

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 ("The Act"). 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 31st March 2019. We published our first Modern Slavery Statement in 2016 and this is our fourth statement.

(a) Our organisation's structure, business 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 here¹.

Our largest operations outside the UK remain 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. More than 80% of the third party product and service suppliers are based in the EU.

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

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.

(b) Our policies in relation to slavery and human trafficking

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.

Our approach to addressing modern slavery and human trafficking risks sits within NEC Corporation's wider Human Rights agenda² for the NEC Group.

The NEC Group upholds the United Nations' ("UN") International Bill of Human Rights³, the International Labour Organization ("ILO") Declaration on Fundamental Principles and Rights at Work, and the Ten Principles of the UN Global Compact⁴. NEC also seeks to improve its in-house initiatives on respect for human rights by taking into account trends in international standards and laws, such as the UN's Guiding Principles on Business and Human Rights and Sustainable Development Goals (SDGs). The NEC Group aims to contribute to the progression of human rights and promotes compliance with human rights related requirements, as well as with other social responsibility related expectations, pursuing sustainable and ethical procurement activities with the cooperation of its supply-chain partners.

NEC has a variety of policies and procedures that affirm NEC Group's position against human rights, in relation to modern slavery and human trafficking:

- The NEC Group Charter of Corporate Behaviour⁵, 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 Conduct⁶, asserts the respect of human rights and dignity of any individual.

² https://www.nec.com/en/global/csr/society/human_rights.html

³ It refers collectively to the Universal Declaration of Human Rights, the International Covenant on Economic, Social and Cultural Rights and the International Covenant on Civil and Political Rights which were adopted by the UN General Assembly.

⁴ NEC has been a member since 2005. 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.

⁵ <https://www.nec.com/en/global/about/the-nec-way/foundation.html>

⁶ <https://www.nec.com/en/global/about/code.html>

- The NEC Group Human Rights Policy⁷, 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. Where national laws are in conflict with internationally recognized human rights, NEC will seek solutions that support the respect of the principles of international human rights.
- The NEC Group Procurement Policy⁸, 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 Guidelines⁹ 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 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.

In April 2019, the NEC Group published the NEC Group AI and Human Rights Principles¹⁰, which call on each employee to respect human rights during business activities in relation with the social implementation of artificial intelligence (AI) and the use of data, such as biometric data ("AI utilisation").

The NEC Group's Modern Slavery and Human Trafficking Statement can be found here: <https://www.nec.com/en/global/csr/modernslavery/index.html>

The NEC Group 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. The NEC Group communicates the NEC Group Supply-Chain

⁷ https://www.nec.com/en/global/csr/society/human_rights.html

⁸ <https://www.nec.com/en/global/purchasing/renshiki-a2.html>

⁹ https://www.nec.com/en/global/purchasing/data/en2_sc_csr_guideline_4e.pdf

¹⁰ <https://www.nec.com/en/press/201904/images/0201-01-01.pdf>

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. Processes are implemented, including but not limited to recruitment, procurement, whistleblowing, equal opportunities, fair employment and training.

(c) Our due diligence process in relation to slavery and human trafficking in our business and supply chain

Our business

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.

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 supply chain

In order to establish positive and sustainable relationships with our suppliers, we expect them, as a minimum, to comply with applicable laws 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.

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.

Prior to any purchase, we send the Charter to each candidate supplier above a certain level of spend requiring their commitment to the principles therein contained.

Our selection process has been in place for several years and is understood by our staff in charge of on-boarding candidate suppliers. This staff is trained to recognise potential red flags of unethical behaviour in various areas including on human rights and modern slavery.

We support this desk top review of supplier 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.

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 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. On-site audits include interviews of suppliers' top management and employees, as well as workplace visits. Although these audits provide valuable opportunities to promote human rights and assess risks of modern slavery, the limitation of resources is an obstacle with regards to their number or frequency. In order to prioritise these resources, we generally do not do business with suppliers identified as high risk for any other reason than health and safety.

In order to better understand local circumstances, we encourage our subsidiaries to develop their own additional due diligence initiatives, and promote the use of a specific questionnaire on modern slavery issues to use in case of sourcing in a country with a high risk of modern slavery. Where relevant, we also take into account some other country-specific requirements such as the Broad-Based Black Economic Empowerment (BBB-EE) Policy in the Republic of South Africa.

We require selected suppliers to meet our conditions of supply throughout the duration of their relationship with us. Our contractual process include references to modern slavery and human trafficking, as well as requirements of compliance with relevant legislation and policies.

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 environmental stewardship. For example, we appreciate 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. We monitor these evolving trends to improve our internal processes.

(d) The parts of our business and supply chains where there is a risk of slavery and human trafficking taking place and the steps that we have taken to assess and manage that risk

Our due diligence approach described in (c) and the monitoring of the indicators in (e) 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 31st March 2019. We have not identified new trends.

(e) Our effectiveness in ensuring that slavery and human trafficking is not taking place in our business and supply chain, measured against such performance indicators as it considers appropriate

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.

We measure the effectiveness of our initiatives through the use of performance indicators.

- *Within our organization, we monitor and review (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).
- *Within our supply chain, we monitor and review (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.

A grievance mechanism is in place. In addition, we 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.

We have a system¹¹ to allow suppliers to get in touch more easily.

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

Performance against related policies is reviewed by the Board and through different processes (for example management reviews). Our terms and conditions on our purchase orders include a statement of compliance with all applicable EU and national laws, including without limiting any environmental, labour and health & safety legislation, in the provision of any Goods and / or Services to us.

(f) Training and capacity building

Senior leadership is crucial to driving a culture of responsible behaviour. The President and CEO of NEC EUROPE LTD and senior management promote this culture through a variety of internal initiatives (for example themed talks and meetings) and the use of internal communication tools (intranet, display screens and emails). We strive to upscale the awareness of our colleagues through awareness activities in connection with sustainability, and we make information about slavery and human trafficking available to our staff.

We have included the review of environmental, social and governance matters in the core agenda of the Board of Directors meetings of our subsidiaries. These matters, and the review of risks and opportunities, are also discussed during management reviews which involve a balanced representation of staff and management.

¹¹ https://contact.nec.com/http-uk.nec.com_tb_root_contact/

We continually support the practical needs of our local staff in terms of understanding, reporting and spot-checking signs of new trends of unethical behaviour, including modern slavery and human trafficking within their various operational contexts. Training on human rights and modern slavery, and how to raise concerns, is included within the eLearning on the NEC Group Code of Conduct that we provide to all existing staff every three years, and to new recruits. We require participants to confirm their understanding of the content of this eLearning through a quiz and an acknowledgement, which we track.

We seek to educate our direct suppliers on our expectations by sharing relevant policies and engaging with them on sustainability issues where appropriate. 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.

Looking ahead, our plan:

We are aware that the requirement for greater transparency from business is becoming increasingly a routine practice and that embedding modern slavery reporting into business culture continues to be very important. We will therefore persist in publishing our statements on recognised websites that promote the fight against modern slavery and human trafficking as appropriate. We will also continue to:

- Encourage the values of respecting human rights within our organisation and supply chain and consider positively potential suppliers which publish statements referring to Section 54 of the Act even if they are not directly in scope of the Act.
- Put human rights and the reporting of modern slavery issues as a core item on the boardroom agenda. Where relevant, new top management will continue to confirm 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
- Sustain cooperation across several of our business functions and subsidiaries to improve our processes and ensure that they are implemented effectively. By doing so, we will continue to take action that aim to protect and enhance our brand and reputation.
- Participate in a number of human rights events organised by relevant industry bodies.
- Continue to be a member of the UK UNGC Network and endorsing the Ten Principles of the UNGC.

- Strengthen the human rights due diligence of our first and second tier suppliers as part of a risk-based approach over time as far as reasonably practicable, taking into account the limitations of our resources and other constraints.

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

Signed



Hironobu Kurosaki,

President and CEO NEC EUROPE LTD

30 September 2019