

NEC Modern Slavery and Human Trafficking Statement

This Modern Slavery and Human Trafficking Statement (this “Statement”) is made pursuant to section 54(1) of the UK Modern Slavery Act 2015, by NEC Corporation (“NEC”, or the “Company”) and its consolidated subsidiaries within the scope of the aforementioned Act, namely, NEC Europe Ltd., NEC (UK) Ltd., NEC Software Solutions UK Limited and Netcracker Technology EMEA Limited (together with NEC, the “Companies”).

This Statement outlines the initiatives made by the Companies in the year ended 31, March 2024 (“Fiscal 2024”¹), to prevent modern slavery and human trafficking from occurring in the Companies’ supply chains or business.

This Statement was approved by the Board of Directors of NEC on September 27, 2024.

a) **The NEC Group’s structure, business and supply chain**

NEC was founded in 1899 and is headquartered in Tokyo, Japan.

The NEC Group, consisting of the Company and its consolidated subsidiaries, has 105,276 employees (as of 31, March 2024), and annual turnover for Fiscal 2024 of 3,477.3 billion yen.

For more information on the NEC Group's business, please see:

<https://www.nec.com/en/global/about/profile.html>

The NEC Group promotes IT services, social infrastructure and other businesses based on its purpose "NEC creates the social values of safety, security, fairness and efficiency to promote a more sustainable world where everyone has the chance to reach their full potential."

The NEC Group procures components, electronic equipment, software, maintenance, and other solutions from suppliers around the world. The percentage of its consolidated procurement amounts were 66% for Japan, 13% for Asia, 11% for North America, 9% for EMEA (Europe, the Middle East and Africa) and 1% for Central and South America in Fiscal 2023.

b) **The NEC Group’s policies in relation to slavery and human trafficking**

The NEC Group has placed respect for human rights as one of the Principles of the [NEC Way](#) and also in the [NEC Group Code of Conduct](#), which clearly states that each and every officer and employee of the NEC Group needs to comply with these principles.

¹ All other fiscal years are referred to in the same manner.

In addition, the NEC Group supports the International Bill of Human Rights, the International Labour Organization (ILO) Core Labour Standards, the UN Guiding Principles on Business and Human Rights (UNGP), the Organization for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises, the Ten principles² of the UN Global Compact, and other internationally recognized national laws and regulations in the relevant region. [The NEC Group Human Rights Policy](#), which is applicable to all officers and employees of the NEC Group, including fixed-term contract employees, temporary employees, and part-time employees, states 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. The NEC Group also encourages its suppliers, business partners, and customers to understand this Policy and share its commitment to respecting human rights. Furthermore, suppliers are required to comply with the "[NEC Group Procurement Policy](#)" and "[Guidelines for Responsible Business Conduct in Supply Chains](#)"

c) The NEC Group's due diligence process in relation to modern slavery and human trafficking in its business and supply chain

(1) Promotion framework

- The CEO oversees the initiatives based on the NEC Group Human Rights Policy.
- The Company discusses risks related to human rights on a regular basis at a Risk Control and Compliance Committee.
- The CFO, who is in charge of sustainability promotion at NEC, presents regular reports on the status of the initiatives for respecting human rights to the Board of Directors.
- The Board of Directors monitors the progress of the initiatives.
- Please see below for initiatives implemented by the Companies other than NEC,
 - NEC Europe Ltd. and NEC (UK) Ltd.
http://uk.nec.com/en_GB/emea/about/policy/modern_slavery_and_human_trafficking_statement.html
 - NEC Software Solutions UK Limited
<https://www.necsws.com/modern-slavery-statement/>
 - Netcracker Technology EMEA Limited
<https://www.netcracker.com/modern-slavery-statement.html>

² NEC became a signatory to the UN Global Compact in 2005.

(2) Human rights due diligence process

- The Company conducts human rights due diligence (the “Human Rights DD”) according to the UNGP, with a focus on those human rights issues that it has determined as salient. The Company sets activity targets and KPIs, manages progress, conducts transparent disclosure, and submits reports to the Board of Directors in a timely manner.
- The Company assesses impacts on human rights appropriately to heighten the effectiveness of the Human Rights DD. Further information on related the history of the impact assessments can be found here.
<https://www.nec.com/en/global/sustainability/social/humanrights.html>
- From Fiscal 2022, NEC has identified the following human rights issues as salient. Each salient issue is assigned to a department responsible for the Human Rights DD.
 - New technologies and human rights (AI and human rights)
 - Human rights risks related to geopolitical situations and conflicts
 - Labour in the supply chain
 - Employee safety and health

d) The parts of its business and supply chains where there is a risk of slavery and human trafficking taking place, and the steps it has taken to assess and manage that risk

- Business
 - (1) The Company examines modern slavery and human trafficking issues that may affect employees under the agenda of “Employee safety and health” which is one of the salient human rights issues. The Corporate Human Rights Promotion Committee, established in 1997, discusses and develops systems, and implements basic activities and promotes in-house training on human rights awareness, including elimination of discrimination and prevention of harassment. In Fiscal 2024, NEC conducted self-assessment checks at 28 domestic subsidiaries in Japan and 15 subsidiaries outside Japan to strengthen management related to occupational health and safety and to confirm the actual status of efforts to respect human rights. As a result, since the human rights policy had not been made known to some of the subsidiaries outside Japan, NEC has made efforts to further disseminate its human rights policy.
 - (2) The NEC Group has established grievance mechanisms such as Compliance Hotline and Human Rights Hotline which enable the swift and diligent handling of claims and supports the remediation of any human rights violations to reduce and prevent negative impacts on human rights caused by its corporate activities, and to reinforce initiatives to

promote respect for human rights.

- Supply chains

- (1) Promotion framework for sustainable procurement

- Sustainable procurement activities of the entire NEC Group are promoted 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 of NEC.
- Regarding subsidiaries outside Japan, the Company cooperates with the procurement managers of the regional headquarters in North America, Latin America, Europe, China and ASEAN, and of major local subsidiaries directly controlled by the Company's head office to conduct quarterly operational reviews in line with their annual activity policies and plans to promote sustainable procurement in accordance with the culture and business practices of each country, as well as with the basic policies and guidelines mandated by the head office in Japan.
- The NEC Group has identified the following six priority risks for supply chain management: Human Rights and Labour Practices, Health and Safety, Fair Trading and Ethics, Environmental Requirements, Product Quality and Safety and Information Security. Measures conducted in Fiscal 2024, are as follows (2) to (5).

- (2) Signing of Declarations by Suppliers

The NEC Group ensures implementation and compliance with its policies by suppliers by using the master contracts and obtaining declarations that demonstrate their commitment to responsible business conduct in supply chains.

In the Mid-term Management Plan 2025, the Company has included "supply chain sustainability" as one of the "materiality" which are priority management themes from an ESG perspective that the Company needs to adopt to reinforce non-financial (ESG/future financial) evaluation methodologies to underpin the sustainable growth of company and society. As one of the indicators for the materiality "supply chain sustainability", the Company aims to acquire declarations from suppliers accounting for 75% of the total procurement amount by the end of the fiscal 2026. As of the end of Fiscal 2024, the Company had obtained declarations from approximately 13,000 suppliers globally (covering 86% of procurement value). The objective is to maintain a minimum declaration coverage ratio of 75% of the total procurement amount.

- (3) Document check

The Company asks its suppliers to conduct self-assessments, “sustainable procurement self-check sheets,” to assess the status of supplier compliance with the Company’s requirements and initiatives. Important controls included within the self-check sheets used for this process include foreign national technical intern programs and human rights measures for suppliers of tier 2 and beyond, as well as other controls based around human rights, occupational health and safety (OH&S), the environment and fair trade etc. Measures conducted in Fiscal 2024, are as follows;

- The Company received responses from 1,194 companies out of the 1,294 tier 1 companies contacted.
- The Company evaluated the compliance status of each supplier on a five-point scale of A, B, C, D, and Z for each inspection theme based on the following evaluation criteria: “score rate” and “critical points.”³ The Company has provided feedback sheets to all of the suppliers that responded, indicating their score for each inspection theme and comparison to the average score for each product type, and shared the evaluation results with them.
- 26 suppliers were rated Z for potential risks. Among these suppliers, 14 suppliers were rated Z in the human rights inspection theme. The Company is in the process of implementing remedial actions for suppliers that have received Z ratings by the first half of Fiscal 2025, through supplier engagement, such as understanding the conditions and providing correctional guidance.
- As a result of the survey conducted in Fiscal 2023, the Company has provided corrective guidance to suppliers identified as requiring correction and followed up on the completion of corrective actions.

(4) On-site Assessment

Members of the Procurement Division also inspect some aspects of sustainable procurement during regular visits to suppliers and assess sustainable procurement requirements related to human rights, OH&S, and the environment. These on-site assessments are called “Supplier Visit Record” (SVR) and the Company compiles records of these inspections. The Company performed SVR assessments of primarily

³ “Critical points” are questions that NEC has identified as potential risks, in light of the Guidelines for Responsible Business Conduct in Supply Chains and other regulations, if initiatives remain unaddressed. NEC gives Z rating to suppliers whose initiatives related to critical points remain unaddressed regardless of the score rate.

critical suppliers⁴ in areas that present high risks. It collected data on 120 on-site assessments to confirm that there were no issues related to human rights, OH&S, and the environment in Fiscal 2024.

(5) Third Party Assessment based on a risk-based due diligence approach

The Company is taking the following steps in accordance with OECD Due Diligence Guidance for Responsible Business Conduct.

- Step 1: Gather and evaluate information about risks specific to the ICT sector, regions and the Company based on the ICT Sector Guide on Implementing the UN Guiding Principles on Business and Human Rights, the International Trade Union Confederation (ITUC)'s 2020 ITUC GLOBAL RIGHTS INDEX, other external research reports, and internal analysis of the Company's procurement structure.
- Step 2: Identify high-priority business domains while referencing results of international NPO BSR's evaluations of human rights impact. The risks identified are human rights risks to workers in manufacturing processes at overseas plants of suppliers, including outsourced production, human rights risks to foreign national apprentice interns in technical trainee programs in manufacturing processes at domestic plants of suppliers, overtime work risks in software development, and occupational health and safety risks during construction, maintenance, and inspection.
- Step 3: The Company has selected 13 suppliers from Fiscal 2022 through Fiscal 2024 based on evaluation of scope and nature of potential impacts, while mapping the aforementioned risks across suppliers. An external auditing firm audited them from the perspective of human rights and occupational health and safety. Nonconformance incidents identified in these audits (for example, long working hours and inadequate evacuation routes) will be evaluated and ranked according to the four categories (1. Response not required, 2. Items for improvement, 3. Items for improvement; high priority, 4. Items for correction) from the viewpoints of human rights and occupational health and safety under Japanese law and global standards to provide feedback to suppliers and request corrective action. As a result of the Fiscal 2023 audit, corrective guidance was provided to suppliers for

⁴ "Critical suppliers" are NEC Group's suppliers who account for a large procurement amount, suppliers of rare products, and suppliers who cannot be easily replaced and focuses on engaging in sustainable procurement measures.

which corrective actions were identified, and the corrective actions have been completed.

e) **The effectiveness in ensuring that modern slavery and human trafficking is not taking place in the NEC Group's business or supply chains, measured against such performance indicators as it considers appropriate**

The Company evaluates the effectiveness of its initiatives according to the contents and numbers of reports received by the Compliance Hotline, Human Resources Hotline, and other contact points, the results of the “sustainable procurement self-check sheets” and its reviews, information of suppliers through the Supplier Visit Records (SVR), and the third-party audits and progress of the remedial actions and in Fiscal 2024.

- The NEC Group's contact point including Compliance Hotline and Human Resources Hotline did not receive any concerns or reports related to modern slavery or human trafficking.
- In Fiscal 2023, for the 3 suppliers which received Z ratings in the human rights section of the sustainable procurement self-check sheets, the Company provided correctional guidance and completed corrections during the first half of Fiscal 2024. For the 26 suppliers that received a Z rating in Fiscal 2024, the Company is working to complete corrective actions during the first half of Fiscal 2025 through engagement, including identification of the actual situation and guidance on corrective actions.
- There were no issues related to “human rights” and “OH&S” on the information collected through SVR.
- As a result of third-party audits in Fiscal 2023, the Company provided corrective guidance to suppliers for which corrective actions were identified and completed the corrective actions. Corrective measures will also be implemented for non-compliant items identified by third-party audits in Fiscal 2024.

f) **The training about modern slavery and human trafficking available to NEC Group's staff and its suppliers**

The Company provides the following training to prevent modern slavery and human trafficking.

- For employees
 - E-learning “Diversity and Human rights” is held annually, and the attendance is required for all the employees at the Company and some of its subsidiaries and affiliated companies.

- E-learning for raising awareness of sustainable procurement is held and the attendance is required for all the employees at the Company and some of its subsidiaries in Japan.
- For suppliers
 - The Company disseminated information to suppliers about its sustainable procurement policies and measures at exchange meetings with 202 strategic supply chain partners and at the Sustainability/Information Security Sessions with 1,770 companies participating.
 - Several advisors at the Company that include a former director-general of the Ministry of Justice's Human Rights Bureau conducted a seminar for critical suppliers of software with the theme of global insights into the impact on companies from human rights violations and the Company's initiatives. 50 suppliers attended this seminar.

The Company is a member of BSR and working group on human rights due diligence and supply chain run by the Global Compact Network Japan. By actively participating in external discussions on the latest trends and examples from other companies, NEC improves and enhances initiatives on global human rights issues.

g) Looking ahead, NEC's plan

The Company will continue to:

- conduct continuous implementation of self-assessment checks for employees in the NEC Group.
- strengthen measures to prevent overwork by employees of the Company and its subsidiaries in Japan.
- strengthen risk assessment and identification through risk-based document inspections and expanded audits of the suppliers of the Company and its principal consolidated subsidiaries.
- promote ongoing improvements and measures for upstream suppliers.
- make transparent disclosure of Human Rights DD processes and efforts.



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Representative Executive Officer, Corporate EVP and CFO

NEC Corporation

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