



**NEC Group  
Supply-Chain  
CSR Guidelines  
<For Suppliers>**

**NEC Corporation**

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**Corresponding to Japanese Edition Revision-5**

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# 1. Introduction

NEC has defined the brand statement “Orchestrating a brighter world” and provides solutions to worldwide social issues for the realization of a global society where everyone has the opportunity to lead positive and abundant lives. We don’t only focus on fulfilling our compliance responsibility, typified by legal compliance and corporate ethics. We also focus on mitigating corporate risks that may adversely affect society or the environment.

Recently, stakeholders emphasizes that the consideration on sustainability such as human rights and environment is mandated as a corporate citizen, as the diversification and the expansion of social problems. As examples of such movement, we have to respect the following guidance: “Guiding Principles on Business and Human Rights” (2011, the United Nations), “Paris Agreement” (2015, COP21), “Sustainable Development Goals (SDGs)” (2015, the United nations). The SDGs are expected on the business sector that contributes positively on solving the comprehensive issues concerning economy, society and environment, for the prosperity of people and the conservation of the earth.

We have been a signatory to the United Nations Global Compact since 2005. The basic philosophy of the Global Compact relies on ten principles of business activities related to human rights, labor, environment and anti-corruption. With its stakeholders, NEC will create and offer new value in its effort to solve social issues.

In the arena of supply-chain and procurement, NEC established the NEC Group Procurement Policy and NEC Group Supply-Chain CSR Guideline in order to promote the responsible procurement. Based on the policy and guideline, NEC has been pursuing the sustainable and ethical procurement operation with the cooperation of supply-chain partners.

It is crucial to reduce the social and environmental impacts and to mitigate such risks caused by the business operations. This guideline describes both conceptual approach and concrete method to collaborate with supply-chain partners.

We hope this guideline helps the sustainable mutual growth for all supply-chain companies with NEC.

## 2. Aim of Supply-Chain CSR Guideline

This guideline is aimed to promote the co-creation activities toward “Orchestrating the brighter world”, which is NEC brand statement, through the collaboration together with supply-chain partners. Firstly, supply-chain partners are requested to understand the NEC’s CSR policies and activities for the social value creation. In the next, supply-chain partners are requested to recognize the concrete CSR items which NEC put importance in the view of business risk reduction and business opportunity creation. Finally, supply-chain partners are requested to take appropriate action for each items in themselves company-wide and moreover to cascade, monitor and manage the upstream tier suppliers and contractors.

## 3. NEC’s Sustainable Management

### (1) Policy of Sustainable Management

Because NEC itself wants to be the entity that customers and society trust, NEC not only enforces compliance with all appropriate internal rules, laws and regulations, but also seeks to realize a sustainable society through initiatives that cover the three pillars of ESG: Environment, Social and Governance. We understand the importance of transparency and actively disclose the results and issues of these efforts to our stakeholders. We also use dialogue and communication to improve our own corporate activities.

We believe that sustainable management requires the pursuit of innovation through the launch of new businesses or the further development of existing business. For us, this means to proactively listen to our customers and understand the wider social issues through communication and dialogue. To this end, NEC has proposed the following three basic policies.

- Strengthen risk management and enforce compliance

NEC implements thorough risk management within all of its Group companies and business partners, in order to continually respond to the expectations and demands of its stakeholders and to secure its place in society. To this end, NEC is committed to avoiding and/or mitigating any negative impact or risk of negative impact on its stakeholders, society and the environment, such as the potential occurrences of violations of human rights and environmental damage. In addition, NEC practices compliance with a constant awareness of the need to prioritize it.

- Contribute to solving social issues through business activities

NEC has formulated seven social value creation themes under its corporate brand

message, “Orchestrating a brighter world.” NEC promotes and delivers solutions for society according to these seven themes in order to contribute to the realization of an abundant society and bright future, while exploring fundamental issues faced by society and collaborating with various stakeholders to create new values. NEC is also contributing to the solution of social issues through its activities for contributing to society in collaboration with local communities and NPOs and NGOs.

➤ Promote communications with stakeholders

NEC identifies the fundamental issues of customers and society and the values they seek by engaging in communication and dialogue with a wide range of stakeholders. NEC discloses the corporate initiatives taken to solve those issues, the results of these initiatives, and new challenges in CSR reports and other publications. Furthermore, by continuously implementing improvement measures through PDCA cycles that take into account the feedback from society, NEC will continue to build relationships of trust with its stakeholders and society, enhancing corporate value.

## (2) NEC's Sustainable Management Framework

### Sustainable Management Promotion System

The Corporate Communication Division's Sustainable Management Promotion Office promotes NEC's sustainable management initiative in close coordination with the related divisions involved in business planning, investor relations, human resources, general affairs, legal affairs, internal controls, management systems, design, the environment, customer satisfaction, quality assurance, procurement, and more, as well as research laboratories, business divisions, and Group companies. Coordination is also conducted with the company's business partners.

We discuss important issues related to the promotion of sustainable management among executives and the CSO (Chief Strategy Officer) who is in charge of corporate management and who adopts those matters and reports at a Board of Directors meeting.



Sustainable Management Promotion System

### Global CSR Promoters

NEC has appointed CSR Promoters in five regional headquarters, namely, North America, Latin America, EMEA (Europe, Middle East, and Africa), China/East Asia, and APAC (Asia Pacific). They work closely with the CSR Promotion and Social Contributions Office to promote sustainable management globally.



### **(3) NEC Group Charter of Corporate Behavior**

The NEC Group Charter of Corporate Behavior is composed of ten principles that provide a guide to the corporate activities required of members of the NEC Group from the perspective of fulfilling NEC's social responsibilities.

#### NEC Group Charter of Corporate Behavior

The NEC Group works to improve profitability through sound business activities and to achieve dynamic development so as to benefit society. To this end, the Group is aware of the need to enhance its corporate value not only by observing all relevant laws and regulations, but also by fulfilling its social responsibilities as a good corporate citizen. At the same time, the Group must win the trust of customers, shareholders, investors, suppliers, the community at large, its employees, and all other stakeholders.

#### Attaining Customer Satisfaction

The NEC Group earns customer satisfaction and confidence by developing and offering beneficial and reliable products and services and by paying careful attention to safety.

#### Developing New Technologies

The NEC Group strives to develop creative technologies and break ground in new areas of business that will contribute to the future prosperity of society.

#### Conducting Fair Corporate Activities

The NEC Group promotes fair, transparent, and free competition between corporations and ensures that its relationships and dealings with government agencies and political bodies are of a normal and proper nature.

#### Disclosing Information

The NEC Group delivers accurate and sufficient corporate information in a timely, clear, and appropriate manner while enhancing the transparency of its corporate activities.

#### Preserving the Global Environment

The NEC Group reduces the impact on the global environment and contributes to building a sustainable society.

#### Maintaining Good Relations with the Community

The NEC Group respects the customs and cultures of all regions and countries and manages its activities in a way that contributes to community development.

#### Conducting Thoughtful Corporate Citizenship Activities

The NEC Group fully recognizes that it is a key member of society and actively engages in philanthropy and other activities of social benefit as a good corporate citizen.

#### Protecting Human Rights

The NEC Group respects human rights in all its corporate activities, never accepting any discriminatory practices or child or forced labor.

#### Valuing Employees

The NEC Group respects each employee's individuality and creates work environments where all its employees can fully demonstrate their abilities and carry out their jobs with enthusiasm.

#### Protecting Intellectual Property and Personal Information

The NEC Group recognizes the value of intellectual property and personal information and properly manages them.



## **(4) NEC Group Code of Conduct**

To win the trust of customers, shareholders, investors, suppliers, the community at large, employees, and all other stakeholders, the NEC Group Code of Conduct specifies the behavior expected of each and every officer and employee in the course of daily business activities, mainly from the perspectives of compliance and corporate ethics.

### NEC Group Code of Conduct

#### I. General Provisions

1. Purpose and Application of the Code of Conduct
2. Basic position
3. Accountability for Adherence to this Code
4. Compliance Hotline
5. Establishment and Revision of This Code

#### II. Relations with Society

1. Preservation of the Environment
2. Contributions
3. Political Funds
4. Prohibitions on Involvement in Anti-Social Activities

#### III. Relations with Customers, Business Partners, and Competitors

1. Product and Service Safety
2. Free Competition and Fair Commercial Transactions
3. Policies on Transactions with Suppliers of Materials and Services
4. Policies on Transactions with Distributors
5. Policies on Entertainment and Gifts
6. Policies on Import-Export Transactions
7. Policies on Publicity and Advertising

#### IV. Relations with Shareholders and Investors

1. Disclosure of Corporate Information
2. Prohibition of Insider Trading

#### V. Management of Company's Assets and Information

1. Management and Proper Use of Company's Assets
2. Handling of Confidential Information
3. The Protection and Utilization of Intellectual Property Rights

Details: <http://www.nec.co.jp/csr/en/management/code.html>

## 4. Request for Suppliers (Part-1)

The promotion of CSR through the supply-chain is imperative for NEC to proceed with the sustainable management. Therefore, supply-chain partners are encouraged to promote CSR activities in accordance with the practice of NEC. The ISO 26000 - Guidance on social responsibility - describe that CSR is necessary within procurement and purchasing for 'Promoting social responsibility in the sphere of influence' in the subject of 'Fair operating practice' which is one of ISO 26000's and ISO20400's core subjects. Supply-chain partners are expected to exercise due diligence and to integrate CSR in their own organizational activities.

All supply-chain partners are requested to take actions on the risk management priorities, described as follows. In addition, all supply-chain partners are requested to cascade these actions not only in their own companies but also to their upstream tier suppliers.

### - Fully Understanding and Enforcement of Compliance

Every company must observe laws, regulations and corporate ethics in business activities.

Suppliers are strongly requested to understand thoroughly that compliance is the minimum prerequisite to continued business with the NEC Group.

### - Risk Management Priorities

NEC Group sets the risk management priorities as follows:

1. Human Rights
2. Occupational Health and Safety
3. Product Quality and Safety
4. Information Security
5. The Environment and Biodiversity
6. Fair Trading

NEC Group defines "the risk management priorities and action items" described in Table 4-1, corresponding to the risk management priorities, including supply-chain partners. Supply-chain partners are requested to practice the items shown in Table 4-1 as priorities.

If conspicuous crucial violation from the risk management priorities or discrepancy from Table 4.1 should be found in supply-chain partners, it might be necessary to suspend the trade relationship. In order to check and review the actual CSR practice in supply-chain, NEC may request CSR questionnaires, and/or site audit to supply-chain partners. Supply-chain partner's cooperation to such questionnaires/audit is highly appreciated.

**Table 4-1 Risk Management Priorities and Action Items**

<b>Risk Management Priority</b>	<b>Action Item</b>	<b>ISO26000</b>
<b>(CSR General Requirement)</b>	Promote positive CSR activities.	6.2
	Establish effective whistle-blowing system	6.3/6.6
	Contribute to the community and society.	6.8
<b>Human Rights</b>	Prohibit forced labor and any enabler of coercive labor	6.3
	Prohibit inhumane treatment and infringements of human rights.	6.3
	Prohibit child labor.	6.3
	Prohibit discrimination.	6.3
	Pay appropriate wages.	6.4
	Control working hours.	6.4
	Respect the right to freedom of association.	6.3
	Consider minorities	6.3
Protect foreign employees	6.3	
<b>Occupational Health and Safety</b>	Apply safety measures for equipment and instruments.	6.4
	Promote safe activities in the workplace.	6.4
	Promote hygiene in the workplace.	6.4
	Apply appropriate measures for occupational injury and illness.	6.4
	Properly manage disasters and accidents.	6.4
	Be careful about physically demanding work.	6.4
	Promote safety and hygiene in all company facilities.	6.4
	Promote health maintenance programs for employees.	6.4
<b>Product Quality and Safety</b>	Ensure product safety.	6.7
	Establish and apply a quality management system.	6.7
<b>Information Security</b>	Secure computer networks against threats.	6.7
	Prevent the leakage of personal information.	6.7
	Prevent the leakage of customer and third-party confidential information.	6.7
<b>The Environment and Biodiversity</b>	Create the environmental management system and obtain environmental permits	6.5
	Control environmental pollutants used in manufacturing process appropriately	6.5
	Implement the product environmental assessment	6.5
	Take actions for climate change	6.5
	Commit to global environmental conservation	6.5
	Implement green purchasing	6.5
	Disclose the environmental information publicly	6.5
	Consider bio-diversity conservation	6.5
	Control environmental pollutants contained in products appropriately	6.5
	Promote designing for resource and energy conservation	6.5
	Promote designing for long lifetime	6.5
	Promote designing to use recycled parts and materials as much as possible	6.5
	Promote designing to use recyclable materials as much as possible	6.5
Promote appropriate labeling plastic type	6.5	
<b>Fair Trading</b>	Prohibit corruption and bribery.	6.6
	Prohibit abuse of a superior position.	6.6
	Prohibit the giving and receiving of inappropriate profit and advantage.	6.6
	Prohibit interference with free competition.	6.6
	Provide correct information on products and services.	6.6
	Respect intellectual property.	6.7
	Use appropriate export procedures.	6.6
Disclose appropriate company information.	6.6	

\*ISO26000 Seven Core Subjects: (6.2) Organizational Governance, (6.3) Human Rights (6.4) Labor Practice, (6.5) The Environment (6.6) Fair Operating Practice, (6.7) Consumer Issues, (6.8) Community Involvement and Development

## Action Items in Table 4.1

The followings are supplements for each requested action item. These items are based on the Supply-Chain CSR Deployment Guidebook published in August 2006 by the Japan Electronics and Information Technology Industries Association (JEITA)

### I CSR General Requirement

#### **[I-1] Promote positive CSR activities**

**Suppliers are requested to understand their social responsibility and to promote CSR activities positively**

#### **[I-2] Establish effective whistle-blowing system**

**Suppliers are expected to establish the effective whistle-blowing system for both detecting the sign of risk earlier and preventing the realization or expansion of impacts.**

#### **[I-3] Contribute to society and community**

**Suppliers are expected to practice proactive voluntary activities to contribute to the development of global society and local community.**

The activities to contribute to the development of global society and local communities mean the support using company's management resources.

Typical approaches are as follows:

- Social contribution using regular business operation and existing technologies.
- No pecuniary social contribution using facilities and human resources, etc.
- Monetary social donation

And the followings are concrete examples:

- Cooperation with communities at a time of disaster
- Employee's volunteering
- Activity support of/donation to/transmission
- Introduction of various information of NPO and NGO

Each company determines the possible activity range and works on such contributions to society positively.

## II Human Rights and Labor

### **[II-1] Prohibit forced labor and any enabler of coercive labor;**

**Suppliers are requested to employ all employees on a voluntary basis, and not to commit forced labor.**

Above-mentioned forced labor means all non- voluntary labor.

The followings are examples of typical forced labor:

- Labor that is against one's will
- Labor for debt that limits the freedom of job turnover due to unpaid debt, etc.
- Slave labor practiced as a result of trafficking of humans
- Inhumane prison labor in harsh environments including cases of prisoners

The following are also regarded as forced labor:

- Prohibition of voluntary job turnover
- Obligation to deposit identification cards/passports/work permit cards with employers

### **[II-2] Prohibit inhumane treatment and infringements of human rights**

**Suppliers are requested to respect human rights of employees and to prohibit harsh and inhumane treatment such as maltreatments and/or various harassments.**

Typical inhumane treatments are abuses, physical punishments, sexual harassments, and intimidating harassments (harassment by verbal abuse and intimidating acts).

### **[II-3] Prohibit child labor**

**Suppliers are requested not to employ children who are under the lowest labor age and not to assign such jobs that impair children's development.**

Generally, child labor means employment of persons who are under the lowest labor age and negligence of young laborer protection as specified in the treaty and/or recommendations of International Labor Organization (ILO).

For example, employment of persons who are under fifteen years old and violations of the law to protect young laborers are prohibited as the case of child labor in Japan. Limitation of night-shift work and dangerous work are concrete examples of protecting young laborers from employment that may impair their health, security, and morality.

Also, as for international cases, employments of persons who are under the lowest labor age and the violation of the obligation to protect as specified in each country's law apply to child labor.

In countries where there are no relevant laws, acts violating the lowest age treaty and/or recommendations of ILO are regarded as child labor (The rule of the lowest employment age is fifteen years old: ILO treaty No.138.)

### **[II-4] Prohibit discrimination**

**Suppliers are requested to prohibit discrimination during the process of job offering and hiring, and to endeavor the equal opportunity and fairness of treatment.**

Discrimination means provision of differences in opportunities and/or treatment such as recruitment, promotion, reward and participation in trainings due to elements other than rational elements such as one's ability, competence, and achievement.

Typical elements of discrimination are race, ethnicity, nationalities, birthplace, color, age, gender, sexual orientation, disability, religion, political affiliation, union membership, marital status, and so on.

Additionally, when health examinations and pregnancy tests impair the fairness in equality of opportunity or treatment, such act is considered as discrimination.

### **[II-5] Pay appropriate wages**

**Suppliers are requested to pay legal minimum wage or more, and not to practice unfair wage deduction as means of a disciplinary action.**

The minimum wage means the lowest wage specified in each country's wage-related laws. In this item, payment of other allowance including overtime compensation and legal payment are included.

Improper wage reduction means the wage reduction violating labor-related laws, etc.

### **[II-6] Regulate working hours**

**Suppliers are requested to regulate employee's working hours/holidays/vacations not to exceed the legal ceiling.**

In this item, the following are the examples of proper control:

- Scheduled working days per year do not exceed the legal ceiling
- Working hours per week including overtime (except for emergency cases) does not exceed the legal ceiling
- Providing employees with at least one holiday per week
- Providing the rights of a vacation leave on an annual basis as specified in the law

### **[II-7] Respect the rights to freedom of association**

**Suppliers are requested to respect the rights to freedom of association of employees, as means of employer-employee consultation, in order to settle working conditions and/or wage issues, etc.**

Respecting the rights of employees to organize means of considerations for freedom of association, freedom to participate in labor unions according to laws, freedom to stage a protest, and freedom to participate in workers' council without revenge, threats, and/or harassments to employees.

### **[II-8] Consider minorities**

**Suppliers are requested not only to prohibit the discrimination on minorities but also to consider protection of their human rights.**

Minorities are the people who are in weak position because of their different identities from majorities. Human rights of minorities are tend to be infringed if they are not in special care. Therefore, companies have to take proactive measures to prevent such infringement. For example

of modern minorities, LGBTI, sexual minorities, handicapped people, foreign employees, non-native tongues. In workplace, trainees and part-time working students are also categorized as minorities.

### **[II-9] Protect foreign employees**

**Suppliers are requested to consider special care for foreign employees and foreign trainees who are in a weak position, in the view of human rights.**

Migrant workers are included as foreign employees. Technical interns and student workers from abroad are also included as foreign employees. They are in weak position and their health and human rights are tend to affected. As typical infringement of human rights for foreign employees are the freedom of expression and the freedom of movement.

## **III Occupational Health and Safety**

### **[III-1] Apply safety measures for equipment and instruments**

**Suppliers are requested to apply appropriate safety measures for equipment and instruments used in their company.**

Appropriate safety measures mean the management to prevent accidents and health problems occurring on the job.

The following are examples of appropriate control:

- Adoption of safety mechanisms such as called fail-safe, foolproof, and inter-lock
- Installation of safety devices and protective barriers
- Periodical inspection and maintenance of machinery

### **[III-2] Promote safe activities in the workplace**

**Suppliers are requested to evaluate their own safety risks and to ensure safety in the workplace with appropriate design, technique, and control method.**

The risk to safety in the workplace means potential risks of accidents and health problems on the job such as electric shock or other energy-caused accidents, fire, vehicles, slippery floor, or falling objects.

The following are examples of appropriate design, technology and control method:

- Monitoring dangerous places with sensors
- Blocking off sources of power to machinery by locking it (lock out)



- Setting the tag that specifies the prohibition of manipulating energy blocking device while the source of power is blocked (tag out)
- Provision of protective equipment such as glasses/hard hat/glove etc.

### **[III-3] Promote hygiene in the workplace**

**Suppliers are requested to grasp the condition in the workplace related with biological and chemical harms, noise, and odor, which are harmful to health, and to provide appropriate measures.**

Chemical substances that are harmful to the human body include smoke, mist, dust, poison, nuclear radiation, and substances that cause chronic diseases (lead, asbestos etc.). And gross noise and odor are elements of this section are deemed as being harmful to the human body.

And the following are examples of the appropriate measures:

- Identification of chances to contact these harmful things and assessment
- Establishment and operation of management criteria
- Appropriate education on hygiene for workers
- Provision of protective devices to workers etc.

### **[III-4] Apply appropriate measures for occupational injuries and illnesses**

**Suppliers are requested to grasp the situation of occupational injuries and illnesses in the workplace, and to provide appropriate measures.**

The following are examples of appropriate measures:

- Rules and programs that enable promotion of reporting by employees
- Classification and record of injury/illness
- Provision of required medical treatment
- Investigation of injury/illness
- Execution of measures to correct and exclude the cause
- Promotion of returning affected-employees to workplace etc. (workers' accident insurance is also included)

And performing required procedure to the government according to the law is also included.

### **[III-5] Properly manage disasters and accidents**

**Suppliers are requested to prepare the emergency response measures for possible disasters and accidents in order to protect human lives, and to inform all-out to people in the workplace.**

Typical examples of emergency response measures are as follows:

- Prompt reporting during an emergency
- Notification to employees
- Clarification of evacuation procedure
- Installation of evacuation facilities
- Storing of emergency medical products
- Installation of fire detecting system and fire containment device
- Securing external communication method
- Development of recovery plan etc.

The following are ways to keep employees in the workplace informed:

- Implementation of emergency response education to employees (including evacuation drill)
- Storing or posting emergency response procedure etc. within the reach of employees in the workplace is included

### **[III-6] Be careful about physically demanding work**

**Suppliers are requested to define the physically demanding works, and to control appropriately to prevent injury and illness.**

Operations that require physically demanding work include not only hard labor such as manually carrying tasks of heavy objects but also long-term repetitive work and continuous work such as assembly work and data entry work.

Appropriate control means periodical brake, provision of assistive device, burden share, and cooperation of multiple workers etc.

### **[III-7] Promote safety and hygiene in all company facilities**

**Suppliers are requested to keep safety and hygiene appropriately in all company facilities provided for employee's living (ex. Dormitory, canteen, restroom.)**

The facilities provided for employee's living include the ones provided in the workplace for the employees (restrooms, drinking fountains, locker rooms, canteens etc.), facilities provided for employees outside of the workplace (Dormitories, etc.)

Along with keeping cleanliness/sanitation, typical examples are measures for safe drinking water, fire, air ventilation, temperature control, emergency escape route (exit), and secure storage of personal belongings.

### **[III-8] Promote health maintenance programs for employees**

**Suppliers are requested to provide appropriate health maintenance programs for all employees.**

Appropriate health management tries to prevent and detect employees' illness early by providing medical checkup at least according to the standard of law. Prevention of health problems due to overwork and care for mental health also need to be considered adequately.

## IV Product Quality and Safety

### **[IV-1] Ensure product safety**

**Suppliers are requested to satisfy safety standards defined by laws and regulations by each country, for products when they develop/design on their own responsibility.**

In the product design phase, the product safety shall be sufficiently ensured with consideration of the product liability and responsibility as a manufacturer. On product safety, normally requested safeties as well as compliance with laws are considered.

The followings are examples of laws on product safety in Japan:

- Electrical Appliance and Material Safety Law
- Consumer Products Safety Law
- Household Goods Labeling Law

Safety standards are defined in detailed regulations of laws, JIS, etc. International safety standards include UL, BSI, and CSA.

Securing of product safety includes management of traceability (history of materials, parts, processes, etc.) and prompt response for problem solving.

### **[IV-2] Establish and apply a quality management system**

**Suppliers are requested to establish and implement a quality management system.**

The quality management system is a part of the overall quality management system that includes organizational structure, planning activities, responsibilities, practices, procedures, processes and resources to promote quality assurance activities.

Quality assurance activities here mean to develop, implement, achieve, review, and to maintain the quality policy in order to promote the continuous improvement program using the so-called PDCA (Plan Do Check Action) closed-loop.

Some of the typical quality management systems are ISO9000 family, ISO/TS16949, and ISO13485.

## V Information Security

### **[V-1] Secure computer networks against threats**

**Suppliers are requested to take protection against threats on the computer network, and to prevent damages to their company and others.**

Threats on computer network refer to, as examples, computer viruses, computer worms, and spy wares.

If a computer connected to the Internet should get infected to computer threats, customer information and confidential information may be leaked out and/or these computer threats may attack computers of other companies, resulting in serious damages such as suspension of business or loss of credibility.

Therefore, it is important to take effective measures against such threats on computer network so as to avoid harmful influence inside and outside the company.

### **[V-2] Prevent the leakage of personal information**

**Suppliers are requested to appropriately control and protect personal information of employees, customers, and third parties.**

Personal information means information on live individuals that can identify a specific person by name, birth date, and other descriptions in the information (including information that can be easily compared with other information to identify a specific person.)

Appropriate control means construction and operation of the overall management scheme on personal information, including creation of regulations and guidelines to be observed by employees, making plans, implementing programs, internal audits, and reviews based on the management scheme.

Appropriate protection means not unreasonably or improperly obtaining, utilizing, disclosing, or leaking personal information.

### **[V-3] Prevent the leakage of customer and third-party confidential information**

**Suppliers are requested to control and protect confidential information from customers and third parties.**

Confidential information usually means information disclosed from a document, etc. (including electromagnetic- or optically-recorded data information) that that is deemed as confidential, or orally disclosed after confidentiality is notified.

Proper control means construction and operation of the overall management scheme on personal information, including creation of regulations and guidelines to be observed by employees, making plans, implementing programs, internal audits, and reviews based on the management scheme.

Appropriate protection means not unreasonably or improperly obtaining, utilizing, disclosing, or leaking confidential information.

## VI The Environment and Biodiversity

Items are segregated as 1) essential conditions and 2) recommended conditions. The essential conditions are mandatory items for supply-chain partners to observe.

In detail, please refer the Green Procurement Guideline for suppliers:

[http://www.nec.com/en/global/eco/products/green/pdf/050131-NEC\\_green\\_procurement\\_E\\_Ver3.pdf](http://www.nec.com/en/global/eco/products/green/pdf/050131-NEC_green_procurement_E_Ver3.pdf)

### **[VI-1] Create the environmental management system**

Essential Condition

Suppliers are requested to establish and implement an environmental management system and to obtain appropriate environmental permits.

### **[VI-2] Control environmental pollutants used in manufacturing process appropriately**

Essential Condition

Suppliers are requested to control chemical substances (used in manufacturing processes) defined by local laws and regulations including NEC's banned substances.

### **[VI-3] Implement the product environmental assessment**

VI-3 is Recommended Condition

### **[VI-4] Take actions for climate change**

VI-4 is Recommended Condition

### **[VI-5] Commit to global environmental conservation**

VI-5 is Recommended Condition

(Recommended Practice)

Elimination of fluorocarbon

Reduction of water consumption

Reduction and control waste generation

Management of chemical substances

Reduction of resource consumption

Reduction the negative impact by package/ packing materials upon environment



Environmental assessment (air pollution, water pollution, soil contamination, noise and vibration)

**[VI-6] Implement green purchasing**

VI-6 is Recommended Condition

**[VI-7] Disclose the environmental information publicly**

VI-7 is Recommended Condition

**[VI-8] Consider bio-diversity conservation**

VI-8 is Recommended Condition

**[VI-9] Control environmental pollutants contained in products appropriately**

Essential Condition

<p><b>Suppliers are requested to control chemical substances (contained in products) defined by laws and regulations including NEC's banned substances.</b></p>
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**[VI-10] Promote designing for resource and energy conservation**

VI-10 is Recommended Condition

**[VI-11] Promote designing for long lifetime**

VI-11 is Recommended Condition

**[VI-12] Promote designing to use recycled parts and materials as much as possible**

VI-12 is Recommended Condition

**[VI-13] Promote designing to use recyclable materials as much as possible**

VI-13 is Recommended Condition

**[VI-14] Promote appropriate labeling plastic type**

VI-14 is Recommended Condition

## VII Fair Trading

### **[VII-1] Prohibit corruption and bribery**

**Suppliers are requested to maintain a sound and normal relationship with politics and government administration without committing bribery and/or making illegal political donations.**

“Bribe-giving” means acts of offering money, entertainment, gifts, or other benefits/conveniences to public servants or equivalent persons (hereafter called public employees), in pursuit of some business advantage in return, such as approval and license, acquisition/maintenance of trading, or access to nondisclosure information.

In addition, “bribe-giving” includes entertainment or gift-giving that is beyond social discipline even if it does not solicit any business reward.

“Illegal political donation” means acts of contributing political donation requesting some business advantage in return, such as approval and license, acquisition/maintenance of trading, or access to nondisclosure information. The political donation not following the proper legal procedures is included.

### **[VII-2] Prohibit abuse of a superior position**

**Suppliers are requested not to create disadvantage for their suppliers by abuse of a superior position.**

Abuse of a superior position means acts of unilaterally determining or changing trading conditions with suppliers or imposing irrational requests or obligations on suppliers by taking advantage of their superior position as a purchaser or outsourcer.

Procurement deals shall be fairly and faithfully conducted based on contracts without abuse of a superior position. In countries with legislation relating to abuse of a superior position, the relevant laws shall be observed. (E.g. National Contract Act in Japan)

### **[VII-3] Prohibit the offering and receiving of inappropriate profit and advantage**

**Suppliers are requested not to offer and/or to receive inappropriate benefits to/from stakeholders.**

Typical examples of “Inappropriate benefit offering/receipt” are as follows:

- Bribery activity such as offering or receiving a gift, award, prize money, etc. beyond the bounds of the law to/from a customer
- Providing or accepting money/valuables or entertainment beyond the social discipline
- Act of supplying inappropriate benefit to an antisocial force (criminal organization, terror organization, etc.) that adversely affects public order or sound activities.
- Insider trading by which stock of a company is traded based on the critical nondisclosure information about operations of a customer, etc.

### **[VII-4] Prohibit impediment to free competition**

**Suppliers are requested not to impede fair, transparent, and free competition.**

“Competition restrictive activities” mean acts of making prior agreements among companies in the same trade about product/service prices, quantities, sales areas, etc. (cartel), or prior arrangements with other bidders about a winning bidder and successful tender price (collusive bidding).

Furthermore, obtaining and utilizing trade secret of other companies in an illegal way, showing false indication and showing indication that confuses customers about other companies' products are also referred as acts of unfair competition.

## **[VII-5] Provide accurate information on products and services**

**Suppliers are requested to provide accurate information on products and services to consumers and customers.**

Typical examples of the accurate information are as follows:

- Accurate specification, quality, and handling procedures about products/services.
- Accurate information on substances contained within products and their components.
- Sales promotion such as catalogs and advertisements for a product/service shall not use untruthful/incorrect expressions and descriptions that mislead consumers/customers, and shall not include information that slanders or infringes other companies or individuals.

## **[VII-6] Respect intellectual property**

**Suppliers are requested not to infringe upon intellectual property rights.**

“Intellectual property rights” (IPR) includes patent rights, utility model rights, design rights, trademark rights, copyrights, trade secrets, and so on.

Prior to development, production, sale, and/or provision of a product/service, preliminary IPR survey shall be sufficiently conducted about the intellectual properties of third parties. The usage of a third party’s intellectual property without permission constitutes an infringement of IPR, except for cases that have valid reasons,

Furthermore, illegal reproduction of computer software or another copyrighted work constitutes an infringement of IPR.

Likewise, illegal procurement and utilization of a trade secret of a third party also constitutes an infringement of IPR.

## **[VII-7] Use appropriate export procedures**

**Suppliers are requested to streamline the clear-cut control system and execute proper export procedures, regarding exports of technologies and goods defined by laws and regulations.**

“Technologies and goods regulated by laws and regulations” include parts, products, technologies, facilities, and software of which exports are stipulated by international treaty/agreement/regulations (such as Wassenaar Arrangement) and domestic laws.

Exporting may require specific procedures such as acquiring permission from the regulatory governmental authorities.

## 5. Request for Suppliers (Part-2)

### Collaboration with Upstream Companies in Supply-Chain

In recent years, we have been faced with social and environmental issues which cannot be solved without the collaboration of upstream companies through supply-chain. NEC established policies for important issues such as 1) business continuity, 2) conflict minerals, 3) REACH regulation, 4) climate change, 5) OHS for hazardous work, 6) human trafficking. Supply-chain partners are requested to cascade each item to upstream tier suppliers and contractors and to cooperate to promote collaboration with them.

- **Business Continuity**
- **Conflict Minerals**
- **REACH Regulation**
- **Climate Change**
- **Health and Safety**
- **Modern Slavery and Human Trafficking**

#### **Business Continuity Policy**

NEC Group considers business continuity as an aspect of CSR. Indeed, the interruption of a supplier's business due to certain disasters can have negative impacts not only on NEC Group's business but also on the living and social infrastructure of consumers. NEC Group has three common policies governing business continuity plan (BCP) formulation

- Protect the lives and safety of employees and other people
- Fulfill the social duties expected of NEC:
- Minimize any economic damage caused by business disruptions

Suppliers are requested to promote BCP activities based on the practice of NEC Group, and to provide a prompt report to NEC Group in the event of any issues.

#### **Conflict Minerals Free Policy**

NEC Group has a policy governing conflict minerals issue which states that NEC Group will never use conflict minerals unjustly sourced in NEC products and will never purchase goods that contain conflict minerals unjustly sourced.

Suppliers are requested to agree with this policy and to carry out the appropriate management to ensure compliance.

[Definition]

*Unjustly sourced*

Which finance or benefit directly or indirectly armed groups in the Democratic Republic of the Congo or an adjoining country.

### **REACH Coping Policy**

NEC Group has a policy to manage REACH regulation appropriately. In order to comply with REACH, it is necessary to monitor the chemical information of goods.

Suppliers are requested to provide NEC Group with the chemical information through upstream companies in the supply-chain automatically.

### **Action for Climate Change**

NEC takes initiatives to reduce supply chain carbon-dioxide emissions to effectively-zero and Implement measures against climate change risks in the supply chain.

Suppliers are requested to disclose the data of carbon-dioxide emission and the business continuity plan (BCP).

### **Health and Safety for Hazardous Work in Construction**

NEC takes appropriate health and safety measures for the hazardous work in construction.

Suppliers are requested to cascade the health and safety to subcontractors. Concretely, suppliers are requested to control and supervise the working condition in the construction site, by means of the OHS education to workers and of providing safety tools and measures.

### **Addressing of Modern Slavery and Human Trafficking**

NEC supports to prevent modern slavery and human trafficking, and shall not purchase items which may be associated with such concerns.

Suppliers are requested to establish the management system to prevent such modern slavery and human trafficking, and also requested to cascade the prevention to upstream tier suppliers.

## 6. Conclusion

Many of the products and services the NEC Group offers to customers are based on materials and services supplied by our suppliers. Guided by the NEC Group Procurement Policy, NEC believes it is essential to deepen collaboration with its business partners, while promoting CSR activities together.

As a consequence of such activities, NEC hopes a mutual prosperity of business with suppliers, through cultivating the Win-Win relationship.

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