

NEC EUROPE LTD

Modern Slavery and Human Trafficking Statement

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 2020. We published our first Modern Slavery Statement in 2016 and this is our fifth statement.

(a) Organisation 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. 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, and customer support to private and public organisations, including governments and local authorities, as well as research & development.

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.

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) 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.

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

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 support NEC Group's position against modern slavery⁵:

- The NEC Way, our common set of values that form the basis for how the entire NEC Group conducts itself, express the behaviour that we value as a company stipulate "Uncompromising Integrity and Respect for Human Rights," while the NEC Group Code of Conduct in governing the individual conduct of everyone from executives to employees, clearly requires that human rights be respected in all situations.
- The NEC Group Human Rights Policy⁶, 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 Policy⁷, provides that the NEC Group is committed to procuring

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/csr/modernslavery/index.html>

⁶ https://www.nec.com/en/global/csr/society/human_rights.html

⁷ <https://www.nec.com/en/global/purchasing/renshiki-a2.html>

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 Guidelines for Responsible Business Conduct in Supply Chains⁸ help suppliers understand the sustainability principles which they are required to promote in order to be considered as preferred suppliers. In fiscal 2020, we have revised the Guidelines to reflect changes in society's demands. The Guidelines prohibit forced labour and child labour. They also require special consideration for youth workers, respect workers' right to organize and ensure appropriate wages and management of work hours.
- The NEC Group Code of Conduct⁹, asserts the respect of human rights and dignity of any individual.

The NEC Group requires that all NEC Group employees comply with the NEC Way, the NEC Group Code of Conduct, the NEC Group Human Rights Policy and the NEC Group Procurement Policy. The NEC Group communicates the Guidelines for Responsible Business Conduct in Supply Chains to its business partners, including suppliers, in order to promote sustainability activities.

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

We have additional regional and national policies and procedures in place that are accessible by the staff of NEC EUROPE LTD on the NEC EMEA intranet. Processes are implemented, including but not limited to fair recruitment, employment and training, responsible procurement (sourcing and planning), whistleblowing, equal opportunities, health and safety.

(c) 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

⁸ https://www.nec.com/en/global/purchasing/data/en2_sc_csr_guideline_4e.pdf

⁹ https://www.nec.com/en/global/about/pdf/necway/nec_code_of_conduct.pdf

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.

A grievance mechanism is in place so that our employees can freely report any concerns and are protected in compliance with applicable laws and regulations. The process for speaking up, the investigation of all reports made and the implementation of remedial actions is described in our whistleblowing policy.

Our supply chain

Our approach to responsible sourcing is founded on the NEC Group's Supply chain approach. We only accept candidate suppliers after having performed thorough due diligence and we engage with them to obtain visibility of their supply chains beyond first tier where relevant.

In order to establish positive and sustainable relationships with our suppliers, we expect them, as a minimum, to comply with all applicable laws, regulations and international standards covering modern slavery and other social, environmental and safety performance elements, and to respect human rights.

Our approved supplier selection process has been in place for several years. We use a cross functional team (procurement, sustainability, finance) to create a risk profile of each candidate supplier based on their responses to our assessment questionnaire, the type of products and services rendered, geographies and other risk factors. This team is trained to recognise potential red flags of unethical behaviour in various areas including on human rights and modern slavery in the supply chain.

We support this desktop 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.

We promote the use of an additional questionnaire on detailed modern slavery issues if sourcing is to occur in a local environment where the risk of modern slavery is rated high by these indices.

We also encourage our subsidiaries to support the supplier selection process by developing their own additional due diligence initiatives where relevant, taking into account other country-specific requirements such as the Broad-Based Black Economic Empowerment (BBB-EE) Policy in the Republic of South Africa.

We don't do business with candidate suppliers that we have confirmed as high risk through our supplier selection process. We submit the suppliers that we have identified as representing a specific potential higher risk in terms of health and safety to 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 such 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.

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. The terms and conditions on our purchase orders in the provision of any Goods and / or Services to us include requirements of compliance with relevant legislation and policies, including without limiting health and safety, modern slavery and human trafficking.

(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 2020. We have not identified new trends.

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 that affect humans and the planet. For example, we appreciate that global challenges such as climate change, natural disasters, corruption, the risk of exposure to pandemics and other health and safety issues, may have an impact on normal work practices and could make some workers in our supply chain more

vulnerable to trafficking and exploitation. Therefore, we monitor these issues in the communities in which we operate, and conduct regular review of our controls.

(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.
- Within our supply chain, we monitor and review (examples):
 - The number and location of suppliers which we have assessed, in reference to indices such as the Global Slavery Index and other expert analysis;
 - The types and severity of risks that we have identified while assessing our suppliers.

(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 (such as themed talks and meetings) and the use of internal communication tools (intranet, display screens, emails and newsletters). 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 NEC EUROPE LTD and 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.

We continually support the practical needs of our local staff in terms of understanding, reporting and spot-checking signs of unethical behaviour 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 existing staff and 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 use SHEQ audits as further opportunities for capacity building, where we can foster more sustainable business relationships through dialogue and concerted action with our suppliers.

Our achievements:

- We have sustained cooperation across several of our business functions and subsidiaries through the continued communication of good practices on the intranet, regular cross functional meetings and via our vendor selection process which enables us to reach across the whole NEC EMEA organisation and purchase pool of vendors.
- We have a system¹⁰ to allow suppliers to get in touch more easily.
- We have reviewed the human rights due diligence of our existing key suppliers as part of a global risk-based approach.
- Our new suppliers have confirmed that they are not complicit in human rights abuses of any kind, including related to modern slavery and trafficking.
- We have encouraged our employees to report any concerns of illegal behaviour or practice to their line manager. We have provided them, as well as our business partners, with an opportunity to use our external and independent whistleblowing hotline.
- We have maintained registers of concerns identified within the organisation and in our supply chain, and designed plans which includes actions to prevent reoccurrence and supports remediation.
- Performance against internal policies, including the reporting of breaches of human rights and modern slavery issues, is reviewed by the Board and through different processes (for example management reviews). Such topics are also on the agenda of specific committees that have a mix of senior management and workers.
- We have reviewed various policies connected to accounting and health and safety in a

¹⁰ https://contact.nec.com/http-uk.nec.com_tb_root_contact/

perspective that has included human rights.

- We have participated in human rights events organised by relevant industry bodies and organisations such as the United Nations Human Rights Forum.
- We have continued to be a member of the UK UNGC Network and endorsing the Ten Principles of the UNGC, chairing one of the peer meetings review.

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:

- 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.
- Keep human rights and the reporting of modern slavery issues as a core item on the boardroom agenda as a commitment of top management to oversee business ethically, ensuring that human rights are respected and that there is no slavery nor human trafficking in place within our organisation and supply chain
- Sustain cooperation across 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, remain a Member of the UK UNGC Network and endorse the Ten Principles of the UNGC.
- Continue to exercise vigilance and to strengthen human rights due diligence especially in a wider context where relationships between health, social and environmental issues such as pandemics, economic pressure and climate change may create an imbalance in the wider supply chain potentially increasing risks with regards to working conditions

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

Signed

A handwritten signature in black ink, appearing to read 'Chris Jackson', is positioned below the 'Signed' text.

Chris Jackson, President and CEO NEC EUROPE LTD, 30 September 2020