



CODE OF CONDUCT FOR SUPPLIERS

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1 NEC's Code of Conduct for Suppliers

11 General

NEC's Code of Conduct for Suppliers (the "NEC Code") sets out our values and the principles about how we work and what we require as a minimum. The NEC Code applies to anyone with whom we do business including our subcontractors, consultants and all Suppliers of goods and services (together, referred to as "Suppliers").

The NEC Code is based on the UN Guiding Principles for Business and Human Rights and the OECD Guidelines for Multinational Enterprises as well as other international standards, norms, and guidelines (see 'References' for a full list) and may be updated from time to time.

NEC is committed to working only with business partners whose standards are consistent with our own. As a minimum, NEC expects its Suppliers to demand the same or enhanced standards from their subcontractors, consultants, and Suppliers. The NEC Code cannot cover every possible circumstance, so we expect our Suppliers to use their best judgement in applying the principles and keeping with the spirit of the NEC Code.

References to "NEC" includes NextEnergy Capital Limited and all group companies, affiliates and funds managed by the NEC Group.

12 Compliance with laws and regulations

Suppliers shall comply with all applicable local and national laws, rules, and regulations in the countries where they operate. NEC requires Suppliers to meet the more stringent requirements between the NEC Code and applicable laws and regulations and to work with their own Suppliers towards that goal.

In case of contradictions or any inconsistencies between this NEC Code and applicable laws and regulations the Supplier shall promptly inform NEC.

13 Commitment to continuous improvement

NEC recognises that Suppliers will be at different stages of maturity and commits to working with Suppliers to achieve continuous improvement.

If NEC finds that a Supplier is not meeting the requirements and expectations set out in the NEC Code, NEC will notify the Supplier which issues need to be corrected or improved. The Supplier should then take corrective actions promptly and commit to showing progress.

NEC also encourages Suppliers to participate in initiatives aiming to raise the standard of an entire sector or across sectors, where applicable.

14 Consequences in case of violations

Suppliers shall address any violations or possible violations of the NEC Code or equivalent standards that come to their knowledge by notifying NEC immediately and to take appropriate remediation action including implementing a time-bound programme of improvement works to ensure compliance. NEC will seek appropriate measures depending on the severity of the violation.

Persistent failure to comply with the NEC Code or repeated and unjustified refusal to provide the required information may also result in NEC suspending or terminating the Supplier's activities with NEC. Such termination will be at no additional cost to NEC.

15 Due diligence and transparency

15.1 General

NEC shall have the right to conduct due diligence on its Suppliers by regularly and systematically identifying and assessing human and labour rights, environment and business ethics related risks and impacts in its supply chain and to use this information to avoid or mitigate the impacts to ensure that it sources responsibly.

NEC requires Suppliers to allow NEC, or a third party authorised by NEC and reasonably acceptable to the Supplier, to conduct audits and assessments of the Supplier's operations relevant for the NEC Code, including but not limited to the Supplier's facilities. Such Supplier must cooperate by providing relevant information and by making individuals available so that NEC can conduct a meaningful audit.

At the Supplier's request, the parties involved in any such audit shall enter into a confidentiality agreement regarding the circumstances disclosed in the audit or assessment.

NEC also expects Suppliers to conduct appropriate due diligence in their own operations and supply chain and report on any findings.

Conflict-affected and other high-risk areas

Suppliers shall assess whether their own operations, or supply chains are in or sourced from conflict-affected or other high-risk areas and in such cases adapt enhanced due diligence measures suited to the specific context.

Management systems and monitoring

Suppliers should have adequate management systems and controls in place to ensure compliance with the NEC Code or agreed equivalent standards. The functioning and quality of the Supplier's management system should be in proportion to the size, complexity, and risk environment of the Supplier's business. Suppliers should secure and monitor that their own Suppliers and sub-Suppliers comply with the NEC Code.

2 Human rights and labour rights

21 General

NEC requires its Suppliers to respect internationally proclaimed human rights and to abide to the principles set in NEC Human Rights Position Statement.

Requirements related to Supplier personnel in the NEC Code shall apply to all the Suppliers' workers including temporary, migrant, student, and contract workers as well as direct employees. All workers shall have the right to enter and to terminate their employment freely.

Suppliers will avoid causing, contributing, or being linked to negative human rights impacts.

22 Indigenous people

Suppliers shall respect the rights of indigenous and tribal peoples and their social, cultural, environmental, and economic interests, including their connection with lands and other natural resources.

Suppliers should follow the principles of free, prior, and informed consent (FPIC), and participation to obtain broad-based consent of indigenous and tribal peoples in their activities, in line in the NEC Sustainable Investment Policy and Human Rights Position Statement.

23 Community engagement and development

Suppliers shall respect the rights, interests, and development aspirations of affected communities during significant changes of Suppliers normal operations. Community engagement should be carried out in an inclusive, equitable, culturally appropriate, gender-sensitive, and rights-compatible manner.

24 Child labour and young workers

Suppliers shall work against all forms of child labour. Suppliers should not participate in, or benefit from any form of child labour. If child labour is detected a remediation programme shall be put in place.

Suppliers shall not employ children below the minimum age of employment or the age for completing compulsory education in that country, whichever is higher. Suppliers shall not employ any workers under the age of 18 to perform any work that is defined in national law as hazardous.

Child labour laws for local communities and activities for minors' employment must be strictly complied with.

25 Use of security personnel

Suppliers shall ensure that all security personnel, including contracted security personnel, respect the human rights and dignity of all people and in case of threat use reasonable force, proportional to the threat.

26 Modern slavery and forced labour

Suppliers shall not participate in, or benefit from any form of forced labour, including bonded labour, involuntary prison labour, slavery, servitude, or work performed under the menace of a penalty or coercion.

All forms of modern slavery are unacceptable to NEC.

27 Working conditions**27.1 Hours of work**

Suppliers should ensure that normal working hours and overtime working hours are within the limits permitted by applicable laws and regulations or agreed to in relevant collective agreements.

27.2 Wages, leave and benefits

Suppliers shall pay a wage including benefits that meets basic needs and strive for a discretionary income in compliance with applicable laws and/ or relevant collective agreements as applicable. Correspondingly workers shall be compensated for overtime at pay rates greater than regular hourly rates.

28 Health and Safety

Suppliers shall provide a safe and healthy environment across all locations where work is undertaken and when the Supplier is providing housing facilities to its personnel.

All work shall be preceded by and be based on documented adequate risk management with implemented controls. This shall include physical, social, and organisational health risks.

Risks shall be reduced according to the following hierarchy: Elimination, substitution, engineering controls, administrative controls, and as a last hand alternative, personal protective equipment.

29 Freedom of association and collective bargaining

Suppliers shall recognise and respect the rights of employees to freely associate, organise and bargain collectively, if they so wish to.

In situations where the right to freedom of association and collective bargaining is restricted by applicable laws and regulations, NEC expects Suppliers to allow alternate forms of worker representations.

210 Non-discrimination

Suppliers shall not practice any form of discrimination in hiring and employment practices.

Illegitimate grounds for discrimination include but are not limited to race, color, gender, age, language, property, nationality or national origin, religion, ethnic or social origin, caste, economic grounds, disability, pregnancy, belonging to an indigenous people, trade union affiliation, political opinion, sexual orientation.

211 Grievance channels and remediation mechanisms

Suppliers should make available appropriate grievance mechanisms that are available to personnel and interested parties, including affected communities, to make comments, recommendations, reports, or complaints concerning the workplace, the environment or Supplier's business practices.

Suppliers shall have routines for dealing with harassment and communicate that any form of harassment is unacceptable and must be reported.

3 Environment**31 General**

NEC expects its Suppliers to manage their operations responsibly in relation to environmental risks and impacts, to adopt a precautionary approach, and to have a life cycle perspective in their business operations. Resources such as water and energy should be used efficiently and impacts on biodiversity as well as services provided by our eco-systems should be minimised.

32 Environmental legislation

Suppliers shall obtain and maintain all required permits and licenses and comply with the operational and reporting requirements of such permits and licenses.

33 Environmental protection

Suppliers shall endeavor to avoid or reduce any waste or emissions as a result of their business activities. Suppliers should use efficient technologies which aim to reduce the environmental impact as much as possible.

NEC expects Suppliers to adopt a precautionary approach and where applicable respect the polluter pays principles.

Suppliers shall manage hazardous substances responsibly and where possible hazardous substances should be substituted for less hazardous.

34 Circular Economy

Suppliers should endeavor to procure goods and equipment that have the highest standard of durability, ability for recycling, and easy access for maintenance and repair.

35 Environmental Management Systems

Suppliers whose activities have an environmental impact shall have a structured and systematic approach to take environmental aspects into account that includes establishing suitable management systems to improve environmental performance, setting targets, and performing follow-ups.

4 Business integrity

NEC expects its Suppliers not only to conduct business in compliance with all applicable national and international laws and regulations but to adhere to internationally agreed standards of business ethics.

5 Anti-corruption

Suppliers shall not engage in or tolerate any form of corruption, bribery, money laundering, extortion, or embezzlement. Suppliers shall not offer or accept any benefits or other means to obtain any undue or improper advantage. Such improper benefits may comprise cash, non-monetary gifts, pleasure trips or services and amenities of any other nature.

6 Conflict of interests

Suppliers shall avoid conflicts of interest that may compromise the Supplier's credibility in the NEC Group or other exterior parties' confidence in the NEC Group.

7 References

In preparing the NEC Code the following references were consulted:

1. 1948 Universal Declaration of Human Rights (UDHR) <https://www.un.org/en/about-us/universal-declaration-of-human-rights>
2. Children's Rights and Business Principles https://d306pr3pise04h.cloudfront.net/docs/issues_doc%2Fhuman_rights%2FCRBP%2FChildrens_Rights_and_Business_Principles.pdf
3. International Labour Organization, specifically the documents listed below: <http://www.ilo.org>
 - Declaration on Fundamental Principles and Rights at Work from 1998
 - Forced Labour Convention (C.29-1930)
 - Abolition of Forced Labour Convention (C.105-1957)
 - Minimum Age Convention (C.138-1973)
 - Prohibition and Immediate Elimination of the Worst Forms of Child Labour Convention (C.182-1999)
 - Equal Remuneration Convention (C.100-1951)
 - Discrimination (Employment and Occupation) Convention (C.111-1958)
 - Freedom of Association and Protection of the Right to Organise Convention (C. 87- 1948)
 - Right to Organise and Collective Bargaining Convention (C. 98-1949)
 - Guidelines on Occupational Safety and Health (ILO-OSH-200)
4. ISO 14001 <http://www.iso.org/iso/iso14000>
5. ISO 26000:2010 Guidance on Social Responsibility <https://www.iso.org/standard/42546.html>
6. OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict- Affected and High-Risk Areas <https://www.oecd.org/corporate/mne/GuidanceEdition2.pdf>
7. OECD Guidelines for Multinational Enterprises <https://www.oecd.org/daf/inv/mne/48004323.pdf>
8. OHSAS 18001, replaced by: <https://www.iso.org/standard/63787.html>
9. Rio Declaration, Agenda 21 www.unep.org
10. Social Accountability 8000 www.sa-intl.org/
11. UK Modern Slavery Act <https://www.legislation.gov.uk/ukpga/2015/30>
12. UN Global Compact <https://www.unglobalcompact.org/>
13. UN Guiding Principles on Business and Human Rights https://www.ohchr.org/documents/publications/guidingprinciplesbusinesshr_en.pdf
14. UN National Human Rights Action plans <https://www.ohchr.org/en/issues/plansactions/pages/plansofactionindex.aspx>
15. UN Sustainable Development Goals <http://www.un.org/sustainabledevelopment/>
16. United Nations Convention against Corruption <http://www.unodc.org/unodc/en/treaties/CAC/index.html>
17. Voluntary Principles of Business and Human Rights www.voluntaryprinciples.org
18. OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict- Affected and High-Risk Areas www.oecd.org/corporate/mne/mining.htm
19. Free Prior and Informed Consent – An Indigenous Peoples' right and a good practice for local communities – FAO www.fao.org/3/a-i6190e.pdf
20. NEC Sustainable Investment Policy and Human Rights Position Statement <https://www.nextenergycapital.com/sustainability/sustainable-investing/>