (OH&S) management.

 For more details, please refer to "Promotion of Human Rights Due Diligence Focused on Salient Human Rights Issues" on page 56 of the *NEC ESG Databook 2023*.