

NEC EUROPE LTD

Modern Slavery and Human Trafficking Statement

*This statement¹ is published by NEC EUROPE LTD, and refers to the requirements of Section 54 of the Modern Slavery Act 2015 (“**The Act**”). It covers the organisation² and supply chain of NEC EUROPE LTD, its subsidiaries and branch offices, including NEC (UK) Ltd. (“**we**”).*

*It outlines the steps that we have taken during the Financial Year that ended 31st March 2021 (“**the Financial Year**”) to prevent any form of modern slavery and human trafficking from occurring within our organisation and supply chain.*

A. ORGANISATION STRUCTURE, BUSINESS AND SUPPLY CHAIN

We³ are the regional headquarters of the NEC Group, and a wholly owned subsidiary of NEC Corporation⁴, a global provider of technology products, services and solutions headquartered in Japan.

Our largest operations outside the UK are 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.

We don’t engage in manufacturing activities ourselves. In the financial year that ended 31 March 2021, we have continued to source about 70% of our products from our parent company, NEC Corporation and other NEC Group Companies. The remaining 30% are third party suppliers, predominantly located in the EU.

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

B. POLICIES IN RELATION TO SLAVERY AND HUMAN TRAFFICKING

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

NEC Group Policies

The NEC Group is committed to conduct its business ethically and to prevent modern slavery or human trafficking in its organisation and supply chain. The NEC Group has a corporate responsibility to identify and help mitigating and preventing the risks of child labour, forced labour and human trafficking to the best of the NEC Group’s abilities.

NEC upholds the United Nations’ (UN) International Bill of Human Rights⁵, the International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at Work, and the Ten Principles of the UN Global Compact⁶. 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 respect for human rights in society, promotes compliance with global requirements and pursues sustainable and ethical procurement activities with the cooperation from its supply-chain partners.

¹ We published our first Modern Slavery Statement in 2016 and this is our sixth statement

² https://www.necuropecareers.com/content/NEC_in_your_Country

³ <https://uk.nec.com/>

⁴ <https://www.nec.com/>

⁵ 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.

⁶ 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

NEC has a variety of policies and procedures that support the NEC Group's position against modern slavery:

- (1) The NEC Way is a common set of values that form the basis for how the entire NEC Group conducts itself. It articulates "Purpose" and "Principles" as a company as well as the expected behaviours, "the Code of Values" and "the NEC Group Code of Conduct", that all of the members comprising the NEC Group are expected to demonstrate. NEC's "Principles", which are the basis for the NEC Group's actions, defines "Uncompromising Integrity and Respect for Human Rights". "The NEC Group Code of Conduct" defines "Respect of Human Rights" as one of the basic position that all NEC Group officers and employees should comply with.
- (2) The NEC Group Human Rights Policy confirms that 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 NEC Group's Sustainability website.
Where national laws are in conflict with internationally recognised human rights, the NEC Group will seek solutions that support the respect of the principles of international human rights.
- (3) The NEC Group Procurement Policy provides that the NEC Group is committed to procuring all goods and services with competitive quality, cost and delivery conditions from the global supply market under fair business terms based on the related laws and regulations so that the NEC Group will contribute to providing 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.
- (4) The Guidelines for Responsible Business Conduct in Supply Chains supports the development of responsible corporate activities among the NEC Group's suppliers by helping them understand more deeply about the NEC Group's sustainable management. These Guidelines require the suppliers to respect the human rights of their workers and prohibit the suppliers from making use of forced or bonded labour, inhumane prison labour, slavery or human trafficking, employing children who are below the minimum working age, subjecting their workers to inhumane treatment, and engaging in discrimination or harassment.

NEC requires that all the 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>

NEC EUROPE LTD Policies

In addition to complying with the Policies of the NEC Group mentioned above, we have several human resources procedures in place that integrate the principles of the following provisions in relation to modern slavery:

- Freedom of workers to terminate employment, of movement and association;
- Prohibition of any threat of violence, harassment and intimidation, of the use of worker-paid recruitment fees, of compulsory overtime, child labour, discrimination and of the confiscation of workers' original identification;
- Access to remedy, compensation and justice for victims.

We promote the fair recruitment and treatment of employees at any time, and our recruitment process is compliant with all applicable international/national standards and legislation.

We make additional policies accessible to our staff on our intranet, including but not limited to the provision of a safe and healthy environment and whistleblowing.

The process for speaking up, the investigation of whistleblowing reports and the implementation of remedial actions is described in our whistleblowing policy, which protects employees from retribution in case they raise a concern about human rights issues. We use Safecall as our third party confidential reporting line, supported by our own internal whistleblowing committee led by senior managers from Human Resources, Finance, Sustainability, Legal and Compliance.

Our business

It is important that we have the confidence that our workers are employed in compliance with all applicable laws and regulations including labour and health and safety laws. To this effect, during the Financial Year, we have conducted a survey of employment practices in relation with modern slavery that are in effect within our offices, with the support of local Human Resources. This has allowed us to confirm compliance with human rights and anti-slavery legislation on a national basis, and to review the specific provisions of the various employment policies in place. The survey also included a section on risk assessment, and formulated questions on the mitigation measures that would be taken in the event that a modern slavery incident would occur.

We have not identified incidents relating to modern slavery via our grievance or whistleblowing systems, or any other system.

Our supply chain

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

Our approach to responsible procurement (sourcing and planning) is founded on the NEC Group's Supply chain approach.

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.

We only accept candidate suppliers after having performed due diligence and we engage with them to obtain visibility of their supply chains beyond first tier where relevant. This due diligence includes a desktop review of the supplier practices and a benchmark against available media information and other sources, for example the UK Government Modern Slavery Statement Registry, the Transparency International Corruption Perception Index and other reports by Non-For-Profit organisations. We also use an electronic compliance tool which informs us about potential risks pertaining to specific candidate suppliers. If sourcing occurs in a local environment where the risk of modern slavery is rated high or in case of specific concerns, we take further measures as relevant, such as requiring the completion of a specific modern slavery questionnaire.

The NEC team in charge of evaluating the compliance of suppliers includes members of procurement, sustainability and finance. This team is experienced in understanding the risks in our sector of activity, and is trained to recognise potential red flags of unethical behaviour in the supply chain including in relation with human rights and modern slavery.

We submit the candidate suppliers that we have identified as representing a potential higher risk in terms of health and safety to an audit performed by qualified third parties and / or NEC auditors. 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. In the Financial Year, due to COVID-19, some of our audits were conducted remotely.

We expect our selected suppliers to meet our conditions of supply throughout the duration of their relationship with us and we ask for their support in reporting serious incidents to us in a timely manner. We also engage with our customers in their review of our practices and the evaluation of our operations and supply chain.

Our contractual process include references to modern slavery and human trafficking. The terms and conditions on our purchase orders in the provision of 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.

Finally, we 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.

D. THE PARTS OF OUR BUSINESS AND SUPPLY CHAINS WHERE THERE IS A RISK OF SLAVERY AND HUMAN TRAFFICKING TAKING PLACE AND THE STEPS TAKEN TO ASSESS AND MANAGE THAT RISK

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. In the Financial Year:

Our business

We have promoted work life balance and provided wellbeing opportunities to our staff. Our dialogue with local human resources and staff mentioned has not identified specific incidents of modern slavery within our organisation. However, by precaution, we have increased the number of our risk assessments on health and safety, which cover for example working hours, young workers and persons more at risk.

Our supply chain

Our due diligence approach has not revealed occurrences of modern slavery or human trafficking within our supply chain. We have confirmed this information by engaging with our suppliers, through discussions with their staff and managers, through audits and by reviewing the suppliers' monthly reports. Our due diligence approach has not revealed occurrences of modern slavery or human trafficking within our supply chain.

E. 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 have monitored and reviewed (examples):

- Data pertaining to our online Code of Conduct training (we have achieved about 90% of participation);
- The use of our Speak Up programme and other grievances mechanism, available to our subsidiaries. We have not received any claims on modern slavery either through the normal reporting process or through Safecall;
- The emergence of laws with an impact both on our business and on human rights through the use of monitoring systems and their impact on NEC's business.

Within our supply chain, we have monitored and reviewed (examples):

- The number and location of suppliers which we have assessed. In the Financial Year, we have reviewed nearly 400 new suppliers, mainly in the EU, EEA and the UK. We have also conducted 92 health and safety audits of existing suppliers. We have taken the opportunity of these audits to survey the number of working hours performed by their employees. We have confirmed this information by engaging with our suppliers, through discussions with their staff and managers, as well as by reviewing the suppliers' monthly reports.
- 90% of our key suppliers in terms of annual spend have confirmed that they either comply with the NEC Group Responsible Business Guidelines or that they have similar guidelines in place.
- We estimate "low" to "moderate" the severity of the risks that we have identified while assessing our suppliers. "Moderate" mainly occurs when there is a lack of documented information available on a supplier process. We have not identified particular modern slavery risks. 100% of the service providers that we use for occasional temporary labour or contract work comply with our strict sourcing process.

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.

Our business

- 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 other management reviews which involve a balanced representation of staff and management.
- We have provided a training to about 100 employees including purchasing specialists or general staff involved in the procurement process through the course of their normal activities, on ethical supply chain management, including the risks associated with slavery, forced and child labour.
- We have continued to provide an eLearning on the Code of Conduct that included reference to human rights, modern slavery and how to raise concerns in confidentiality. This eLearning is provided both to existing staff and new recruits with the purpose of increasing knowledge and skills around identifying, addressing or preventing modern slavery risks. We require participants to confirm their understanding of the content of this eLearning through a quiz and an acknowledgement, which we track.

Our supply chain

- We have sought to educate our direct suppliers on our responsible business conduct expectations by sharing relevant policies and engaging with them on sustainability issues where appropriate.
- We have used health and safety 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 made our external confidential reporting line, Safecall, available to our suppliers in the context of their relationship with us.
- 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 created a new survey for our existing key suppliers as part of a global risk-based approach.
- 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.
- We have continued to review various health and safety policies in a perspective that has included human rights considerations.
- We have held quarterly meetings with senior management as a forum for the discussion of compliance topics.
- We have participated in human rights events organised by relevant industry bodies and organisations.
- We have continued to be a member of the UK UNGC Network and endorsing the Ten Principles of the UNGC.

LOOKING AHEAD, OUR PLAN

We will continue to publish our statements on recognised websites that promote the fight against modern slavery and human trafficking as appropriate.

We will also continue to:

- Exercise vigilance and to strengthen human rights due diligence especially in a wider context where relationships between health, social and environmental issues may create further pressure in the wider supply chain potentially increasing risks with regards to working conditions.
- Train our procurement team and extended users on how to spot red flags in terms of modern slavery.
- 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.
- 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, continue to be a Member of the UK UNGC Network and endorse the Ten Principles of the UNGC.
- Consider the use of International Labour Organisation (ILO) indicators of forced labour in our vendor assessments.

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 2021