

# NEC EUROPE LTD

## Modern Slavery and Human Trafficking Statement

*"The NEC Group respects human rights in all its corporate activities,  
Never accepting any discriminatory practices or child or forced labor."  
NEC Group Charter of Corporate Behavior - April 2004*

This statement is published by NEC EUROPE LTD, and refers to Section 54 of the Modern Slavery Act 2015. It covers the organisation and supply chain of NEC EUROPE LTD, its subsidiaries and branch offices, including NEC (UK) LTD., for the Financial Year that ended 31<sup>st</sup> March 2018 and comprises an overview of the progress made since the publication of our previous statement.

### **Our organisation and supply chain**

We, NEC EUROPE LTD, are the EMEA regional headquarters of the NEC Group, and a wholly owned subsidiary of NEC Corporation, a global provider of technology products, services and solutions headquartered in Japan. Further details about NEC's global business can be found here<sup>1</sup>.

Our largest operations outside the UK are mainly located in the European Union, and predominantly in Western Europe, in countries such as the Netherlands, Germany, Sweden, France, Hungary, Spain, Italy and Portugal. We also have subsidiaries in Russia, Turkey, and South-Africa. We are engaged mainly in a variety of B2B activities focused on business development, sales and marketing, customer support to private and public organisations, including governments and local authorities, as well as research & development.

Our recruitment process is compliant with all applicable international/national standards and legislation. The majority of our staff is skilled or semi-skilled and employed on permanent contracts. We submit the service providers that we use for occasional temporary labour or contract work to our standard sourcing process.

Our service suppliers consist mainly of professional services providers and advisors, from small to medium size or global reach with regional offices.

We don't engage in manufacturing activities, and we source our products mainly from our parent company, NEC Corporation and other NEC Group companies.

Only about 30% of our product suppliers are third parties outside of the NEC Group companies.

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<sup>1</sup> <https://www.nec.com/en/global/about/profile.html>

More than 80% of the third party product and service suppliers are based in the EU.

We believe that responsible corporate behaviour, respectful sourcing and ethical procurement are necessary for sustainable business and we strive to make this approach clearly known to our suppliers in our dealings and communications.

### **Our commitment**

Our approach to addressing modern slavery and human trafficking risks sits within NEC Corporation's wider Human Rights agenda<sup>2</sup>.

We conduct our business to the highest level of ethical standards. We are aware that coerced labour can occur in many forms, including but not limited to, child labour, forced labour and workplace abuse and believe that we have a corporate responsibility to identify and help mitigating such risks to the best of our abilities and through sound governance arrangements.

We also aim to contribute to the NEC Group's global efforts towards:

- \* Upholding international standards for the protection of all human rights as enshrined in the United Nations' (UN) International Bill of Human Rights<sup>3</sup>, the ILO (International Labour Organization) Declaration of Fundamental Principles and Rights at Work and the Ten Principles of the United Nations Global Compact (UNGC)<sup>4</sup>.
- \* Promoting CSR-driven management based on ISO 26000, a set of standards providing international guidance for social responsibility.
- \* Promoting the realisation of the Sustainable Development Goals (SDGs).
- \* Supporting improvements of human rights, labour and other social responsibility through our procurement activities, with the cooperation of our supply-chain partners, for the pursuit of sustainable and ethical procurement.

NEC Corporation has been a signatory of the UNGC since 2005, and we, as a member of the UK UNGC Network, endorse the Ten Principles of the UNGC. In addition, we participate in a number of human rights events organised by relevant industry bodies. The NEC Group's Modern Slavery and Human Trafficking Statement can be found here<sup>5</sup>.

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<sup>2</sup> [https://www.nec.com/en/global/csr/society/human\\_rights.html](https://www.nec.com/en/global/csr/society/human_rights.html)

<sup>3</sup> Collectively refers to the Universal Declaration of Human Rights and international human rights treaties adopted by the UN General Assembly including the International Covenant on Economic, Social and Culture Rights and International Covenant on Civil and Political Rights.

<sup>4</sup> The Ten Principles of the UN Global Compact are based on global agreements such as the Universal Declaration of Human Rights and ILO's Declaration on Fundamental Principles and Rights at Work and include items such as support for the protection, maintenance and respect for human rights, eradicate forced labour and ban child labour.

<sup>5</sup> <https://www.nec.com/en/global/csr/modernslavery/index.html>



## **Internal accountability**

The importance of compliance and responsible business behaviour is promoted by the President and CEO of NEC EUROPE LTD and senior management through a variety of internal initiatives and the use of internal communication tools.

## **Our policies and controls**

NEC Group's commitment to create social value is embedded in the NEC Way, a compliance framework that has built on the collective efforts of our staff and partners since 119 years to run our business in a way that makes a positive contribution to Society.

A variety of policies and procedures affirm the NEC Group's position against modern slavery:

- The NEC Group Charter of Corporate Behaviour<sup>6</sup>, which prohibits the use of child or forced labour and promotes the NEC Group companies' commitment to ensure responsible conducts in their corporate activities.
- The NEC Group Code of Conduct<sup>7</sup>, which asserts the respect of human rights and dignity of any individual.
- The NEC Group Human Rights Policy<sup>8</sup>, which confirms that the NEC Group will never accept child labour or forced labour, under any and all circumstances. In addition, the NEC Group expects its business partners and other parties in the value chain to apply the same level of respect for human rights and to address any existing measures that would be recognised insufficient. The NEC Group's approach on managing related concerns is disclosed on the NEC Group website.
- The NEC Group Procurement Policy<sup>9</sup>, which provides that the NEC Group is committed to procuring all goods and services with competitive quality, price and delivery conditions from the global supply market under fair business terms while observing all applicable laws and regulations so that the NEC Group will contribute to provide customer-valued products and services. The policy also confirms that the NEC Group shall not purchase items which may be associated with modern slavery and human trafficking concerns, involving potential or existing first tier supply-chain partners and/or second and upper-stream suppliers.
- The NEC Group Supply-Chain CSR Guidelines<sup>10</sup> helps suppliers understand the CSR requirements which they are encouraged to promote. The Guidelines provide that the NEC Group supports the prevention of modern slavery and human trafficking, and shall not

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<sup>6</sup> <https://www.nec.com/en/global/about/the-nec-way/foundation.html>

<sup>7</sup> <https://www.nec.com/en/global/about/code.html>

<sup>8</sup> [https://www.nec.com/en/global/csr/society/human\\_rights.html](https://www.nec.com/en/global/csr/society/human_rights.html)

<sup>9</sup> <https://www.nec.com/en/global/purchasing/renshiki-a2.html>

<sup>10</sup> [https://www.nec.com/en/global/purchasing/data/en2\\_sc\\_csr\\_guideline\\_4e.pdf](https://www.nec.com/en/global/purchasing/data/en2_sc_csr_guideline_4e.pdf)

purchase items which may be associated with such concerns. In particular, the NEC Group requests suppliers to establish the management system to prevent modern slavery and human trafficking, and also requests them to cascade prevention to upstream tier suppliers.

NEC Corporation requires that all NEC Group employees comply with the NEC Group Charter of Corporate Behaviour, the NEC Group Code of Conduct, the NEC Group Human Rights Policy and the NEC Group Procurement Policy. NEC Group communicates the NEC Group Supply-Chain CSR Guidelines to its business partners, including suppliers, in order to promote CSR-related activities.

We have additional regional and national policies and procedures in place that are accessible by staff on the NEC EMEA intranet.

We are committed to delivering positive impacts through our business including through the creation of jobs opportunities in the EMEA Region, and have implemented employment practices that promote the fair recruitment and treatment of employees.

We have implemented a grievance mechanism, and we also encourage our employees to report any concerns of illegal behaviour or practice to their line manager. Additionally, we provide them, as well as our business partners, with an opportunity to use our external and independent whistleblowing hotline. Our whistleblowing policy explains the process for speaking up as well as the investigation of all reports made and the appropriate remedial actions, so that our employees can freely report any concerns and are protected in compliance with applicable laws and regulations.

### **Our due diligence process in our supply chain**

In order to establish positive and sustainable relationships with our suppliers, we expect them, as a minimum, to comply with applicable law and regulations, including but not limited to, those of the UK and the countries in which they operate, and to respect human rights.

Our approach to responsible sourcing is founded on the NEC Group's Supply chain approach. Our expectations from suppliers are stated in the "NEC EMEA Vendor Charter of Responsible Business Conduct" (*"the Charter"*), which covers a variety of required commitments on ethical conduct, including on modern slavery. Prior to any purchase, we send the Charter to each new supplier above a certain level of spend requiring their commitment to the principles therein contained. We require our suppliers to meet our conditions of supply throughout the duration of their relationship with us.

We validate candidate suppliers with a due diligence process before accepting them as approved suppliers, with increased scrutiny and disclosure requirements based on our projected annual spend



with them and our estimation of their level of criticality for our business. We ask them to acknowledge a number of international standards covering social, environmental, safety and other performance elements in order to be registered in our approved suppliers list. We engage with them to obtain visibility of their supply chains beyond first tier where relevant.

We support this desk top review of their practices by benchmarking it against available media information and other sources, such as the Global Slavery Index, the Transparency International Corruption Perception Index and other reports by Non-For-Profit organisations. An internal and cross functional team (legal, CSR, environment, procurement) evaluates the responses of each supplier to our assessment questionnaire and create a risk profile, considering the country of origin for sourcing. We map levels of criticality in terms of low, medium and high risk based on the type of products or services rendered, geographies and other risk factors.

To ensure an appropriate risk based approach is achieved, we regularly review this process against the result of others. For example, we conducted a bribery and corruption risk assessment during the fiscal year using the Corruption Perception Index and the Modern Slavery Index. We have also further encouraged the reporting of different types of violations, for example environmental and health & safety, through strengthened dispositions of emergency and business continuity procedures. We have approached these exercises holistically, based on the appreciation of the interconnections of human rights with wider issues such as corruption, health and safety incidents and natural disasters and their impacts on the continuity of our business, which could make workers in our supply chain, as well as the communities in which we operate, more vulnerable to trafficking and exploitation.

### **Audit and capacity building**

We seek to educate our direct suppliers on our expectations by sharing relevant policies and engaging with them on sustainability issues where appropriate. Suppliers that are identified as higher risk in terms of health and safety undergo a SHEQ audit performed by qualified third parties and / or NEC auditors. These are performed against our requirements based on a supplier's risk profile and specific compliance concerns. Comprehensive action plans are drawn up to address any non-compliance, and we collaborate with our suppliers to help them make improvements.

### **Effectiveness**

We monitor and review within our organization (examples):

- Data pertaining to our online Code of Conduct training;
- The use of our Speak Up programme and other grievances mechanism;

- The emergence of laws with an impact both on our business and on human rights (for example the General Data protection Regulation).

We monitor and review within our supply chain (examples):

- The number of suppliers which we have assessed in terms of modern slavery risk exposure;
- The types and severity of risks that we have identified while assessing our suppliers.

Our approach has not revealed specific risks or occurrences of modern slavery or human trafficking taking place within our direct organisation and supply chain for the Financial Year that ended 31<sup>st</sup> March 2018.

### **Remedy**

We maintain registers of concerns identified within the organisation and in our supply chain. We define appropriate plans which includes actions to prevent reoccurrence and supports remediation.

## ***Overview of progress since April 2017***

We published our first Modern Slavery Statement in 2016. This is our third statement.

### **Internal accountability**

During the financial year that ended 31<sup>st</sup> March 2018, some organisational changes occurred mainly in Europe. We also expanded our business operations in South Africa towards the end of this financial year. Where relevant, new top management have reconfirmed in writing their commitment to oversee their business ethically, ensuring that human rights are always respected and that there is no slavery nor human trafficking in place within their organisation and supply chain.

We have included the review of environmental, social and governance matters in the core agenda of the Board of Directors meetings of our subsidiaries. Performance against related policies is therefore reviewed by the Board and through different processes (for example management reviews). We have also updated our terms and conditions on our purchase orders to include a clearer statement of compliance with all applicable EU and national laws, including without limiting any environmental, labor and health & safety legislation, in the provision of any Goods and / or Services to us.

### **Policies, training and controls**

We have issued four new policies (CSR, Health and Safety, Environmental and Quality Policies) to refine our sustainability strategy. These policies also explain the arrangements that we are



implementing to earn the trust of our stakeholders as a responsible business in the EMEA region, by acting in accordance with the highest ethical & legal standards and agreed customer requirements. These arrangements reflect the outputs of our compliance processes and express the efforts that we are making to tackle a variety of issues including modern slavery and human exploitation, while contributing to the Sustainable Development Goals.

We have continued to monitor the participation to the mandatory online training on the NEC Group Code of Conduct for employees. Relevant decision-makers in our organisation and new employees are required to undertake this online training, which includes references to the Modern Slavery Act 2015. We have also strengthened the awareness of our employees on specific human rights issues through internal communication.

### **Due diligence process in our supply chain**

We are aware that the risks of modern slavery are dynamic, that they can evolve over time and are connected to broader labour trends and other issues such as health and safety and environmental stewardship.

We have reviewed and updated our procurement policies, and introduced new processes such as a specific questionnaire on modern slavery issues to use in case of sourcing in a country with a high risk of modern slavery.

In addition, our contractual process now includes references to modern slavery and human trafficking, as well as requirements of compliance with relevant legislation and policies.

### **Audit and capacity building**

The Procurement team manage supplier relationships. We have used our SHEQ audits as capacity building opportunities where we can foster more sustainable business relationships through dialogue and concerted action with our suppliers. Since last year, we have enabled a system<sup>11</sup> to allow suppliers to get in touch more easily.

### ***Looking ahead, our plan:***

As our business diversifies in new sectors, new geographies and supply chains, for example in South Africa, we will be looking into emerging areas of greater risk and we will work with our subsidiaries

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<sup>11</sup> [https://contact.nec.com/http-uk.nec.com\\_tb\\_root\\_contact/](https://contact.nec.com/http-uk.nec.com_tb_root_contact/)

to upscale the awareness of our colleagues in understanding the drivers of modern slavery and possible indicators in their specific business environment. Our plan includes:

- o Further monitoring and implementation of new national laws in our regional practices which impact human rights;
- o Explaining these developments and the reporting responsibilities of members of staff when confronted with emerging human rights risks and other sustainability risks in plain language closer to local context.

This will help to expand awareness and understanding to regional as well as unskilled workers and gain more insight in the practical needs of our local staff in terms of identifying and spot-checking signs of modern slavery and human trafficking within their various operational contexts.

This statement was approved by the Board of Directors of NEC EUROPE LTD.

Signed



Hironobu Kurosaki,

President and CEO NEC EUROPE LTD

28 September 2018