

At NEC Asia Pacific Pte Ltd and affiliates (NEC), our corporate values are integral to how we do business, and we expect our suppliers to align and promote these values. We seek to develop and strengthen partnerships based on transparency, collaboration and mutual growth. We recognize that our suppliers are independent entities / business partners, however, the actions of our business partners can be attributed to NEC, affecting our reputation and the level of trust we have earned from our customers and other stakeholders. We understand that our suppliers may operate in different countries and legal environment, however, we require that all our suppliers and their facilities meet the standards and promote the principles outlined in this Code of Conduct:

1.0 PRODUCT QUALITY AND SAFETY

NEC expects our suppliers to observe all applicable laws and regulations and give full consideration to the quality and safety of products provided to NEC. Suppliers are also expected to establish and apply a quality management system equivalent to ISO 9001 in their facilities.

2.0 ENVIRONMENTAL MANAGEMENT

To preserve the global environment and contribute to building a sustainable society, suppliers are expected to observe all applicable environmental laws and regulations, and to constantly reduce any adverse impact on the environment that results from any stage of the product lifecycle, from materials procurement to product development, use, recycling and disposal. Suppliers are also responsible for managing, measuring and minimizing the environmental impact of their facilities. Specific focus areas include air emissions, waste reduction, recovery and management, water use and disposal, and greenhouse gas emissions.

NEC expects our suppliers to establish and have an effective environmental management system similar to ISO14001 or equivalent and to comply with existing legislation and regulations regarding the protection of the environment.

Environmental Permits and Reporting : All required environmental permits (e.g. discharge monitoring, waste disposal), approvals and registrations are to be obtained, maintained and kept current and their operational and reporting requirements are to be followed.

Pollution Prevention and Resource Reduction : The use of resources and generation of waste of all types, including water and energy, are to be reduced or eliminated at the source or by practices such as modifying production, maintenance and facility processes, materials substitution, conservation, recycling and re-using materials.

Chemical and Hazardous Materials: Chemical and other materials, posing a hazard if released to the environment, are to be identified and managed to ensure their safe handling, movement, storage, recycling or reuse and disposal.

Wastewater and Solid Waste: Wastewater and solid waste generated from operations, industrial processes and sanitation facilities are to be monitored, controlled and treated as required prior to discharge or disposal. In addition, measures should be implemented to reduce generation of wastewater.

Air Emissions: Air emissions of volatile organic chemicals, aerosols, corrosives, particulates, ozone depleting chemicals and combustion by-products generated from operations are to be characterized, monitored, controlled and treated as required prior to discharge.

Materials Restrictions : Suppliers are to adhere to all applicable laws, regulations and customer requirements regarding prohibition or restriction of specific substances in products (e.g. ROHS, REACH) and manufacturing, including labelling for recycling and disposal.

Storm Water Management : Suppliers shall implement a systematic approach to prevent contamination of storm water runoff. Suppliers shall prevent illegal discharges and spills from entering storm drains.

Energy Consumption and Greenhouse Gas Emissions : Energy consumption and greenhouse gas emissions are to be tracked and documented, at the facility and/or corporate level. Suppliers are to use cost effective methods to reduce energy consumption and greenhouse gas emissions.

3.0 INFORMATION SECURITY

Suppliers are to secure computer networks against threats and commit to protecting the reasonable privacy expectations of personal information of everyone they do business with, including customers, suppliers, consumers and employees. Suppliers are to comply with privacy and information security laws and regulatory requirements when personal information is collected, stored, processed, transmitted, and shared.

4.0 FAIR TRADING / BUSINESS ETHICS

Suppliers' business activities shall comply with applicable laws and regulations in the countries and jurisdictions in which they operate. This Code applies to activities in the locations where suppliers' goods are produced, where any related services are performed, and where the goods enter the supply chain.

Anti-Bribery: Suppliers shall not engage in any form of bribery, kickbacks, corruption, extortion or embezzlement. Suppliers shall not take any action that would violate, or cause NEC APAC or affiliate to violate, any applicable anti-bribery law or regulation, including the US Foreign Corrupt Practices Act and UK Bribery Act.

No Improper Advantage : Suppliers shall not abuse their superior position. Bribe or other means of obtaining improper advantage are not to be offered, given or accepted. This prohibition covers promising, offering, authorizing, giving or accepting anything of value, either directly or indirectly through a third party, in order to obtain or retain business, direct business to any person, or otherwise gain an improper advantage.

Disclosure of Information : Information regarding Suppliers' labour, health and safety, environmental practices, business activities, structure, financial situation and performance is to be disclosed in accordance with applicable regulations and prevailing industry practices. Falsification of records or misrepresentation of conditions or practices in the supply chain are unacceptable.

Intellectual Property: Intellectual property rights are to be respected. Transfer of technology and knowhow is to be done in a manner that protects intellectual property rights; and customer information is to be safeguarded.

Fair Business, Advertising and Competition : Standards of fair business, advertising and competition are to be upheld. Supplier shall avoid displays and expressions that are not based on facts or that are misleading for customers with respect to the quality, performance, or specifications of their products or services in advertising and other sales-related activities. Supplier shall not breach any competition regulations, such as illegal cooperation on pricing, illegal market sharing or any other behaviour that is in breach of the competition laws.

Whistleblower Program and Protection: Suppliers shall establish a program that allows reporting of unethical conducts or potential or actual violations of the law or this Code. This includes violations by any employee or agent acting on behalf of the supplier. Such programs shall protect the whistleblower’s confidentiality and prohibit retaliation.

Responsible Sourcing of Minerals : Suppliers shall have a policy to reasonably assure that the tantalum, tin, tungsten and gold in the products they manufacture does not directly or indirectly finance or benefit armed groups that are perpetrators of serious human rights abuses in the Democratic Republic of the Congo (DRC) or an adjoining country. Suppliers shall exercise due diligence on the source and chain of custody of these minerals and make their due diligence measures available to NEC upon request.

5.0 OCCUPATIONAL HEALTH AND SAFETY

NEC recognizes the importance of a safe and healthy workplace to eliminate or reduce the incidents of work related injuries, which can indirectly boost the morale and productivity of the workers, thus enhancing the consistency and quality of the products or services provided to NEC. Suppliers shall ensure that all workers receive communication and training on emergency planning and safe work practices. In addition, suppliers shall have systems to prevent, detect and respond to potential risks to the safety, health and security of all employees.

NEC expects our suppliers to establish and have an effective Occupational Health and Safety management system similar to OHSAS 18001 or equivalent and to comply with existing legislation and regulations regarding the occupational health and safety in the workplace. For contractors performing installation and commissioning works or other works of engineering construction and maintenance on-site, they are to comply with NEC’s [Health and Safety Manual for Contractors](#), in addition to the above-mentioned requirements.

The health and safety standards are:

Occupational Safety : Worker exposure to potential safety hazards (e.g., electrical and other energy sources, fire, vehicles, and fall hazards) are to be controlled through proper design, engineering and administrative controls, preventative maintenance and safe work procedures (including lockout / tagout), and ongoing safety training. Where hazards cannot be adequately controlled by these means, workers are to be provided with appropriate, well-maintained, personal protective equipment (PPE) and educational materials about risks to them associated with these hazards. Workers shall be encouraged to raise safety concerns.

Emergency Preparedness : Potential emergency situations and events are to be identified and assessed, and their impact minimized by implementing emergency plans and response procedures including: emergency reporting, employee notification and evacuation procedures, worker training and drills, appropriate fire detection and suppression equipment, adequate exit facilities and recovery plans. Such plans and procedures shall focus on minimizing harm to life, the environment and property.

Occupational Injury and Illness : Procedures and systems are to be in place to prevent, manage, track and report occupational injury and illness including provisions to: encourage worker reporting; classify and record injury and illness cases; provide necessary medical treatment; investigate cases and implement corrective actions to eliminate their causes; and facilitate return of workers to work.

Industrial Hygiene : Worker exposure to chemical, biological and physical agents is to be identified, evaluated, and controlled. Engineering or administrative controls must be used to control overexposures. When hazards cannot be adequately controlled by such means, worker health is to be protected by appropriate PPE programs.

Physically Demanding Work : Worker exposure to the hazards of physically demanding tasks, including manual material handling and heavy or repetitive lifting, prolonged standing and highly repetitive or forceful assembly tasks is to be identified, evaluated and controlled.

Machine Safeguarding: Production and other machinery shall be evaluated for safety hazards. Physical guards, interlocks and barriers are to be provided and properly maintained where machinery presents an injury hazard to workers.

Sanitation, Food, and Housing : Workers are to be provided with ready access to clean toilet facilities, potable water and sanitary food preparation, storage, and eating facilities. Worker dormitories provided by the Suppliers or a labour agent are to be maintained to be clean and safe, and provided with appropriate emergency egress.

Health and Safety Communication : Suppliers shall provide workers with appropriate workplace health and safety training in language understandable by workers. Health and safety related information shall be clearly posted in the facility

6.0 HUMAN RIGHTS

NEC expects our suppliers to conduct their activities in a manner that respects human rights. In addition, suppliers shall uphold the following labour practices:

Freedom of Association and Movement: Suppliers shall respect the rights of workers to associate or not to associate with any group / union, as permitted by and in accordance with all applicable laws and regulations. There shall be no unreasonable restrictions on workers' freedom of movement in the facility in addition to unreasonable restrictions on entering or exiting company-provided facilities.

Employment Status: Suppliers shall employ workers who are legally authorized to work in their location and facility and are responsible for validating employees' eligibility to work status through appropriate documentation.

Employment Practices: As part of the hiring process, workers must be provided with a written employment agreement. Employers and agents may not hold or otherwise destroy, conceal, confiscate or deny access by employees to their identity or immigration documents, such as government-issued identification, passports or work permits, unless such holdings are required by law. Suppliers shall not use any form of slave, forced, bonded, indentured, or involuntary labour. They shall not engage in human trafficking or exploitation.

Anti-Discrimination and Fair Treatment: NEC expects its suppliers to ensure equality of opportunity and treatment in respect of employment and occupation without discrimination on grounds of race, colour, sex, religion, political opinion, national extraction or social origin and such other ground as may be recognized under the national law. Suppliers shall treat their employees with dignity and respect. No form of physical, sexual, psychological or verbal harassment or abuse shall be tolerated.

Working Hours and Rest Days: Employees shall be allowed at least one day off every seven days, and any overtime worked shall be voluntary. If local law allows, employees may voluntarily work overtime on rest days, provided that they are allowed at least one day off within the next seven days. .

Child and Young Labour: Suppliers shall ensure that no child labour has been used in the production or distribution of their goods or services. A child is any person under the minimum employment age according to the laws of the facility's country, or, in the absence of law, under the minimum age for completing compulsory education. Suppliers shall not employ anyone younger than 14, regardless of the country's minimum working age. Workers under the age of 18 (young labour) shall not perform work that is likely to jeopardise their health and safety, including night shifts and overtime.

Wages and Benefits: NEC expects its suppliers to ensure the payment of wages in legal tender, at regular intervals no longer than one month, in full and directly to the workers concerned. Suppliers should keep an appropriate record of such payments. Deductions from wages are permitted only under conditions and to the extent prescribed by the applicable law, regulations and collective agreements.

7.0 MANAGEMENT SYSTEM

Suppliers shall adopt or establish a management system whose scope is related to the content of this Code. The management system shall be designed to ensure:

- (a) compliance with applicable laws, regulations and NEC requirements related to the suppliers' operations and products e.g. notification to authority and NEC in case of legal / severe violation to environmental, health and safety (EHS) related regulations like RoHS non-compliance or safety accidents;
- (b) conformance with this Code; and
- (c) identification and mitigation of operational risks related to this Code.

It should also facilitate continual improvement. The management system should contain the following elements:

Company Commitment : A corporate social and environmental responsibility policy statements affirming Supplier's commitment to compliance and continual improvement, endorsed by executive management and posted in the facility in the local language.

Management Accountability and Responsibility : The Supplier clearly identifies senior executive and company representative(s) responsible for ensuring implementation of the management systems and associated programs. Senior management reviews the status of the management system on a regular basis.

Legal and Customer Requirements: A process to identify, monitor and understand applicable laws, regulations and customer requirements, including the requirements of this Code.

Risk Assessment and Risk Management : A process to identify the legal compliance, environmental, health and safety and labour and human rights practices and business ethics risks associated with Supplier's operations. Significance for each risk shall be determined and appropriate controls shall be implemented to manage the identified risks.

Improvement Objectives : Written performance objectives, targets and implementation plans to improve the Supplier's social and environmental performance, including a periodic assessment of Supplier's performance in achieving those objectives.

Training : Programs for training managers and workers to implement Supplier's policies, procedures and improvement objectives and to meet applicable legal and regulatory requirements.

Communication : Supplier shall establish a process for communicating clear and accurate information about Supplier's policies, practices, expectations and performance to workers, suppliers and customers.

Worker Feedback and Participation : Ongoing processes to assess employees' understanding of and obtain feedback on practices and conditions covered by this Code and to foster continuous improvement.

Audits and Assessments : Suppliers shall conduct periodic self-evaluations to ensure conformity to legal and regulatory requirements, the content of the Code and customer contractual requirements related to social and environmental responsibility.

Corrective Action Process : Supplier shall establish a process for timely correction of deficiencies identified by internal or external assessments, inspections, investigations and reviews.

Documentation and Records: Creation and maintenance of documents and records to ensure regulatory compliance and conformity to company requirements along with appropriate confidentiality to protect privacy.

Supplier Responsibility : A process to communicate Code requirements to its tier 1 (immediate) suppliers and to monitor the suppliers compliance to the Code.

References

The following standards and codes were used in preparing this Code of Conduct and may be a useful source of additional information.

NEC Code of Conduct	http://www.nec.com/en/global/csr/management/code.html
NEC Group Charter of Corporate Behaviour	http://www.nec.com/en/global/csr/management/co_behavior.html?
NEC Way	http://www.nec.com/en/global/about/the-nec-way.html
NEC's standards pertaining to procurement restrictions for the inclusion of chemical substances in products	http://www.nec.com/en/global/eco/products/green/pdf/050131-Standards_Pertaining_to_Procurement_Restrict.pdf
NEC Green Procurement Guidelines	http://www.nec.com/en/global/eco/products/green/pdf/050131-NEC_green_procurement_E_Ver3.pdf
NEC Health & Safety Manual for Contractors	http://www.nec.com/en/global/eco/HSmanual/HSmanual_en.pdf
ILO International Labour Standards	www.ilo.org/public/english/standards/norm/whatare/fundam/index.htm
OECD Due Diligence Guidance (conflict minerals)	http://www.oecd.org/document/36/0,3746,en_2649_34889_44307940_1_1_1_1,00.html
OECD Guidelines for Multinational Enterprises	http://www.oecd.org/daf/inv/mne/
Universal Declaration of Human Rights	www.un.org/Overview/rights.html
UN Convention Against Corruption	http://www.unodc.org/unodc/en/treaties/CAC/index.html
UN Global Compact	http://www.unglobalcompact.org/aboutthegc/thetenprinciples/
UN Guiding Principles on Business and Human Rights	http://www.ohchr.org/Documents/Publications/GuidingPrinciplesBusinessHR_EN.pdf
UK Bribery Act 2010	http://www.legislation.gov.uk/ukpga/2010/23/contents
UK Modern Slavery Act 2015	http://www.legislation.gov.uk/ukpga/2015/30/contents/enacted
ISO 14001	https://www.iso.org/iso-14001-environmental-management.html
ISO 26000	https://www.iso.org/iso-26000-social-responsibility.html
OHSAS 18001	https://www.bsigroup.com/en-SG/Occupational-Health-and-Safety/
ISO 45001	https://www.iso.org/iso-45001-occupational-health-and-safety.html

Document History

Version	Effective Date	Description
1.0	October 2016	Initial release
1.1	28 July 2017	Include H&S Manual for Contractors
1.2	25 Feb 2019	Add ISO 45001 and EHS incidents reporting requirement to NEC in case of legal violation.