



> NORTEL

SUPPLIER CODE OF CONDUCT

NORTEL



Nortel

Supplier Code of Conduct

Introduction

Nortel continually strives to develop and promote high standards of business behavior and social responsibility. Our Guide to Ethical Business Practice promotes fairness and dignity for the people and environments wherever we do business. To this end, Nortel has established a Supplier Code of Conduct that outlines certain principles expected from our supplier base and throughout the Nortel supply chain. Nortel expects all suppliers — especially our “Strategic” suppliers — to adopt and adhere to policies and procedures that uphold the same high standards of integrity and ethical business practice Nortel does. It is important to Nortel that all suppliers represent us in a manner that enhances our reputation and relationships with our stakeholders, including customers, around the world.

Principles of the Supplier Code of Conduct

The Supplier Code of Conduct is based on three overriding principles:

- 1. Be Honest and Obey All Applicable Laws:**
Commit to act in accordance with all relevant laws, regulations and industry standards in the countries in which suppliers operate.
- 2. Treat People with Dignity and Respect:**
Adopt and promote labor practices that foster the dignity of the individual as well as conform to all local laws and regulations.
- 3. Protect and Enhance the Environment:**
Recognize global and local environmental responsibilities and take all commercially reasonable steps to safeguard the environment.

Be Honest and Obey all Applicable Laws

Nortel expects that its suppliers will abide by all applicable laws and compete fairly in the marketplace. Under no circumstances is it acceptable to offer, give, solicit or receive, directly or indirectly, any form of bribe, kickback or any improper or illegal inducement.

Treat People with Dignity and Respect

Nortel expects its suppliers to treat all persons engaged in the course of doing business with dignity and respect. Suppliers are expected to adopt sound labor practices and treat their workers fairly and, at a minimum, in accordance with local laws and regulations in all of their operations worldwide as outlined below:

Working environment

In accordance with applicable laws and industry standards, provide employees with a safe and healthy working environment, with access to adequate safety training appropriate for the particular industry.

- › Provide a working environment where workers are able to work without duress or fear of physical punishment.

Child or forced labor

Commit to a zero-tolerance policy toward the use of child labor, and adhere to the United Nations Convention on the Rights of the Child and the International Labor Organization's child labor conventions.

- › Employ workers who choose to be employed by that company. The supplier will not use any forced labor or any non-voluntary labor.

Working hours

Do not require employees who are in a non-management or non-supervisory role to work excessive hours, in accordance with industry benchmarks. Any overtime should be voluntary on the part of all employees.

Wages and benefits

Pay employees, at a minimum, a living wage based on local and industry standards which enables employees to meet the basic needs of themselves and their families and receive payment in due time for services rendered in accordance with the local and industry standards.

Workforce diversity

Have the strongest policy permitted under local standards and national laws prohibiting discrimination based on race, national origin, gender, religion, age, sexual orientation, disability, or other factors that have no bearing on job performance.

Terms of employment

At a minimum, follow all national laws with respect to the length, conditions and termination of employment.

Freedom of association

Agree to work directly with employees to find solutions to any outstanding legal and employment issues while at all times respecting any applicable rights to be represented. In no manner should Nortel suppliers attempt to prohibit this right.

In particular, suppliers agree to comply with local laws so that workers' rights are maintained, including the rights to join labor unions, seek representation and/or bargain collectively.

Protect and Enhance the Environment

Nortel expects that its suppliers will take the necessary steps to protect the environment in the various regions of the world in which they operate. Nortel expects its supplier base to meet current and emerging compliance expectations on a global basis. Suppliers must be prepared to work towards the following goals:

- › Meet emerging global compliance expectations.
- › Develop innovative solutions to environmental issues before they arise and take responsibility for the environmental impacts of their products.
- › Commit to implementing solutions to any environmental concerns that may arise as a result of their operations.
- › Follow all local environmental laws and regulations of the jurisdictions in which they conduct business.
- › Implement environment, health and safety management systems, for example ISO 14001 and OHSAS 18001.

Implementation of the Supplier Code of Conduct

All direct suppliers to Nortel will be asked to complete a short questionnaire which assesses, at a high level, the state of their compliance with the Supplier Code of Conduct. Based on these answers, Nortel may request a supplier to answer a more detailed set of questions, approximately 40 in total. If a high-risk situation is identified, Nortel may, after written notice is given and the consent of the supplier is received, direct an external, independent auditor to conduct an on-site visit which may last several days. Wherever a situation of potential non-compliance to the Supplier Code of Conduct is identified, Nortel will work with the supplier to develop a plan to improve such a situation. Nortel will consider a supplier's willingness to demonstrate compliance or work toward improvement of non-compliance as a factor in assigning a designation as a "Strategic" supplier.

In the United States:

Nortel
35 Davis Drive
Research Triangle Park, NC 27709 USA

In Canada:

Nortel
195 The West Mall
Toronto, Ontario M9C 5K1 Canada

In Caribbean and Latin America:

Nortel
1500 Concorde Terrace
Sunrise, FL 33323 USA

In Europe:

Nortel
Maidenhead Office Park, Westacott Way
Maidenhead Berkshire SL6 3QH UK
Email: euroinfo@nortel.com

In Asia:

Nortel
United Square
101 Thomson Road
Singapore 307591
Phone: (65) 6287 2877

Nortel is a recognized leader in delivering communications capabilities that make the promise of Business Made Simple a reality for our customers. Our next-generation technologies, for both service provider and enterprise networks, support multimedia and business-critical applications. Nortel's technologies are designed to help eliminate today's barriers to efficiency, speed and performance by simplifying networks and connecting people to the information they need, when they need it. Nortel does business in more than 150 countries around the world. For more information, visit Nortel on the Web at www.nortel.com. For the latest Nortel news, visit www.nortel.com/news.

For more information, contact your Nortel representative, or call 1-800-4 NORTEL or 1-800-466-7835 from anywhere in North America.

Nortel, the Nortel logo, Nortel Business Made Simple and the Globemark are trademarks of Nortel Networks. All other trademarks are the property of their owners.

Copyright © 2008 Nortel Networks. All rights reserved. Information in this document is subject to change without notice. Nortel assumes no responsibility for any errors that may appear in this document.

NN118656-070908



BUSINESS MADE SIMPLE