

NEC Policy Document

Anti-Corruption Policy (N00009h)

Version: V4.0

Date: 8th April 2024

Document Control

Version	Primary Authors	Release date	Reason for change
1.0	Michael Haggerty	May 2015	Changes to reflect move to standalone business
2.0	Ian Noble	06/12/2019	Approved and issued for use.
3.0	Mark Morrell	March 2020	Updated in accordance with NEC Anti-Bribery Compliance Manual
3.1	Rachel Goodman	23/12/2021	Rebranding to NEC & periodic review
3.2	Rachel Goodman	23/12/2022	Review (no changes)
3.3	Haley O'Rourke	08/02/24	Updated Copyright Notice
4.0	Rachel Goodman and Mark Morrell	08/04/2024	Annual review. Added policy reference number. Updated in accordance with changes to NEC Anti-Bribery Compliance Manual

Distribution

Name	Job Title
My Insider	N/a

Prepared by

Name	Contact Details
Rachel Goodman	rachel.goodman@necsws.com

Approved by

Name	Contact Details
Julie Booth	julie.booth@necsws.com

© NEC Software Solutions UK Limited 2024 – present day.

This document is protected by copyright laws in England and other countries and must not be copied, stored in a retrieval system or transmitted in any form or by any means in whole or in part without the prior written permission of NEC Software Solutions UK Limited

Contents

1	Introduction	4
2	Scope	5
3	Our Policy	6
3.1	Bribes and Kickbacks	6
3.2	Facilitation Payments	6
3.3	Extortion and Protection Money	6
3.4	Gifts, Hospitality and Expenses	6
3.5	Personal Conflicts of Interest	6
3.6	Charitable Donations	7
3.7	Political Activities	7
3.8	Anti-Corruption Risk Assessment	7
3.9	Business Partners (including Agents, Suppliers, Vendors, Joint Ventures, and Sub-Contractors)	7
3.9.1	Social Agents, Consultants and Resellers	7
3.9.2	Joint Venture Partners	8
3.9.3	Suppliers and Contractors	8
3.10	Contracts	8
3.11	Accounts Audits	9
3.12	Employment of Public Officials	9
4	Training	10
5	Duty to Report and Whistle-blowing	11
6	No Retaliation	12
7	Appendix- Anti-Corruption Manual	13

1 Introduction

This document defines ("NEC") policy on the avoidance of bribery and corruption. It is applicable globally to all companies in the NEC group, their employees, and business partners (collectively, NEC). It will be regularly reviewed to ensure that it reflects any changes in applicable laws and developments in acceptable standards for the conduct of business. We are committed to maintaining the highest ethical standards and vigorously enforcing the integrity of our business practices wherever we operate throughout the world. NEC will not engage in bribery or corruption of any kind. Adherence to the guidelines set out in this policy will help ensure that we comply with anti-bribery and anti-corruption laws and governmental guidance.

2 Scope

This policy is intended to guide our actions and to thwart any activity that is counter to NEC business integrity, values, and Code of Conduct. NEC has a zero-tolerance policy towards any act of Bribery, which is offering, promising, giving, authorising, assisting or accepting anything of value, directly or indirectly, in order improperly to obtain or retain business. Common examples of bribery are:

- Channelling payments via intermediaries such as agents, subcontractors, consultants or other third parties, or giving a portion of contract payment as a kickback to government or party officials or employees of the other contracting party.
- Facilitating payments to expedite routine government actions.
- Extortion or solicitation, which is demanding of a bribe, whether or not coupled with threat if the demand is refused.
- Trading in influence, which is the offering or soliciting of an undue advantage in order to exert an improper, real or supposed influence with the purpose of obtaining an undue advantage.
- Laundering proceeds of corrupt practices, which is the act of concealing or disguising the illicit source, location, disposition, movement or ownership of property, when you knew or should have known that such property is the proceeds of a crime.
- Employment of, or promise to employ, a public official (or a relative) in return for a benefit and without justifiable reason.
- Other corrupt practices, including but not limited to, collusion, fraud, embezzlement and the like.

In this Policy, we will refer to all of the foregoing as “bribes”.

In this Policy, “public officials” means any of the following persons (regardless of rank or position):

- (a) Officers and employees of any government (including but not limited to national, federal, state, or local government), international organisation (such as United Nations and the World Bank) or instrumentality thereof.
- (b) Any persons holding a legislative, administrative or judicial position, whether appointed or elected (including any candidates therefor).
- (c) Officers and employees of any state-owned enterprise which means a corporation or other entity:
 - i. a majority of whose shares or equity interests are owned or controlled, directly or indirectly, by the public bodies described in (a) above;
 - ii. a majority of the members of whose board of directors or similar management body is nominated by the public bodies described in (a); or
 - iii. in addition to (i) and (ii) above, substantially controlled by the public bodies described in (a) above.
- (d) Agents or other representatives of such organisations, persons or entities described in (a) to (c) above.

3 Our Policy

3.1 Bribes and Kickbacks

NEC does not, directly, or indirectly, take part in acts of corruption, or pay or receive bribes or kickbacks. NEC prohibits all acts of corruption, including paying bribes or kickbacks to, or accepting bribes or kickbacks from, public officials and private individuals such as the personnel of companies which NEC does business with. A typical example of indirect bribery would be when a company employs a commercial agent to help it win a government contract, the agent is paid by commission based on a percentage of the contract fee, and part of that commission is passed on by the agent to a government official as a bribe to influence the awarding of the contract to NEC. At NEC we do not tolerate such practices in any form or wherever paid or offered. All NEC employees who are responsible for engaging the services of external consultants, suppliers, advisers or other business partners, should ensure that these business partners are made aware of the requirements of NEC Anticorruption prior to entering into the relationship.

3.2 Facilitation Payments

NEC will not make facilitation payments even if such payments are local practice or custom. NEC accepts that refusal to make illicit payments may lead to commercial delays, for example, in the processing of government papers, and that there may be a commercial cost to NEC attributable to this policy. If NEC colleagues encounter a demand for a facilitating payment, or think they are likely to do so, they should report the situation to their line manager without delay. Line managers should then ensure that NEC Legal & Compliance is involved so that a proper course of action can be determined.

3.3 Extortion and Protection Money

NEC rejects any type of threat, abuse or authority, intimidation, blackmail, oppressive exaction, and extortion. If anyone approaches you with such a threat or is seeking money or other things of value in a way that is coercive in nature, you should immediately report this to your line manager or to a member of the NEC Legal team. Similarly, NEC strictly prohibits the making by any of its staff of any such a threat.

3.4 Gifts, Hospitality and Expenses

See NEC Travel and Expenses Policy available on MyInsider.

3.5 Personal Conflicts of Interest

NEC colleagues must avoid situations or transactions in which their personal interests could conflict or might be seen to be in conflict with the interests of NEC. This includes acting on any client information gained through their employment with NEC for personal gain; passing such information to a third party; or acting in a way that could be construed as insider trading.

Conflicts of interest can arise if individuals have a personal interest in business dealings involving NEC. Personal interest can be direct or indirect, and refers not only to personal interests but to those of family members and friends. If there is a potential for conflict, the interests of NEC must take priority.

Colleagues must disclose any actual or potential conflicts of interest to their line manager for evaluation, who should involve senior management and Legal & Compliance as appropriate for guidance.

3.6 Charitable Donations

As part of its corporate citizenship activities, NEC may support local charities or provide sponsorship, for example, to sporting or cultural events. Any such sponsorship must be transparent and properly documented and approved in advance by NEC Management and Finance. NEC will only provide donations to organisations that serve a legitimate public purpose, and which are themselves subject to high standards of transparency and accountability. For the avoidance of doubt, it is strictly prohibited for any donation to be offered or made as a way of giving an improper benefit with the purpose of obtaining a wrongful gain, unfair business profits or an improper advantage (or for any other corrupt purpose).

3.7 Political Activities

NEC has a policy of neutrality; it does not make donations to any political parties, organisations, or individuals engaged in politics. NEC will co-operate with governments and other official bodies in the development of policy and legislation that may affect its legitimate business interests, or where it has specialist expertise. Colleagues are of course entitled to their own political views and activities, but they may not use company premises or equipment to promote those views or associate their views with those of NEC.

3.8 Anti-Corruption Risk Assessment

NEC will conduct regular, periodic risk assessments to assess anti-corruption risks associated with the business and its operations. Procedures are set out in Appendix A, Anti-Corruption Manual, Part III.

3.9 Business Partners (including Agents, Suppliers, Vendors, Joint Ventures, and Sub- Contractors)

NEC expects its business partners to approach issues of bribery and corruption in a manner that is consistent with the principles set out in this policy. Often this requirement is expressly included in NEC terms of business with each business partner. In cases where NEC is unable to ensure these standards will be upheld, it will consider the business relationship and where viable find an alternative business partner.

3.9.1 Social Agents, Consultants and Resellers

This policy applies with each particular force to sales agents, consultants and resellers. In many international corruption cases, sales agents, consultants, or resellers have passed on part of their commissions or discounts as bribes. NEC prohibits such practices.

In order to maintain the highest standards of integrity, all NEC colleagues must ensure that:

- They are fully briefed on the background and reputation for integrity of our sales agents, consultants, and resellers before engaging them. NEC will conduct reasonable due diligence enquiries to vet these business partners before entering a commercial relationship with them.

- The engagement process is appropriately documented; and that final approval of the selection of these business partners is made by Executive Director or NEC SWS CEO in accordance with Appendix A, Anti-Corruption Manual, Part IV.
- These business partners are provided with this Anti-Corruption policy, and in most cases have made a formal commitment to abide by it.
- Fees and commissions agreed will be appropriate and justifiable remuneration for legitimate services rendered.

Once agreements have been signed, NEC will continue to monitor its relationships with our business partners to help ensure that our Anti-Corruption policy is adhered to, and that any violations are appropriately dealt with. Contractual agreements should include appropriate wording making it possible to withdraw from the relationship if our business partners fail to abide by NEC requirements.

3.9.2 Joint Venture Partners

The need for documentation and careful review of NEC's partners' integrity records applies equally to the process of setting up and managing joint ventures and consortia. NEC will require commitments from such partners that help to ensure that joint ventures meet our integrity standards. Where NEC has majority control, it will require that the joint venture adopts an approach to bribery and corruption consistent with that set out in this policy.

3.9.3 Suppliers and Contractors

NEC will ensure that the procurement procedure for appointing suppliers and contractors is fair and transparent. The selection of contractors will be based on an evaluation of professional merit and value for money. NEC will perform an assessment ("Due Diligence") on those Business Partners which are in scope of Appendix A, Anti-Corruption Manual, Part IV in accordance with the processes set out in the Appendix.

3.10 Contracts

It is against our Policy for anyone in NEC to enter into unwritten or "cash only" contracts with no contractual documentation unless this has been specifically approved in accordance with the Working at Risk Policy. Additionally, contracts relating to projects or other business transactions should generally include terms consistent with the following principles:

- All essential terms and all the services to be provided by all parties under the contract should be described in sufficient detail.
- All fees or other compensation payable for the contracted services should be proportionate to the services provide and commercially reasonable.
- Payment methods should be capable of legitimate justification (i.e. the other party may generally only be paid in the country of their incorporation; domicile; where their headquarters are located; or where the transaction was performed).
- When appropriate, include a warranty by each party that it will not participate in any corrupt practices in relation to the contract and it will take reasonable steps to ensure that its employees, agents, subcontractors and suppliers do not participate in any corrupt practices.

When appropriate, include the right to terminate the contract in the event of a corrupt act by the other party or if we have good faith concern that they acted in material violation of our anticorruption policies and applicable anticorruption laws.

3.11 Accounts Audits

NEC policies require employees to keep fair and accurate accounts throughout NEC operations. In no circumstances will NEC keep parallel accounts. NEC regular auditing procedures will include a review of the local circumstances that may make particular offices or projects vulnerable to corruption, and the defences and strategies that are in place to mitigate such risks. NEC does not get involved with the criminally motivated nor engage in money laundering. It is also NEC policy to co-operate with legal authorities as may be required in order to help deter, prevent and apprehend money launderers. The proper, accurate, reasonable detailed and timely recording, maintenance and reporting of books, records and accounts is crucial in deterring transactions which are in contradiction to generally accepted financial accounting practices, therefore, when performing accounting- related work for NEC, you will not engage in any of the following practices:

- Intentionally recording false accounting entries.
- Receiving and making payments for goods and services without proper documentation (i.e., "off the books" transactions or secret accounts), outside of approved standard procedures, or involving entities which are not legitimate parties to the relevant transactions.
- Re-coding of invalid, unauthorised, or non-existent expenditures with incorrect identification of their object or of unusual transactions which do not have a genuine or legitimate purpose or
- Intentionally and improperly destroying accounts and transaction records and related documents.

3.12 Employment of Public Officials

When employing a public official (including former public officials), it is necessary to act carefully in accordance with applicable laws, rules and regulations to avoid any suspicion of bribery. An offer of employment to such an individual (or relative of such an individual) must not be made in return for a benefit of any kind and without justifiable reason. In accordance with usual processes, it is important to keep a written record of the employment process (for example, to have a record that the candidate has the adequate skills).

4 Training

This policy is available on the NEC intranet for all colleagues, as well as on our internet site for access by our customers, business partners and others.

The mandatory annual compliance training programme reinforces the principles and approach to bribery and corruption adopted by this Policy.

5 Duty to Report and Whistle-blowing

We all have a duty to each other and NEC to report any attempted, suspected, actual or potential violations of anti-corruption laws.

If you become aware of any act or suspected act of bribery involving the NEC group or any of its personnel, then immediately report the matter to either your line manager (or their line manager), anyone in the NEC Legal Department, or you can make a report in accordance with the NEC Whistleblowing Policy available on MyInsider.

If you receive a report of bribery or suspected bribery, then immediately report the matter to the NEC Legal Department and follow their instructions.

When such a report is made, the relevant business unit shall carry out the necessary investigation and implement the necessary measures. The person in charge shall keep the identity of the person making the report and its content strictly confidential.

In cases of uncertainty about how to apply this policy then you should seek advice from your line manager or the NEC Legal Department.

6 No Retaliation

NEC will not tolerate any form of retaliation against whistle-blowers who report wrongdoings in good faith. In the event that the violator(s) discover(s) the identity of the reporting individual, any retaliatory actions committed against the reporting individual will be treated seriously and may result in sanctions, ranging from disciplinary action to termination and potential referral to the authorities. If ultimately the alleged violation cannot be proven or may later prove to be false, disclosing employees will be protected from retaliation if you have reported their concerns in good faith.

7 Appendix- Anti-Corruption Manual

Part I

Intentionally Blank

Part II

Intentionally Blank

Part III Risk Assessment regarding Business and Operations

1. Business and Operations to be Assessed

Risk assessment shall be conducted in all divisions except for those in which it would be reasonably determined there is no bribery risk. These excepted divisions include any division which does not conduct any sales or sales promotion activity, any activity for obtaining national or local government permission, or does not have any contact to customers other than NEC group companies.

2. Assessment of Bribery Risk regarding Business and Operations

Risks shall be assessed in accordance with the "Bribery Risk Assessment Guide" prepared by NEC Corporation and the instructions given by Legal.

3. Adopt Supplementary Measures

The relevant Executive Director shall adopt supplementary measures focusing on those who have been identified as being involved in high risk business or operations in order to mitigate bribery risk. Such measures include: the Executive Director sending messages regarding anti-bribery especially when the members are involved in high risk business or operations, ensuring such members to take trainings on compliance, anti-bribery law, regulation, rule and internal process, and reviewing and revising internal rules and procedures for paying cash expenditures.

4. Timing and Frequency

As bribery risks facing the Company, whether internally or externally, change over time, it is necessary to conduct risk assessment periodically at least once in every two fiscal years, and also to be conducted in the event of occurrence of any material change in the status of its business or operations such as entry into a new market (country).

5. Record-keeping

The results of risk assessment shall be recorded in writing, which shall be kept by the division having conducted the risk assessment for ten years from the date of such risk assessment. In the case of the integration or abolition of divisions or a business transfer or reorganization, the relevant assessment sheets out of the above bribery risk assessment sheets shall be securely taken over by the successor and such matter shall be recorded.

If these bribery risk assessment sheets are not kept, a future investigation may judge that a risk assessment was not properly carried out.

Legal shall confirm the bribery risk assessment sheets at the appropriate times. Each division is required to manage the bribery risk assessment sheets in a centralized manner so that such assessment sheets can be promptly disclosed in response to an inquiry from Legal or NEC Corporate Auditing Bureau.

Part IV Business Partners - Due Diligence

Due diligence on third parties to be engaged for business with customers including end-customers and potential customers ("Customers") shall be carried out in accordance with the procedure as set out below. Further, please refer to

paragraph 6 below for measures to be taken to prevent third parties from engaging in bribery.

1. Transactions subject to Due Diligence

Due diligence shall be carried out where (i) the Company, by itself or with other parties, retains third parties (except for NEC group companies) which will perform, for or on behalf of the Company, services relating to the Company’s marketing or sales promotion activities or activities directed at obtaining or retaining business with Customers or obtaining permission from national or local government (“Retained Parties”), or (ii) the Company agrees with other companies (except for NEC group companies) (“Partner”) to jointly perform marketing or sales promotion activities or activities directed at obtaining or retaining business with Customers (such as consortium or other teaming agreement which is not necessarily in writing).

Retained Parties shall not include (i) resellers or distributors which procure products or services from the Company and resell same on its own risk and account, (ii) suppliers which provide products such as parts, components and software to the Company, and (iii) service providers which perform, pursuant to an order from the Company, all or part of product development, manufacture, support and maintenance, and other services being carried out by the Company.

Partner shall not include suppliers which provide products (such as parts, components and software) or services (such as system integration, support and maintenance) to the Company, and which do not perform any sales related activities to Customers.

2. Timing

Due diligence shall be carried out before (i) any Retained Party is engaged or commences work or (ii) the Company substantially agrees (not necessarily in writing) with any Partner to jointly perform any sales activity.

3. Frequency

While Retained Parties perform services or Partners perform sales activities after due diligence has been carried out, in the event of a change in management of the Retained Party or Partner, or other change affecting bribery risks, due diligence shall be carried out again in order to determine whether or not the Company may continue to engage the Retained Party or perform joint sales activities with the Partner. In addition to the foregoing, due diligence should be conducted again upon renewing any agreement or contract with such Retained Party or Partner.

4. Due Diligence Steps

The due diligence will be done by using the Due Diligence Sheet attached hereto as Schedule 1.

Step 1: Assessment of risk of bribery by checking whether or not the Customer in question is located in a “High Risk Territory”.

Location of Customer	Bribery Risk
High Risk Territory	High Risk
Non High Risk Territory	Low Risk

*If any of the Customer is located in a High Risk Territory, the Bribery Risk shall be High Risk even if other Customers are located in Non High Risk Territories.

High Risk Territories” means any of the following territories (countries or regions):

- a) Territories with CPI* score of 49 or below; and
- b) Territories with CPI* score of 50 or above but having a record of repeated FCPA prosecution cases (ten or more cases as of 2020).
- c) CPI means the latest Corruption Perception Index issued by Transparent International (<https://www.transparency.org>)
- d) Territories categorised under (b) above: Costa Rica, South Korea, Poland, Taiwan, United Arab Emirates, Saudi Arabia and Malaysia.

Step 2: Assessment of bribery risks specific to Retained Parties candidates and Partner candidates ("**Candidate(s)**")

Carry out an investigation (for the method thereof, see ¹) containing the following matters, and assess the bribery risks peculiar to each Candidate:

- Basic information on each Candidate
- Circumstances / History of the findings on each Candidate
- Compliance system of each Candidate

(Note) The compliance system of the Candidates shall be investigated when the result of the Step 1 risk assessment is "High Risk" or the attribute of the Customer is government or government-related organizations (organizations whose members are Public Officials, including international organizations, local public entities, and national institutes; hereinafter the same applies).

Step 3: Issues of concern

"Issues of Concern" is a non-exhaustive list of factors which are generally considered as red flags with high bribery risks. Therefore, please check each factors with care by checking with external information source (e.g. D&B Reports, compliance databases of Dow Jones or Thomson Reuters, hearings.).

a. Decision by Executive Director

The Executive Director will determine whether to engage the prospective Retained Party or perform joint sales activities with the prospective Partner based on the results of the risk assessment set out above. In the event that one or more of the issues of concern set out below are identified in relation to the prospective Retained Party or Partner, the superior of the Executive Director (e.g., Executive General Manager) shall determine whether to engage the prospective Retained Party or perform joint sales activities with the prospective Partner with prior consultation with the Head of Legal. In this case, the Executive Director or its superior shall not approve such engagement or joint sales activities unless all of the conditions set out below are satisfied. The reasons for approval shall be clearly written in the Due Diligence Sheet.

Conditions to be satisfied for any transaction involving issues of concern:

- Engagement of the prospective Retained Party or joint sales activity with the prospective Partner is reasonably necessary from the business point of view.
- No party other than the prospective Retained Party or the prospective Partner performs the aimed activities.

¹ Method of investigation: Sending of questionnaire survey to the Candidates, interview of the Candidates, searching on the Internet, confirmation of each Candidate's annual reports and other published information, confirmation on the D&B Business Information Report and other investigation companies' reports, use of the Dow Jones and other database services, confirmation by the sales persons on rumors concerning the Retained Parties and the final customers (they were arrested for bribery in the past or demanded a bribe), etc.

- The amount of consideration to be paid to the Retained Parties (outsourcing fee, etc.) is appropriate and reasonable in light of the content of service provided and its market value, and is not set at a price which could be a source of bribery payments.
- All necessary measures to reduce the issues of concern such as additional investigation by outside servicer, and monitoring of operation of bribery prevention system in the prospective Retained Party or Partner, shall be taken based on the prior consultation with the Head of Legal.

Issues of concern:

- The Customer (whether it be the customer itself, or any of its officer or its employee) has a history of corruption (or it is so rumored);
- the prospective Retained Party or Partner (including its responsible person, person in charge, substantial shareholder (holding 20% or more)) has a history of corruption (or it is so rumored);
- the prospective Retained Party or Partner is closely related with the Customer; (e.g.)
 - the prospective Retained Party or Partner is recommended, encouraged or required by Customer's personnel;
 - an officer or an employee who has the authority to select the supplier or decide pricing at the Customer or a family member of such officer or employee is a substantial shareholder, officer or employee of the prospective Retained Party or Partner;
 - the prospective Retained Party or Partner is an ex-government official or has many employees who are ex-government officials;
 - the prospective Retained Party or Partner claims he can help secure the contract because he knows all the right people;
- it is difficult to find reasonable and necessary grounds for engaging the prospective Retained Party or Partner; (e.g.)
 - non-residence of the prospective Retained Party or Partner in the country where the Customer or the project is located, or the absence of the prospective Retained Party or Partner's office at the registered or its officially known address;
 - business areas of the prospective Retained Party or Partner do not include sales promotion service or permission obtaining service, or do not have any relation with the transaction;
 - the prospective Retained Party or Partner does not have resources, expertise or experiences sufficient to providing services;
- the prospective Retained Party or Partner requests payments that cannot be reasonably explained, or shows rejection of the contractual provisions regarding anti-bribery; (e.g.)
 - the prospective Retained Party or Partner requests "urgent" payments or unusually high fees or commissions, payment of expenses that cannot be reasonably explained, or requires payment of the commission, or a significant portion thereof;

- the prospective Retained Party or Partner does not agree on the contractual provisions to be imposed for prevention of bribery;
- the prospective Retained Party or Partner states that money is needed to “get the business”;
- the Prospective Retained Party works on a success-fee basis and;
 - such fee exceeds 3% of the contract amount with the Customer; or
 - such fee exceeds US\$1,000,000.

5. Measures to Be Taken to Prevent Bribery by Third Party

In the event, following completion of the due diligence, the prospective Retained Party is to be engaged or the Company agrees with the prospective Partner on joint sales activities, the relevant Executive Director shall ensure that the measures described below (according to the results of the risk assessment carried out in Step 1 described above and depending on whether or not any of the issues of concern is identified) shall be taken in order to prevent the Retained Party or Partner from engaging in bribery in contravention of our policy.

Unless the prospective Retained Party or Partner agrees to the contractual provisions regarding prohibition of bribery proposed by the Company, it is strictly prohibited to enter into a contractual relationship with that prospective Retained Party or to agree on joint sales activities with that prospective Partner even if the relevant Executive Director or the person superior to him/her has approved engagement of that prospective Retained Party or joint sales activity with that prospective Partner.

Because the risks concerning the Retained Parties and the Partners may change with the lapse of time, it is important to continuously monitor the Retained Parties and the Partners. Carry out continuous monitoring in accordance with the provisions below:

Bribery prevention measures concerning the subject transactions that are required to be taken when retaining the Retained Parties

- Determination of contractual provisions to be imposed on the Retained Parties
- Monitoring of the Retained Parties (if they are retained continuously for one year or longer).

The following table shows the detailed bribery prevention measures to be taken according to the level of bribery risk concerning the subject transactions:

Degree of Risk	Issue of Concern	Attribute of the End Customer	Contractual Provisions	Monitoring of the Retained Parties
High Risk	Yes	n/a	Long form	Enhanced
	No	n/a	Long form	Enhanced
Low Risk	Yes	n/a	Long form	Enhanced
	No	Public sector	Long form	Standard
		Private sector	Short form	Standard

The minimum contractual provisions shown below shall be included in contracts to be executed with the Retained Parties.

- Long Form: Right to terminate or suspend without notice in the case of violation of laws, rules, and regulations; obligation to provide information; representation and warranties about compliance with laws, rules, and regulations, and development and maintenance of necessary compliance systems; bribery risk assessment; indemnification; on-site inspections (audit); and acquisition of prior approval and submission of evidence for expenses in the case of providing entertainment and gifts.
- Short Form: Right to terminate or suspend without notice in the case of violation of laws, rules, and regulations; bribery risk assessment; and right to claim damages

Regardless of the monitoring level required, receive reports on the actual activities as needed and carry out monitoring.

- Standard: Confirm whether there are any changes to the risks specific to the Retained Parties (changes in the representative, shareholder composition, issues of concern, etc.; this refers to Step 2 and Step 3 of "4 Due Diligence steps"; hereinafter the same applies) at least annually.
- Enhanced
 - (i) Confirm the status of compliance with the contractual provisions determined in accordance with "(1) Determination of the contractual provisions to be imposed on the Retained Parties" at least annually, and also confirm whether there is any change to the risks specific to the Retained Parties (changes in the representative, shareholder composition, issues of concern, etc.).
 - (ii) Confirm the prior approval for expenses and the submitted evidence for expenses in accordance with the contractual provisions.
 - (iii) Request the Retained Party, which you continue to retain or repeatedly retain, to provide additional reports and/or updated information to check their activities and their compliance of the terms and conditions of the contract (including anti-bribery and compliance with laws and regulations). In addition, consider conducting periodical inspections (including onsite inspections and exercising contractual audit rights).
 - (iv) If there is any sign of potential bribery, fraud or misconduct including the examples listed below, promptly investigate whether the Retained Party which showed such sign is really involved in bribery or any misconduct, by requesting information and conducting inspections (including onsite inspections and exercising contractual audit rights) as needed. Immediately take remedial measures upon detecting any misconduct.

Examples of the signs of potential fraud

- No or almost no reports or deliverables are provided and thus the services actually provided is unclear.
- The level and/or quality of the services rendered by the Retained Party is questionable in light of its compensation fee, despite of the quality or the frequency of the report provided.
- The compensation fee seems to be unreasonably or inappropriately high for the services provided.
- The Retained Party subcontracted all or part of its service without obtaining the Company's prior approval to a third party which the Company had formerly retained but terminated the contract with reasons due to such third party.

- The Retained Party refuses to conduct due diligence of its subcontracting third party.
- The website of the Retained Party has ceased to exist.
- The basic information of the Retained Party turns out to be incorrect, such as the phone number or the contact address being used by a different company or person, or is not even being used.
- There are rumors of misconducts within the industry.

Measures against bribery in joint sales activity with Partner

- Contractual provisions or certificate; and
- Monitoring of Partner (if the joint sales activity continues more than one year) to confirm risk of bribery involved in joint sales activity with Partner (at least once a year).

Take the above measures if required according to the table below.

Degree of Risk	Issues of Concern	Attribute of the End Customer	Contractual Provisions or Certificate	Monitoring of the Partners
High Risk	Yes	n/a	Required	Required
	No	n/a	Required	Required
Low Risk	Yes	n/a	Required	Required
	No	Public sector	Required	Not required
		Private sector	Not required (*)	Not required

*For countries prohibiting commercial bribery between private companies, adopt additional measures accordingly.

6. Approval by Head of Legal for engagement of Retained Party

- This paragraph shall only apply for the transaction with the prospective Retained Parties.
- All the transaction to be made between the Company and the prospective Retained Parties shall be required a prior approval of the Head of Legal, and general managers of any other related divisions of the Company, if necessary (collectively the "Approver").
- For such prior approval, the Approver shall confirm (a) the assessment result of the due diligence, including, but not limited to, the appropriateness of the prospective Retained Party and the descriptions of the prepared due diligence sheet, (b) the agreements for the transaction, including, but not limited to, the fairness of the price to be paid for the transaction, and (c) other relevant issues.
- In case that any success fee will be paid for the transaction with the prospective Retained Parties, that transaction shall be also required a prior review of the Chief Legal and Compliance Officer ("CLCO") of NEC Corporation. The Head of Legal shall contact to (a) the CLCO of NEC Corporation and (b) anti-bribery@rcc.jp.nec.com (NEC Compliance Division).

7. Record-keeping

Decision on engagement of the Retained Party or joint sales activity with the Partner together with the results of due diligence shall be recorded in writing,

which shall be kept by the division having carried out such due diligence for ten years from the date of completion of the relevant transaction.

In the case of the integration or abolition of divisions or a business transfer or reorganization, the relevant assessment sheets out of the above bribery risk assessment sheets shall be securely taken over by the successor and such matter shall be recorded.

If these related documents are not kept, future investigation may judge that due diligence was not properly carried out.

Legal shall, and NEC Corporate Auditing Bureau may, confirm the related documents at appropriate times. Each division is required to manage the related documents in a centralized manner so that such documents can be promptly disclosed in response to an inquiry from Legal or NEC Corporate Auditing Bureau.

Decision on engagement of the Retained Party or joint sales activity with the Partner together with the results of due diligence must be recorded in writing and sent to NEC Legal. The results will be centrally retained for ten years from the date of completion of the relevant transaction.

8. Precautions to Prevent Bribery by Subcontractor of Retained Party

- Measures to be taken before subcontracting by Retained Party.

The contract with Retained Party must contain provisions to the effect that subcontracting by Retained Party without obtaining the Company's prior written consent is prohibited.

When a request is made by Retained Party seeking the Company's consent to the subcontracting, the following procedures must be taken:

- To procure Retained Party to conduct and submit the results of due diligence on a prospective subcontractor by using the Due Diligence Sheet attached hereto as Schedule 2 before giving the Company's consent to the subcontract; and
- Not to give the consent if Retained Party does not submit the results of due diligence, or if the results of due diligence shows any issues of concerns on the prospective subcontractor.

- Prohibited Actions.

The following actions are expressly prohibited:

- To cause Retained Party to directly or indirectly retain third party designated by the Company in circumvention of the Company's due diligence; or
- To cause Retained Party to directly or indirectly retain third party who have not passed the Company's due diligence.

Schedule 1: Due Diligence Sheet

Division (or Company) Name:	
Assessed by:	
Title:	
Date:	
Approved by:	
Title:	
Date:	
Comment:	

Project Information:

Name of prospective Retained Party or Partner:	
Project Name in Customer:	
Customer's Location:	
Classification of Customer:	Public Sector / Private Sector
Approved by:	
Title:	
Date:	

Step 1: Assessment of Risk of Bribery by Checking the Location of the Customer(s) (Note: "Customer" shall include end customer and potential customer throughout this document)

High Risk	Low Risk
-----------	----------

Step 2: Assessment of Bribery Risks specific to the Prospective Retained Party or Partner

1. Basic Information

(i) Location	
(ii) Telephone Number	
(iii) Representative	
(iv) Establishment Year	
(v) Capital Amount	
(vi) Sales Amount	
(vii) Major Shareholders	
(viii) Major Business Area	
(ix) Major Customers	
(x) Number of Employees	
(xi) Former Company Name (if any)	

2. Reason for Involvement of the Prospective Retained Party or Partner

I. Reason for Engagement of the Prospective Retained Party or Joint Sales Activity with the Prospective Partner

Please choose all of applicable reasons listed below for selection of the Prospective Retained Party or Partner.

- Sufficient experience in target business, industry or operation, or good skill in technologies or other areas
- Have personal connections with prospective customer(s)
- Competitive price: than by the Company than with other companies Other reasons (_____)
- Readiness for requirements such as lead time or securing necessary personnel
- Designated or being pressured by Customer
- Introduced by a party or person who have experience in engaging the Prospective Retained Party or Partner
- Satisfying the qualification (location, experience, etc.) in tender
- Introduced prospective customer for the Company
- Operated by family member of Customer
- Others (describe below)

II. Historical Assessment of the Prospective Retained Party or Partner

(1) Please specifically evaluate the Prospective Retained Party or Partner by describing your past record with the Retained Party or Partner.

(2) Regarding your experience with the Prospective Retained Party or Partner as described in (1) above, please choose all of results listed below which happened in the past.

- There were no unclear expenses claim, or other poor management of money
- There were no delay of operation
- There were no concealment in report or other communication
- There were no conduct with breach of contract or instruction

(3) Please give specific reasons for continuing the engagement of the Prospective Retained Party or Partner. Please also describe your plan on the duration and policy of such engagement if you plan to continue engaging the Prospective Retained Party or Partner for a longer period than for this project.

(reasons)

(duration and policy on continuous engagement)

III. Services provided by the Prospective Retained Party or Partner

(1) If retaining a Prospective Retained Party, check the business action plan and quotation carefully. Please choose with which amount you compared to check that the quotation amount is appropriate.

- The business action plan and the quotation amount is appropriate, compared with
- the amount it would take if done by the Company quotation from other third parties)
- others (describe below).

(2) Operations to be Conducted by the Prospective Retained Party or Partner

Please choose all of operations listed below which will be conducted by the prospective Retained Party or Partner.

- Introduction of prospective customers
- Planning on sales strategies to prospective customers
- Survey or consultation on prospective customer’s system
- Explanation of function and effect by products or services
- Demonstration or performance test
- Provision of know-how in business, industry or operation
- Provision of information of competition situation
- Support on production of proposal or estimation documents
- Support in entering into contract with Customers
- Obtaining governmental permission Others (describe below)

3. Compliance System in Prospective Retained Party or Partner

In the event of “High Risk” transaction, please describe or choose appropriate answers below.

I. Person in Charge of Compliance

Name:	
Title:	

II. Establishment of Code of Conduct

Yes / No

Step 3: Issues of Concern

Please choose all the Issues of Concerns that applies to the Prospective Retained Party, the Partner, the customer of the transaction. Examples are provided for reference but is not an exhaustive list, so even if the examples are not exactly the same as your transaction, please choose the Issues of Concerns that applies;

- the Customer (whether it be the Customer itself, or any of its officer or its employee) has a history of corruption (or it is so rumored);
- the prospective Retained Party or Partner (including its responsible person, person in charge, substantial shareholder (holding 20% or more)) has a history of corruption (or it is so rumored);
- the Prospective Retained Party or Partner is closely related with the Customer; (e.g.)
 - the prospective Retained Party or Partner is recommended, encouraged or required by Customer’s personnel;
 - an officer or employee who has the authority to select the supplier or decide pricing at the Customer or a family member of such officer or employee is a substantial shareholder, officer or employee of the Prospective Retained Party or Partner;
 - the Prospective Subcontractor is an ex-government official or has many employees or officers who are ex-government officials;
 - the Prospective Retained Party or Partner claims he can help secure the contract because he knows all the right people;
- it is difficult to find reasonable and necessary grounds for engaging the Prospective Retained Party or Partner; (e.g.)
 - non-residence of the prospective Retained Party or Partner in the country where the Customer or the project is located, or the absence of the Prospective Retained Party or Partner’s office at the registered or its officially known address;
 - business areas of the prospective Retained Party or Partner do not include sales promotion service or permission obtaining service, or do not have any relation with the transaction;
 - the prospective Retained Party or Partner does not have resources, expertise or experiences sufficient to providing services;
- the Prospective Retained Party or Partner requests payment of expenses or presents that cannot be reasonably explained, or showed rejection of the contractual provisions regarding anti-bribery; (e.g.)
 - the prospective Retained Party or Partner requests “urgent” payments or unusually high fees or commissions, payment of expenses that cannot be reasonably explained, or requires payment of the commission, or a significant portion thereof;
 - the prospective Retained Party or Partner does not agree on the contractual provisions to be imposed for prevention of bribery;
 - the prospective Retained Party or Partner states that money is needed to

“get the business”;

- the Prospective Retained Party works on a success-fee basis; and
 - such fee exceeds 3% of the contract amount with the Customer; or
 - such fee exceeds US\$1,000,000; or
- Others (Please describe any other remark relating to above listed issues of concern.)

Schedule 2: Due Diligence Sheet (Subcontract by Retained Party)

Name of Company:	
Assessed by:	
Title:	
Date:	

Prospective Subcontractor

Name	
Location	
Telephone Number	
Representative	
Establishment Year	
Capital Amount	
Sales Amount	
Major Shareholders	
Major Business Area	
Major Customers	
Number of Employees	
Former Company Name (if any)	

1. Reason for Engagement of the Prospective Subcontractor

I. Reason for Selection of the Prospective Subcontractor

Please choose all of applicable reasons listed below for selection of the prospective subcontractor.

- Sufficient experience in target business, industry or operation, or good skill in technologies or other areas
- Have personal connections with prospective customer(s)
- Competitive price: than by your Company than with other companies Other reasons (_____)
- Readiness for requirements such as lead time or securing necessary personnel
- Designated or being pressured by customer
- Introduced by a party or person who have experience in engaging the Prospective Subcontractor
- Satisfying the qualification (location, experience, etc.) in tender
- Introduced prospective customer for NEC
- Operated by family member of customer
- Others (describe below)

II. Historical Assessment of the Prospective Subcontractor

- (1) Please specifically evaluate the Prospective Subcontractor by describing your past record with that subcontractor

- (2) Regarding your experience with the Prospective Subcontractor as described in (1) above, please choose all of results listed below which happened in the past.

- There were no unclear expenses claim, or other poor management of money
- There were no delay of operation
- There were no concealment in report or other communication
- There were no conduct with breach of contract or instruction

2. Issues of Concern

Please choose all the Issues of Concerns that applies to the Prospective Subcontractor or the transaction. Examples are provided for reference but is not an exhaustive list, so even if the examples are not exactly the same as your transaction, please choose the Issues of Concerns that applies;

- the customer (whether it be the customer itself, or any of its officer or its employee) has a history of corruption (or it is so rumoured);
- the Prospective Subcontractor (including its responsible person, person in charge, substantial shareholder (holding 20% or more)) has a history of corruption (or it is so rumoured);
- the Prospective Subcontractor is closely related with the customer; (e.g.)
 - the Prospective Subcontractor is recommended, encouraged or required by customer's personnel;
 - an officer or employee who has the authority to select the supplier or decide pricing at the customer or a family member of such officer or employee is a substantial shareholder, officer or employee of the Prospective Subcontractor;
 - the Prospective Subcontractor is an ex-government official or has many employees or officers who are ex-government officials;
 - the Prospective Subcontractor claims he can help secure the contract because he knows all the right people;
- it is difficult to find reasonable and necessary grounds for engaging the Prospective Subcontractor; (e.g.)
 - non-residence of the Prospective Subcontractor in the country where the customer or the project is located, or the absence of the Prospective Subcontractor's office at the registered or its officially known address;
 - business areas of the Prospective Subcontractor do not include sales promotion service or permission obtaining service, or do not have any relation with the transaction;
 - the Prospective Subcontractor does not have resources, expertise or experiences sufficient to providing services;
- the Prospective Subcontractor requests payment of expenses or presents that

cannot be reasonably explained, or showed rejection of the contractual provisions regarding anti-bribery;

(e.g.)

- the Prospective Subcontractor requests “urgent” payments or unusually high fees or commissions, payment of expenses that cannot be reasonably explained, or requires payment of the commission, or a significant portion thereof;
- the Prospective Subcontractor does not agree on the contractual provisions to be imposed for prevention of bribery;
- the Prospective Subcontractor states that money is needed to “get the business”;
- the Prospective Subcontractor works on a success-fee basis; and
 - such fee exceeds 3% of the contract amount with the customer; or
 - such fee exceeds US\$1,000,000 upon establishment of the contract with the customer; or
- Others (Please describe any other remark relating to above listed issues of concern.)

About NEC Software Solutions

NEC

Our customers change lives, so we create software and services that get them better outcomes. By innovating when it matters most, we help to keep people safer, healthier and better connected worldwide.

NECSWS.com

1st Floor, Bizspace, iMex Centre,
575-599 Maxted Rd,
Hemel Hempstead HP2 7DX
+44 (0)1442 768445