

Electronics Watch Contract Conditions with Guidance for Contractors

Part I: Contract Conditions



The overall goal of the Contract Conditions is to establish an effective and realistic framework of collaboration between the Contractor, Suppliers, Affiliates and Electronics Watch that results in meaningful and verifiable improvements for workers in the electronics supply chains of Affiliates. There are several differences between Generation 1 and the present version, Generation 2, of the Contract Conditions. The present version:

- Lightens the work for the Contractor by eliminating the requirement for a Contractor Compliance Plan and reporting the volume of business between the Contractor and its Suppliers.
- Invokes the concept of “reasonable and proportionate endeavours” to clearly demarcate obligations that are qualified rather than absolute.
- Defines the disclosure and verification requirements more precisely, specifically limiting the extent of disclosure of component suppliers.
- Clarifies the conditions under which the Affiliate can request onsite access to Factories.
- Provides that affiliates can request a report on the inventory of chemicals used and stored upon evidence of breach of the health and safety standards of the Code, but such reports are not mandatory upon contract signing.
- Expands the escalation phase of the contract enforcement process, suggesting suspension prior to termination of contract, to maximise opportunities for remediation of breach.
- Introduces the concept of Third Party Rights to allow workers involved in the production of the subject matter of the contract to initiate the enforcement process and ensure that they benefit as intended from the contract terms.

Introductory provisions

1. These Conditions are for inclusion in a contract between the Affiliate and the Contractor

for the supply of electronic goods.

OR

These Conditions are for inclusion in a contract for goods and services between the Affiliate and the Contractor, which involves the temporary or permanent provision of electronic goods.



These clauses may apply when Affiliates procure and own the hardware or when they obtain the hardware as part of service and do not own it outright.

2. In these Conditions:

"Affiliate" means an affiliate of Electronics Watch who, as a contracting authority (as defined in Directive 2014/24/EU), monitors Code compliance in Factories through Electronics Watch;

"Code" means the Electronics Watch Code of Labour Standards contained at Part III to these Conditions, or an equivalent code¹ of international labour standards²;



A Contractor may substitute their own code for the Electronics Watch Code as long as it meets the equivalency requirements described in footnote 1.

"Conditions" means the Electronics Watch Contract Conditions for Supply Contracts;

"Contract" means the legally binding agreement between the Affiliate and the Contractor that requires the Contractor to supply the Goods under the terms of the Conditions;

"Contract of Employment" means a contract of service or apprenticeship, whether express or implied, and (if it is express) whether oral or in writing;

"Contractor" means the business enterprise that enters into the Contract with the Affiliate;

"Disclosure Form" means the disclosure form contained at Part II to these Conditions;

"Electronics Watch" means Stichting Electronics Watch Foundation, whose registered office is Sarphatistraat 30, 1018 GL Amsterdam, The Netherlands;

¹ Equivalent codes require compliance with country of production labour laws, including health and safety regulations, and international labour standards, including the ILO core conventions (please see clause 2 at Part III to these Conditions).

² Please see Article 42(13) of the Public Contracts Regulations 2015 that indicates that where a precise description of the subject-matter of a contract is not possible, reference to the contract shall be accompanied by the words "or equivalent".

"Employee" means an individual who has entered into or works under (or, where the employment has ceased, worked under) a Contract of Employment with the Contractor and/or a Supplier;

"Factory" means an assembly factory in which any of the Goods are assembled or a component supplier factory in which the main (based on value) electronic components used in the assembly of any of the Goods are produced;

"Goods" means the electronic goods (including components) that form the subject matter of the Contract (including goods and components that are supplied only temporarily as part of a service contract);

"Monitor" means a civil society organisation under contract with Electronics Watch to monitor Code compliance at Factories;

"Socially Responsible Trading Conditions" means, in general, trading conditions under which the Goods can be produced in compliance with the Code, and specifically includes a fair and reasonable timeframe for delivery, forecasting that mitigates business spikes, fair pricing of Goods, and a proportionate transfer of risk through the supply chain;

"Supplier" means any of the Contractor's suppliers and sub-suppliers of any tier involved in the manufacturing process for the production of the Goods;

"UNGP" means United Nations Guiding Principles on Business and Human Rights endorsed by the UN Human Rights Council in June 2011 as amended from time to time;

"Working Day" means any day other than a weekend or a bank or public holiday in the jurisdiction under which the Contract is governed.³

Contractor's Obligations

3. In performing its obligations under the Contract, the Contractor shall comply with all applicable labour, anti-slavery and human trafficking laws, statutes and regulations from time to time in force, and undertake its business in a manner that is consistent with the Code, the UNGP, and Socially Responsible Trading Conditions.
4. The Contractor represents and warrants that, at the date of this agreement, neither the Contractor nor any of its officers, employees or agents have been convicted of any offence involving modern slavery and/or forced labour and/or human trafficking, nor have they been or are the subject of an investigation, inquiry or enforcement proceedings by any governmental, administrative or regulatory body regarding any offence or alleged offence of or in connection with modern slavery and/or forced labour and/or human trafficking.

³ Note: definition should mirror the definition "days" in the underlying contract.



Sections 3-4: These clauses are intended to ensure that the Contractor's own operations reflect the standards expected of Factories in the supply chain of the Contractor. In particular the Contractor must ensure it is not in any way involved in modern slavery, forced labour or human trafficking.

Due Diligence

5. The Contractor shall exercise due diligence by identifying and mitigating the risk of potential breaches and remedying actual breaches and preventing recurrence of breaches of the standards contained in the Code in the production of the Goods and the performance of the Contract.



Section 5: The concept of due diligence is adapted from the UN Guiding Principles Reporting Framework: "An ongoing risk management process...in order to identify, prevent, mitigate and account for how [a company] addresses its adverse human rights impacts." The concept takes into account the existence of legally separate entities in the supply chain that cannot always compel action by another entity.

6. In order to exercise due diligence the Contractor shall, as a minimum, throughout the term of the Contract:
- a. use any bargaining power which it has over its Suppliers, including contractual rights and commercially viable incentives, to procure, in the spirit of continuous improvement, the Goods in accordance with the Code, the UNGP, and Socially Responsible Trading Conditions;
 - b. use reasonable and proportionate endeavours to include, in its contracts with Suppliers:
 - i. a provision obliging the Supplier to procure the Goods in accordance with the Code; and
 - ii. engagement and escalation provisions equivalent to those set out in paragraphs 14 to 19 below, to take effect upon breach by the Supplier of its obligation to procure the Goods in accordance with the Code;



Section 6b: Here and in other clauses the phrase "reasonable and proportionate endeavours" signify qualified obligations in contrast to absolute obligations. The Contractor is only required to establish and provide evidence of a process that seeks to fulfill a qualified

obligation rather than to commit to it absolutely. Accordingly, a qualified obligation will not automatically be breached if a Contractor fails to satisfy it. "Reasonable and proportionate endeavours" can be further defined as what a reasonable and prudent person, acting properly in their own commercial interest and applying their minds to the contractual obligation, would have done to achieve the result (based on English case law). In contrast to "best endeavours," the concept of "reasonable and proportionate endeavours" signifies that a Contractor is not required to sacrifice its own commercial interest to achieve the result. Electronics Watch has provided further [operational guidance](#) to define the endeavours a Contractor should undertake to comply with the Contract Conditions.

- c. implement an appropriate system of training for the Contractor's employees to ensure compliance with the Code;
- d. notify the Affiliate and/or Electronics Watch as soon as it becomes aware of any breach, or potential breach of the Code or these Conditions, or any actual or suspected modern slavery and/or forced labour and/or human trafficking related to the manufacturing process for the production of the Goods; and
- e. use its reasonable and proportionate endeavours to procure that its Suppliers cooperate and engage with Electronics Watch in remedying and preventing breaches.

Disclosures and Verification

7. Within 25 Working Days of the date of the Contract (or as soon as reasonably practicable) and free of charge, the Contractor shall, by way of a completed Disclosure Form, inform the Affiliate and Electronics Watch of:
 - a. the Factories where the Goods are produced (including their legal names and complete physical addresses);
 - b. the specific products or components produced in each Factory.

The Contractor shall as soon as reasonably practicable notify the Affiliate and Electronics Watch of any changes to the information provided in its Disclosure Form, of which it becomes aware.



[Section 7: The Guidelines for Disclosure of Factories](#) offers a succinct and practical definition of the Factories Contractors should disclose to affiliates and Electronics Watch. To facilitate disclosure of component suppliers, Electronics Watch has developed a value and risk-based definition of the main components, and suggests contractors disclose

suppliers of the top 10 components for every product model that is the subject matter of the contract.

8. The Contractor shall use reasonable and proportionate endeavours to disclose the compliance findings in summary or in whole (or, if available for disclosure, the audit reports) relating to the Factories conducted within the previous 24 months which it is able to discover and obtain through reasonable enquiries. These disclosures shall be made within 25 Working Days of the date of Contract (or as soon as reasonably practicable).

The Contractor shall make enquiries of every direct Supplier every 6 months into whether any further compliance finding (or, if available for disclosure, audit reports) relating to the Factories have been undertaken, and disclose such findings in accordance with the provisions of this paragraph.



Section 8: Routine disclosure of full or summary audits following a period of days (such as 25 Working Days) of the date of contract furthers the transparency and communication that form the basis for constructive collaboration in monitoring and remediation. Audits, even in summary form, may provide valuable information on issues that companies address and how they address them and, likewise, may indicate issues that are not addressed. They help Electronics Watch and its affiliates focus on issues or sites that industry are not addressing. Audit summaries may be shared with Electronics Watch under a non-disclosure agreement.

Contractor's obligations in respect of the Supplier

9. Upon evidence of a Supplier's breach of the Code, the Contractor shall collaborate with the Affiliate and Electronics Watch and use reasonable and proportionate endeavours to:
 - a. obtain access for Monitors to the Factories where there has been a breach, including:
 - i. visits to all relevant work floors, hostels, and/or dormitories;
 - ii. worker interviews without the presence of supervisors or management;
 - iii. examination of relevant factory records, including:
 1. collective bargaining agreements;
 2. personnel records;
 3. records of working hours and wages paid;
 4. records of social security payments, pension contributions, and holiday pay;
 5. grievance procedures;
 6. disciplinary log books;

7. health and safety policies; and
 8. other relevant factory records.
- b. obtain and provide to Electronics Watch the Suppliers' full written compliance findings and corrective action plans related to the actual or potential breach;
 - c. obtain and provide to Electronics Watch the inventory of chemicals used and stored and related health and safety and environmental impact monitoring reports for each Factory where there has been an actual or potential breach of the health and safety standards of the Code; and
 - d. report to the Affiliate and Electronics Watch on the extent to which its trading conditions and its Suppliers' trading conditions adversely affect its compliance with the Code in the specified Factories, and/or contravene the Socially Responsible Trading Conditions.



Sections 9 b, c, d: Following evidence of a Supplier's breach of the Code, Electronics Watch seeks constructive dialogue to resolve problems in Factories through solutions that recognize the complexity of the environment. This process requires Contractors and Suppliers to report and discuss their findings, root cause analysis, and corrective actions fully and transparently. One way to satisfy these reporting requirements is for the Contractor and Suppliers to disclose audit reports in full. If reports are submitted in different formats they should discuss findings in *specific terms*, not just general categories. The reports should also be *comprehensive*, addressing each one of Electronics Watch findings. Finally, they should describe the methodology in concrete terms.

10. The Contractor shall:

- a. comply with, and use reasonable and proportionate endeavours to ensure that its Suppliers comply with, all applicable whistleblowing laws, statutes and regulations in force from time to time in the jurisdiction where the Goods are manufactured;
- b. implement and maintain, and use reasonable and proportionate endeavours to ensure that its Suppliers implement and maintain, an appropriate whistleblowing policy to ensure the protection and support of any of its personnel and/or the Suppliers' personnel that notifies the Contractor, the Affiliate or Electronics Watch of any actual or potential breach of these Conditions or any applicable laws, statutes and regulations; and
- c. irrespective of whether or not a Contractor or a Supplier (as applicable) maintains a sufficient whistleblowing policy, use reasonable and proportionate endeavours

to ensure that whistleblowers who face any detrimental treatment as a result of raising a genuine concern receive adequate remedy; and

- d. the whistleblowing policy referred to in paragraph 10b. above shall as a minimum:
 - i. encourage openness and support whistleblowers who raise genuine concerns, even if they turn out to be mistaken;
 - ii. protect whistleblowers from any detrimental treatment as a result of raising a genuine concern and establish a dedicated whistleblowing officer who is responsible for investigating any such treatment; and
 - iii. establish disciplinary sanctions to apply to any personnel who commit threats or acts of retaliation against whistleblowers.

Transparency

11. The Contractor agrees to Electronics Watch making the following information publicly available (to the extent permitted by law in the applicable jurisdiction):
 - a. the identities of the Suppliers and the Factories listed in the Disclosure Form; and
 - b. Electronics Watch monitoring reports relating to the Contractor once the Contractor has had a reasonable opportunity to review and address the findings of such monitoring reports; and



Section 11: Only the names and locations of the Factories and Electronics Watch monitoring reports can be made public. Other information that Contractors or Suppliers share with Affiliates and Electronics Watch under these Contract Conditions will be treated confidentially. When Electronics Watch releases its own monitoring reports to the public, we follow our [Transparency Policy](#), which requires a substantial period of engagement towards remediation prior to publication.

12. The Contractor shall use reasonable and proportionate endeavours to obtain any legally necessary consent to the publication of such information listed in paragraph 11.
13. Where information provided by the Contractor is shared with third parties (such as Monitors and other Affiliates, to enable them to support verification), those third parties will undertake not to make any onward disclosure or alternative use of the information unless required to do so by law.

Engagement and Escalation⁴

Escalation Process

14. Where the Contractor or the Affiliate has reasonable grounds to believe that the Contractor has failed to comply with its obligations under these Conditions, the Contractor shall promptly collaborate with the Affiliate and Electronics Watch to allow the Affiliate to determine whether such failure has occurred and, if so, how such failure may be corrected without immediate recourse to contractual sanctions.
15. The Affiliate (or Employees pursuant to paragraph 23 below) may at its discretion require the Contractor to:
 - a. provide a written explanation to the Affiliate and Electronics Watch of its failure or potential failure to comply with its obligations, any corrective steps which it proposes to take, and the period within which such steps will be taken; and/or
 - b. arrange for an appropriately senior representative of the Contractor to attend a meeting with the Affiliate and Electronics Watch, and take any corrective steps reasonably required by the Affiliate and Electronics Watch.
16. The Contractor shall carry out the requirements set out in paragraphs 14 and 15 at its own risk and within a reasonable period, relative to the term of the Contract, as determined by the Affiliate (acting reasonably).
17. If a failure to comply with the Contractor's obligations under these Conditions has occurred repeatedly or requests to act are ignored persistently, the Affiliate may serve a written notice on the Contractor:
 - a. specifying that the notice is a formal warning notice;
 - b. giving reasonable details of the Contractor's breach; and
 - c. stating that the breach is a breach which, if it recurs frequently or continues, may result, first, in suspension, and, then, in termination of the Contract.
18. If, following service of a warning notice under paragraph 17 above, the breach specified has continued for an excessive period of time or recurred excessively in the sole

⁴ Note: where the Affiliate intends to rely exclusively on its own contract management, engagement and enforcement provisions contained elsewhere in the Contract, this section should be omitted.

determination of the Affiliate (acting reasonably), then the Affiliate may serve another written notice on the Contractor:

- a. specifying that it is a final warning notice;
- b. stating that the breach specified has been the subject of a warning notice served within the 12 month period prior to the date of service of the final warning notice; and
- c. stating that if the breach continues for a specified period or recurs a specified number of times after the date of service of the final warning notice, the Contract may be, first, suspended, then, terminated.

19. Following service of a final warning notice under paragraph 18 above, the Affiliate may also serve a further notice (in accordance with the Contract) suspending the operation of the Contract pending the Contractor's remedy of the breach(es).



Sections 14-19: The period of escalation prior to possible sanctions is intended to provide as much opportunity for remediation of contractual breaches as possible.

Sanctions

20. Where a breach continues or recurs pursuant to paragraph 19 above, the Affiliate may terminate the Contract by written notice to the Contractor, with a notice period as advised by the Affiliate (acting reasonably).

21. The Contractor shall indemnify the Affiliate against any losses, damages, costs and expenses incurred by or awarded against the Affiliate as a result of any breach of these Conditions by the Contractor.

22. The Affiliate may set-off any sums due to it from the Contractor pursuant to paragraph 21 above against any sums owed to the Contractor under the Contract or under any other contract between the Contractor and the Affiliate.

Third Party Rights

23. In order to be able to assert their rights, Employees may enforce and rely on the rights, terms and conditions granted to the Affiliate in paragraph 15 above, [pursuant to the Contracts (Rights of Third Parties) Act 1999]⁵, as if the Employees were also parties to this

⁵ Note: to be included for contracts in England, Wales and Northern Ireland only. To be substituted by "Contract (Third Party Rights) (Scotland) 2017" in Scotland.

Contract.

24. The Affiliate and the Contractor confirm that it is their express intention to grant the rights set out in paragraph 23 for the benefit of Employees.
25. If there is any conflict or inconsistency between any of the provisions of the Contract and the provisions of paragraphs 23 and 24, then the provisions of paragraphs 23 and 24 shall prevail.



Sections 23-25: It has become a generally accepted principle across national jurisdictions, including European ones, as well as the international law of contracts, that contractual parties may stipulate in favour of a third party. In general there are three main requirements for a third party to be able to enforce the contract: the contractual parties must intend to grant a specific right to an identified or identifiable third party. For example, in England the Contracts (Rights of Third Parties) Act 1999 states that a third party may enforce contractual terms purporting to confer a benefit upon them provided that the third party is sufficiently identified within the contract and no contrary intention is demonstrated. The third party may be a member of class. Accordingly, Sections 23-25:

- Grants specific rights to third parties. These rights are limited to those provided for in Section 15.
- Identifies the third party recipients as a class, namely Employees (as defined in Section 2).
- Records the intention of the parties to grant these rights.
- Provides that these clauses will prevail in case of any conflict with terms in the principal contract such as a clause excluding third party rights.

Part II: Disclosure Form

The Disclosure Form is available separately to Electronics Watch affiliates.

Part III: Electronics Watch Code

Introduction

This Code sets out standards for the production of Goods. To be in compliance with this Code, the Contractor must exercise due diligence to ensure that the Goods are produced under conditions that comply with all the listed standards. This means:

- where the standards relate to the rights of and conditions for Employees, the Goods must be produced by Employees who benefit from all of those rights and conditions;
- where the standards relate to workplaces, the Goods must be produced in workplaces that meet all of these standards, and
- in both cases, the trading conditions should include a fair and reasonable timeframe for delivery, forecasting that mitigates business spikes, fair pricing of Goods, and a proportionate transfer of risk through the supply chain. Trading conditions should take into account their impact on wages in the Factories (see Socially Responsible Trading Conditions in Electronics Watch Contract Conditions).

Employees are involved in the production of Goods, for the purposes of this Code, if they have any involvement in the manufacturing of the Goods or of the electronic components from which the Goods are assembled, i.e., if they have any connection to the subject matter of the Contract.

For the purpose of this Code, the term “Employees” includes not only directly employed workers but also informal workers, as well as contract workers, subcontractors, agency and other sorts of temporary workers and all other persons performing work or work-related activities, including persons in training, interns and apprentices, and individuals exercising the authority, duties or responsibilities of an employee.

Standards

Goods must be produced in compliance with all applicable domestic laws, rules and regulations, including international standards that are applicable to employers under domestic law.

Whenever international and domestic standards differ the standard that affords the greater protection for Employees and Communities shall apply, unless this Code requires the performance of an act that violates a domestic law in a country of production. In particular, international standards must be honoured by:

- permitting all activities related to freedom of association that are not prohibited by domestic law, and
- avoiding practices that violate international standards unless a practice is mandated by domestic law.

The Code is made up of three sections: Labour (Section A), Occupational Health and Safety (Section B), and Environment (Section C).

A. LABOUR

Standards

1. Domestic Labour Standards

Relevant applicable domestic labour law includes (but is not limited to) laws regulating:

- Wages and benefits, including overtime compensation;
- Hours of work, public holidays and leave;
- Discipline, violence, harassment and abuse;
- Contracts for short-term and long-term Employees;
- Freedom of association and collective bargaining;
- Prohibition of forced labour;
- Prohibition of child labour;
- Prohibition of discrimination, and
- Social security.

2. International Labour Standards

Goods must be produced with respect for the following international labour standards:

- ILO Core Conventions (ILO No. 29, 105, 87, 98, 100, 111, 138 and 182);
- Articles 23 of the United Nations Universal Declaration of Human Rights;
- Article 32 of the United Nations Convention on Rights of the Child, and
- Additional ILO Conventions and Recommendations listed in each subsection.

Examples of Violations

1. Employment is freely chosen

(Relevant ILO Conventions: No. 29⁶ and No. 105⁷)

All work must be undertaken voluntarily. No Employee must be coerced to work under the menace of any penalty, such as violence or intimidation, manipulated debt, retention of identity papers, or threats of denunciation to immigration authorities.

Examples of violations include but are not limited to:

- 1.1. Use of bonded labour. Examples of violations include but are not limited to requiring payment of a debt to the employer or a third party in order to leave employment.
- 1.2. Abuse of prison labourers. Examples of violations include, but are not limited to:
 - 1.2.1. Using a prisoner for work without that prisoner's consent.
 - 1.2.2. Treating prisoners less favourably than non-prisoners with respect to wages, hours of work, or health and safety protections.
- 1.3. Recruiting, transporting, transferring, harbouring or receiving persons by means of threat, force, coercion, abduction, fraud, deception, or abuse of power or of a position of vulnerability.
- 1.4. Prevention of an Employee from freely entering or leaving employment or a workplace. Examples of non-compliance include, but are not limited to:
 - 1.4.1. Preventing an Employee from voluntarily leaving a workplace, including dormitories and the Factory area.
 - 1.4.2. Locking any exits of a workplace or dormitory, unless it is ensured that no one is present indoors, e.g. for security reasons during off hours.
- 1.5. Holding, destroying, concealing, confiscating or refusing to return any personal document to an Employee upon request, including identity or immigration documents (e.g., passports, identity documents, work permits, residency papers) and employment contracts, unless otherwise required by law.

⁶ C029 - Forced Labour Convention, 1930 (No. 29), Convention concerning Forced or Compulsory Labour (Entry into force: 01 May 1932).

⁷ C105 - Abolition of Forced Labour Convention, 1957 (No. 105), Convention concerning the Abolition of Forced Labour (Entry into force: 17 Jan 1959!).

- 1.6. Using or threatening to use violence, deportation, visa cancellation, immigration action or arrest to force an Employee to work.
- 1.7. Use of economic coercion in conjunction with forced overtime. Examples of violations include but are not limited to:
 - 1.7.1. Requiring overtime work in order for an Employee to make a legally mandated minimum wage.
 - 1.7.2. Compelling an Employee to work hours beyond legal limits by threatening to terminate employment or eliminate overtime hours.
- 1.8. Forcing student Employees, interns and apprentices to complete an internship or apprenticeship against their will.
- 1.9. Imposing or threatening to impose a penalty on Employees, or other forms of coercion, in the event of legal resignation.

2. Fair recruitment

(Relevant ILO Conventions: No. 97⁸, 105,⁹ 111,¹⁰ 143¹¹)

The Employees shall not be subject to any abuses or fraudulent practices in recruitment. No recruitment fees or related costs¹² should be charged to, or otherwise borne by Employees or jobseekers. Examples of violations include but are not limited to:

- 2.1. Requiring recruited Employees or jobseekers to pay employers' or agents' recruitment fees or other related costs for their employment.
- 2.2. Failing to ensure that written employment contracts are concluded, and that they are transparent and are understood by the Employees. Examples of violations include, but are not limited to:
 - 2.2.1. Failing to specify the working conditions in an appropriate, verifiable, and easily understandable manner, in a language which the Employees can understand,

⁸ C097 - Migration for Employment Convention (Revised), 1949 (No. 97)

⁹ C105 - Abolition of Forced Labour Convention, 1957 (No. 105), Convention concerning the Abolition of Forced Labour (Entry into force: 17 Jan 1959!).

¹⁰ C111 - Discrimination (Employment and Occupation) Convention, 1958 (No. 111), Convention concerning Discrimination in Respect of Employment and Occupation (Entry into force: 15 Jun 1960).

¹¹ C143 - Migrant Workers (Supplementary Provisions) Convention, 1975 (No. 143)

¹² The terms 'recruitment fees' or related costs refer to any fees or costs incurred in the recruitment process in order for Employees to secure employment or placement, regardless of the manner, timing or location of their imposition or collection (ILO General principles and operational guidelines for fair recruitment).

- and through written contracts in accordance with national laws, regulations, employment contracts and applicable collective agreements.
- 2.2.2. Failing to inform the Employees of the terms and conditions of their employment, as well as the location, requirements and tasks of the job for which they are being recruited.
 - 2.2.3. Failing to obtain Employees' informed consent to the terms of the contract without deception or coercion.
 - 2.2.4. Failing to provide migrant Employees with their employment contracts sufficiently in advance of departure from the country of origin.
 - 2.2.5. Substituting or changing the employment contract upon arrival in the receiving country unless these changes are made to meet local law and provide equal or better terms.
- 2.3. Failing to evaluate compliance by other parties involved in the recruitment process (e.g., public employment services and private recruitment agencies) when Employees are not being directly recruited, or, where it is not feasible, to contractually require those parties to operate in accordance with legal requirements.
 - 2.4. Retaliating against or blacklisting Employees, in particular those who report recruitment abuses or fraudulent recruitment practices anywhere along their supply chain.
 - 2.5. Undertaking recruitment as a means to displace or diminish an existing workforce, lower wages or working conditions, or otherwise undermine decent work.
 - 2.6. Requiring jobseekers to renounce their rights to join and form workers' organisations and to bargain collectively in the recruitment process.
 - 2.7. Failing to provide or facilitate effective access to grievance and other dispute resolution mechanisms, and to appropriate remedies, for Employees who may have suffered abusive treatment in the recruitment process.
 - 2.8. Engaging Employees through agencies and other labour recruiters known to charge recruitment fees or related costs to Employees.

3. Freedom of association and the right to collective bargaining

(Relevant ILO Conventions: No. 87,¹³ No. 98¹⁴ and No. 135;¹⁵ Relevant ILO Recommendation: No. 143¹⁶)

¹³ C087 - Freedom of Association and Protection of the Right to Organise Convention, 1948 (No. 87) Convention concerning Freedom of Association and Protection of the Right to Organise (Entry into force: 04 Jul 1950).

¹⁴ C098 - Right to Organise and Collective Bargaining Convention, 1949 (No. 98), Convention concern-

The Employees must enjoy freedom of association and the right to collective bargaining. Examples of violations include but are not limited to:

- 3.1. Interference with an Employees' organisation or its efforts to organize Employees. Examples of non-compliance include, but are not limited to:
 - 3.1.1. Restricting the right of Employees to form or join a union of their own choosing.
 - 3.1.2. Promoting the formation of an Employees' organisation to compete against an existing Employees' organisation.
 - 3.1.3. Interfering with, manipulating or controlling an Employees' organisation.
 - 3.1.4. Spreading or contributing to the spread of misinformation against an Employee's representative or an Employee's organisation.
 - 3.1.5. Limiting the freedom of Employees to meet without management present.
 - 3.1.6. Restricting access of Employees' representatives to Employees in the workplace.

- 3.2. Discrimination against a member of an Employees' organisation. Examples of violations include but are not limited to:
 - 3.2.1. Using membership in, or activities with, an Employees' organisation as a factor when making hiring decisions.
 - 3.2.2. Using a blacklist of members of an Employees' organisation to ensure that they are not employed.
 - 3.2.3. Offering or providing any incentive to Employees to keep them from joining, or participating in the activities of, an Employees' organisation.
 - 3.2.4. Threatening, intimidating or harassing Employees who join, consider joining, or participate in the activities of, an Employees' organisation.
 - 3.2.5. Discriminating, retaliating, intimidating or harassing Employees who openly communicate and share ideas and concerns with management regarding working conditions and management practices.

- 3.3. Refusal to bargain collectively in good faith on any issue or failure to implement any term in a collective bargaining agreement. Examples of non-compliance include, but are not limited to:
 - 3.3.1. Refusing to bargain collectively.
 - 3.3.2. Limiting the issues that can be negotiated during collective bargaining.

ing the Application of the Principles of the Right to Organise and to Bargain Collectively (Entry into force: 18 Jul 1951), *df.*

¹⁵ C135 - Workers' Representatives Convention, 1971 (No. 135), Convention concerning Protection and Facilities to be Afforded to Workers' Representatives in the Undertaking (Entry into force: 30 Jun 1973),

¹⁶ R143 - Workers' Representatives Recommendation, 1971 (No. 143), Recommendation concerning Protection and Facilities to be Afforded to Workers' Representatives in the Undertaking.

- 3.3.3. Failing to implement any provision of a collective bargaining agreement in force.
 - 3.3.4. Contracts that do not provide Employees with significant monetary and non-monetary benefits beyond those already required by law and prevent Employees from benefitting from collective bargaining.
- 3.4. Interference with a strike by Employees or retaliation against any Employee for striking. Examples of non-compliance include, but are not limited to:
- 3.4.1. Hiring new Employees to replace striking Employees.
 - 3.4.2. Punishing any Employee for participating in a strike.
 - 3.4.3. Failing to reinstate all eligible Employees after striking.
 - 3.4.4. Using security guards, the police or armed forces to break up a peaceful strike or to arrest any striking Employee.

4. No discrimination in employment

(Relevant ILO Conventions: 100¹⁷ 111¹⁸ and 183¹⁹ and Article 68 of Convention 102²⁰; Relevant ILO Recommendation: No. 90²¹)

Discrimination must not be used in the hiring, conditions of work, pay, benefits, opportunities for promotion, access to training, retirement, termination, or any other aspect of the employment relationship. Examples of violations include but are not limited to:

- 4.1. Recruiting in a way that expresses a discriminatory preference.
- 4.2. Harassing an Employee in a way that discriminates, including sexual harassment.
- 4.3. Requiring an Employee to undergo a pregnancy test or to use contraception.
- 4.4. Requiring an Employee to undergo medical tests or physical exams that could be used in a discriminatory way.
- 4.5. Paying migrant Employees lower wages or less benefits or otherwise discriminate against migrant Employees.

For purposes of this section, “discriminate” means to treat an Employee differently based on that Employee’s age, gender, race, colour, origin, religious affiliation, political affiliation, sex-

¹⁷ C100 - Equal Remuneration Convention, 1951 (No. 100), (Entry into force: 23 May 1953).

¹⁸ C111 - Discrimination (Employment and Occupation) Convention, 1958 (No. 111), Convention concerning Discrimination in Respect of Employment and Occupation (Entry into force: 15 Jun 1960).

¹⁹ C183 - Maternity Protection Convention, 2000 (No. 183), Convention concerning the revision of the Maternity Protection Convention (Revised), 1952 (Entry into force: 07 Feb 2002).

²⁰ C102 - Social Security (Minimum Standards) Convention, 1952 (No. 102), Convention concerning Minimum Standards of Social Security (Entry into force: 27 Apr 1955).

²¹ R090 - Equal Remuneration Recommendation, 1951 (No. 90), Recommendation concerning Equal Remuneration for Men and Women Workers for Work of Equal Value.

ual orientation, gender identity and expression, membership in a union or other Employees' organisation, nationality, ethnicity, indigenous status, social origin, pregnancy, marital status, genetic information or physical or mental disability during any phase of employment.

5. Violence-free work environment

(Relevant ILO Convention: 155,²² 190;²³ Relevant ILO Recommendation: No. 206²⁴)

The Employees shall not be subject to any harsh or inhumane treatment including any sexual harassment, sexual abuse, corporal punishment, mental or physical coercion or verbal abuse, or the threat of any such treatment. Examples of violations include but are not limited to:

- 5.1. Failing to take measures to identify, assess, prevent and address any form of violence and harassment, bullying, intimidation, and/or exploitation, in particular, of women Employees, migrant Employees and other Employees belonging to vulnerable groups. Examples of non-compliance include, but are not limited to:
 - 5.1.1. Failing to take into account violence and harassment and associated psychosocial risks in the management of occupational safety and health.
 - 5.1.2. Failing to take measures to identify, assess, prevent and address any form of gender-based violence risks, including sexual harassment, sexual exploitation and abuse to Employees and Communities.
 - 5.1.3. Failing to ensure effective means of inspection and investigation of cases of violence and harassment occurring in the course of, linked with or arising out of work.
- 5.2. Failing to facilitate access to safe and effective complaint and dispute resolution mechanisms, support, services and remedies for victims of any form of violence and harassment at work.
- 5.3. Restricting the right of Employees to remove themselves from a work situation which they have reasonable justification to believe presents an imminent and serious danger to life, health or safety due to violence and harassment, without suffering retaliation or other undue consequences.

²² C155 - Occupational Safety and Health Convention, 1981 (No. 155)

²³ C190 - Violence and Harassment Convention, 2019 (No. 190)

²⁴ R206 - Violence and Harassment Recommendation, 2019 (No. 206)

6. No exploitation of child labour and young Employees

(Relevant ILO Conventions: No. 138²⁵ and No. 182²⁶; Art. 32 UN Convention on the Rights of the Child)

Child labour must not be exploited in the production of the Goods. Examples of violations include but are not limited to:

- 6.1. Employing any person under the age of 15, or under the age of completion of compulsory schooling, or under the minimum age for employment in the country, whichever is greatest.
- 6.2. Failure to keep adequate records of Employees under 18 years of age. Examples of violations include, but are not limited to:
 - 6.2.1. Failing to verify the age of an Employee appearing to be under 18 years of age with available documentation.
 - 6.2.2. Failing to keep a registry of all Employees under 18 years of age.
- 6.3. Employing an Employee under 18 years of age in a manner that is economically exploitative or is likely to be hazardous or to interfere with the child's education, or to be harmful to the child's health or physical, mental, spiritual, moral, or social development. Examples of non-compliance include, but are not limited to:
 - 6.3.1. Failing to subject all work of persons under the age of 18 to an appropriate risk assessment prior to the work commencing and regular monitoring of health, working conditions, and hours of work.
 - 6.3.2. Allowing an Employee under 18 years of age to work overtime or at night.
 - 6.3.3. Allowing an Employee under 16 years of age to do physically hazardous work.
 - 6.3.4. Allowing an Employee between 16 and 18 years of age to do physically hazardous work without adequate safety training.
 - 6.3.5. Shouting at, insulting, or hitting an Employee under 18 years of age.
- 6.4. Using student Employees, interns, and apprentices in order to avoid obligations of labour and social security laws and regulations arising from regular employment relationships.
- 6.5. Payment of wages and benefits to student Employees, interns and apprentices that are below those of other entry-level Employees performing equal or similar tasks,

²⁵ C138 - Minimum Age Convention, 1973 (No. 138), Convention concerning Minimum Age for Admission to Employment (Entry into force: 19 Jun 1976).

²⁶ C182 - Worst Forms of Child Labour Convention, 1999 (No. 182), Convention concerning the Prohibition and Immediate Action for the Elimination of the Worst Forms of Child Labour (Entry into force: 19 Nov 2000).

unless otherwise permitted under domestic law.

6.6. Failing to provide appropriate support and training to all student Employees.

7. No excessive working hours

(Relevant ILO Convention: No. 1²⁷)

Employees involved in the production of the Goods must not be required to undertake excessive working hours. Examples of violations include but are not limited to:

- 7.1. Requiring Employees to work in excess of 48 hours per week.
- 7.2. Requiring Employees to work more than six days in a row without at least 24 consecutive hours off.
- 7.3. Compelling non-voluntary overtime work.
- 7.4. Allowing voluntary overtime work in excess of 12 hours per week.
- 7.5. Failure to compensate overtime at a premium rate.

8. No abusive termination of employment

(Relevant ILO Convention: 158²⁸)

The Employees involved in the production of the Goods must not have their employment terminated unless there is a valid reason for such termination based on the capacity or conduct of the Employee or on the operational requirements of the Factory. Examples of violations include but are not limited to:

- 8.1. An Employee's employment must not be terminated because the Employee:
 - 8.1.1. Is a member of an Employees' organisation, participates in activities of an Employees' organisation outside working hours or, with the consent of the employer, within working hours;
 - 8.1.2. Seeks office as, or acts or has acted in the capacity of, an Employees' representative;
 - 8.1.3. Files a complaint or participates in proceedings against an employer involving alleged violations of laws or regulations or recourse to competent administrative authorities;
 - 8.1.4. Identifies as a particular race, colour, sex, sexual orientation, marital status, religion, political persuasion, national extraction or social origin;

²⁷ C001 - Hours of Work (Industry) Convention, 1919 (No. 1).

²⁸ C158 - Termination of Employment Convention, 1982 (No. 158), Convention concerning Termination of Employment at the Initiative of the Employer (Entry into force: 23 Nov 1985).

- 8.1.5. Is pregnant or has certain family responsibilities;
- 8.1.6. Is absent from work during maternity leave;
- 8.1.7. Is temporarily absent from work because of illness or injury.

9. Legal wages

(Relevant ILO Conventions: No. 95,²⁹ No. 131,³⁰ No. 173³¹)

The Goods must be produced by Employees who receive the remuneration to which they are legally entitled. Examples of violations include but are not limited to:

- 9.1. Payment of wages and benefits to Employees that are less than those defined in applicable domestic laws and collective bargaining agreements, including those relating to minimum wages, overtime hours and benefits.
- 9.2. The use of wage deductions as a disciplinary measure or for reasons not provided for by domestic law without the express permission of the Employee concerned.
- 9.3. Failure to provide an Employee complete and accurate written information about employment conditions in respect to wages before beginning of employment.
- 9.4. Failure to provide pay slips with all legally required information, including details of the gross wages for the pay period and the taxes and any other deductions for the pay period concerned.
- 9.5. Failure to provide an Employee with a legally required permanent contract.

10. Living wages

(Art. 23 Universal Declaration of Human Rights)

The Goods should be produced by Employees who receive a living wage.

For the purposes of the Code a “living wage” means a “take home” or “net” wage (excluding any taxes, bonuses, allowances, or overtime wages) earned during a country’s regular legal maximum work-week (not exceeding 48 hours), which is sufficient to pay for the basic needs (housing, energy, nutrition, clothing, health care, education, potable water, childcare, transportation and provision for unexpected events) of the Employees and their families,³² and includes an additional 10% of the cost of basic needs as discretionary income. Examples of violations include but are not limited to:

²⁹ C095 - Protection of Wages Convention, 1949 (No. 95), Convention concerning the Protection of Wages (Entry into force: 24 Sep 1952).

³⁰ C131 - Minimum Wage Fixing Convention, 1970 (No. 131), Convention concerning Minimum Wage Fixing, with Special Reference to Developing Countries (Entry into force: 29 Apr 1972).

³¹ C173 - Protection of Workers' Claims (Employer's Insolvency) Convention, 1992 (No. 173).

³² The number of workers per family and of family members varies by country and location.

- 10.1. Failing to calculate a living wage standard applicable to all Employees.
- 10.2. Failing to develop, publish, and implement a timebound plan to pay all Employees a living wage.

B. OCCUPATIONAL HEALTH AND SAFETY

Standards

(Relevant ILO Conventions: No. 115³³, No. 119³⁴, No. 120³⁵, No. 136³⁶, No. 139³⁷, No. 148³⁸, No. 155³⁹, No. 161⁴⁰, No. 170⁴¹, No. 174⁴², No. 183⁴³, No. 187⁴⁴, and No. 190⁴⁵)

The Goods must be produced under healthy and safe working conditions, in compliance with domestic and international labour standards, guaranteeing respect for Employees' and Communities' health and the environment.⁴⁶ The Goods should be produced in Factories

³³ C115- Radiation Protection Convention, 1960 (No. 115) Convention concerning the Protection of Workers against Ionising Radiations (Entry into force: 17 Jun 1962).

³⁴ C119 - Guarding of Machinery Convention, 1963 (No. 119) Convention concerning the Guarding of Machinery (Entry into force: 21 Apr 1965).

³⁵ C120 - Hygiene (Commerce and Offices) Convention, 1964 (No. 120) Convention concerning Hygiene in Commerce and Offices (Entry into force: 29 Mar 1966).

³⁶ C136 - Benzene Convention, 1971 (No. 136) Convention concerning Protection against Hazards of Poisoning Arising from Benzene (Entry into force: 27 Jul 1973).

³⁷ C139 - Occupational Cancer Convention, 1974 (No. 139) Convention concerning Prevention and Control of Occupational Hazards caused by Carcinogenic Substances and Agents (Entry into force: 10 Jun 1976).

³⁸ C148 - Working Environment (Air Pollution, Noise and Vibration) Convention, 1977 (No. 148).

³⁹ C155 - Occupational Safety and Health Convention, 1981 (No. 155).

⁴⁰ C161 - Occupational Health Services Convention, 1985 (No. 161) Convention concerning the Protection of Workers against Occupational Hazards in the Working Environment Due to Air Pollution, Noise and Vibration (Entry into force: 11 Jul 1979).

⁴¹ C170 - Chemicals Convention, 1990 (No. 170) Convention concerning Safety in the use of Chemicals at Work (Entry into force: 04 Nov 1993).

⁴² C174 - Prevention of Major Industrial Accidents Convention, 1993 (No. 174) Convention concerning the Prevention of Major Industrial Accidents (Entry into force: 03 Jan 1997).

⁴³ C183 - Maternity Protection Convention, 2000 (No. 183) Convention concerning the revision of the Maternity Protection Convention (Revised), 1952 (Entry into force: 07 Feb 2002).

⁴⁴ C187 - Promotional Framework for Occupational Safety and Health Convention, 2006 (No. 187) Convention concerning the promotional framework for occupational safety and health (Entry into force: 20 Feb 2009).

⁴⁵ C190 - Violence and Harassment Convention, 2019 (No. 190) Convention concerning the elimination of violence and harassment in the world of work.

⁴⁶ In Sections B and C of this Code, the term "Community" refers to the people who live within a geographic region who have been or can be affected by, or have an interest in, the occupational health and safety or environmental practices of a Factory. Following the definition of "the public concerned" in the Aarhus convention (1998), non-governmental organizations promoting environmental protection and meeting any requirements under national law shall be deemed to have an interest (Convention on Access to Information, Public Participation in Decision-Making and Access to Justice in Environmental Matters).

that maintain effective occupational health and safety (OHS) programmes in the following three areas: comprehensive OHS programmes; identification, evaluation, and control of health and safety hazards; and worker participation in the development, implementation, and verification of OHS programmes.

Examples of Violations

Examples of violations include but are not limited to:

1. Evaluation and monitoring

- 1.1. Failing to undertake an assessment commensurate to the level of safety and health risks, to develop a project specific safety and health plan, and to periodically review such plan to evaluate its effectiveness to address related risks.
- 1.2. Failing to ensure comprehensive ongoing industrial hygiene and environmental monitoring to measure the release and exposure to all hazardous materials used in manufacturing and production.
- 1.3. Failing to evaluate and control:
 - 1.3.1. hazards from factory buildings, machinery, equipment, tools, and production processes;
 - 1.3.2. hazards from electrical equipment and installations;
 - 1.3.3. hazards from chemical, physical, and biological agents; and
 - 1.3.4. hazards from physically demanding tasks, including manual material handling and heavy or repetitive lifting, prolonged standing, highly repetitive or forceful assembly tasks and highly demanding visual tasks.
- 1.4. Failing to evaluate and control specific risks associated with certain work activities that could result in adverse effects on the health, safety and wellbeing of Employees who may be particularly vulnerable because of their age, gender, disability, migration status, or short or long-term health conditions: This includes, in particular, failing to ensure that children, young workers and women who are pregnant, who have recently given birth or who are breastfeeding, never use or otherwise be exposed to toxic substances at work.
- 1.5. Failing to evaluate machinery for safety hazards, including failing to provide and properly maintain physical guards, interlocks and barriers where machinery presents an injury hazard to Employees.
- 1.6. Failing to ensure comprehensive, occupationally relevant health surveillance for

all Employees.

- 1.7. Failing to ensure protection of individual confidentiality in monitoring and exposure data.

2. Transparency

- 2.1. Failing to maintain an inventory of all materials and chemical substances used and generated throughout the production process and to disclose it to Employees and their representative organizations upon reasonable request.
- 2.2. Failing to promote full transparency to Employees with respect to information on hazardous substances⁴⁷ found in the manufacturing of the Goods, including those used in production, contained in the Goods, or found in the Factory. Each chemical used or stored in the Factory that appears on a hazardous substances inventory list, should have an individual Safety Data Sheet with hazard information. This information should be provided to all potentially exposed Employees.
- 2.3. Failing to provide ongoing, full, up-to-date, understandable and free-of-charge health and safety information to Employees and their representative organisations that is sufficient to protect their health and safety, in a form that bears in mind their skills and language proficiency. This includes failing to provide the results of medical examinations; information on the identity and the health, safety and environmental effects of substances used in production and present in the Goods they make even when specific material formulas are confidential; and information on Employees' actual and potential exposure to toxic and otherwise hazardous substances.
- 2.4. Failing to provide Employees and Communities with all relevant occupational and environmental health monitoring protocols and records, including the doses, toxicity, and duration of each person's exposure to hazardous substances and corporate health records.

3. Training

- 3.1. Failing to provide ongoing relevant training to Employees, Community representatives and emergency medical responders on the following issues, and to cooperate with appropriate third-party experts:

⁴⁷ This means each chemical used or stored in the facility that appears on a hazardous substances inventory list, should have an individual Safety Data Sheet with hazard information, and this information should be provided to all potentially exposed Employees.

- 3.1.1. early warning systems about the inherent hazards of the materials being used;
- 3.1.2. detailed information about hazardous substances in production and best practices for protection from and reduction of exposure to those hazards;
- 3.1.3. how to recognize early signs of adverse health impacts; and,
- 3.1.4. implementation of good industrial hygiene practices to prevent and/or minimize exposure to all hazards.

4. Worker voice

4.1. Failing to ensure the right of Employees:

- 4.1.1. to form and join unions and to organize for self-protection, in particular, failing to ensure the right of female Employees and other classes of Employees at heightened risk to take action to defend their rights.
- 4.1.2. to raise concerns with employers, their co-workers, the press, the public and government agencies, in order to ensure that they themselves and their co-workers are protected, without fear of retaliation;
- 4.1.3. to collectively bargain;
- 4.1.4. to develop and participate in democratically elected health and safety committees, and to be provided with the training, authority and paid release time necessary for them to effectively perform assigned committee tasks;
- 4.1.5. to receive effective health and safety training appropriate to their job assignments and in a language they understand;
- 4.1.6. to monitor and support effective health and safety protections in the workplace;
- 4.1.7. to refuse dangerous, unsafe or unhealthy work without reprisal or discrimination;
- 4.1.8. to have timely access to an appropriate and effective remedy for safety and health violations; and
- 4.1.9. to be protected from retaliation, intimidation, threats and other reprisals for exercising their rights.

5. Safe materials

- 5.1. Failing to ensure that the risk from hazardous chemicals to the safety and health of Employees and Communities is eliminated. In the event that elimination is not feasible, failing to reduce the risk from hazardous chemicals to a minimum by substitution with not hazardous or less hazardous⁴⁸ chemicals or process.

⁴⁸ This means they should be significantly less toxic, persistent, bio accumulative or bio concentrating, carcinogenic, mutagenic, neurotoxic, endocrine disrupting, or hazardous to reproduction and devel-

- 5.2. Failing to implement protection⁴⁹ and prevention measures and exposure controls to ensure that any risks from a hazardous chemical agent to the safety and health of Employees at work is reduced to a minimum, where knowledge does not currently permit such risks to be eliminated by substitution.
- 5.3. Failing to avoid the use of a substance that is inadequately or incompletely categorised and whose environmental or human health effects are unknown, or failing to provide Employees with the best possible protection until the hazards are clarified using safety data sheets.
- 5.4. Failing to safely handle, store, treat, transport and dispose of chemicals and other hazardous materials in order to prevent exposure.
- 5.5. Transferring environmentally unsound technologies and products that are prohibited, cause severe environmental degradation or are found to be harmful to human health, to other countries.

6. Physical environment

- 6.1. Failing to ensure that buildings and structures are safe and healthful facilities, including required lighting, ventilation and air conditioning.
- 6.2. Failing to provide Employees with ready access to clean toilet facilities, potable water and sanitary food preparation, storage, and eating facilities.

7. Occupational injury and diseases

- 7.1. Failing to maintain an effective emergency action plan to prevent and respond to incidents, accidents, natural disasters, and emergencies, including explosions and fires and infectious disease outbreaks, in a manner appropriate to the existent operational risks and the need to prevent or reduce their potential adverse impacts.
- 7.2. Failing to investigate, document, and analyse the findings, adopt measures to prevent reoccurrence and, where required by law, notify and cooperate with the relevant authorities, in case of work-related accident, injury, or disease.

opment than the chemicals they replace.

⁴⁹ Including failing to provide Employees with and use appropriate, well-maintained, personal protective equipment, including educational materials about the risks associated with these hazards.

- 7.3. Failing to ensure that Employees and Community members suffering injury or disease that is caused by exposure to hazardous materials receive emergency relief; adequate, just and timely compensation; and treatment and rehabilitation for as long as is needed.
- 7.4. Failing to maintain accurate statistics of occupational injuries, occupational diseases, and fatalities at the Factory.

C. ENVIRONMENT

Standards

The Goods must be produced with respect for environmental responsibility standards, in compliance with domestic and international environmental law and other applicable regulatory requirements. Adverse effects on the environment and natural resources are to be minimized.

Examples of Violations

Examples of violations include but are not limited to:

1. Compliance with environmental standards

- 1.1. Failing to obtain, maintain and keep current all required environmental permits, approvals and registrations.
- 1.2. Failing to identify, label and manage chemical and other materials posing a hazard to human beings or the environment to ensure their safe handling, treatment, transportation, storage, use, recycling or reuse, and disposal.
- 1.3. Failing to document and monitor water sources, use and discharge; to control channels of contamination; and to monitor, control, and adequately treat all wastewater.
- 1.4. Failing to track and document energy consumption and all relevant greenhouse gas emissions.
- 1.5. Failing to adopt appropriate mitigation measures for efficient and effective resource use, pollution prevention and control, and avoidance, minimisation and reduction of greenhouse gases emissions.
- 1.6. Failing to treat and/or dispose of waste in an environmentally sound and safe manner, where waste cannot be recycled, reused, or recovered.
- 1.7. Failing to ensure that Communities near mineral processing facilities and Communities near mines, are provided with effective levels of protection from occupational health and safety hazards and environmental exposures.
- 1.8. Failing to define and communicate key environmental responsibilities to the relevant personnel.

- 1.9. Failing to ensure that employees with direct responsibility for activities relevant to the environmental performance of the activity are suitably qualified and trained.

2. Monitoring and mitigating environmental risk

- 2.1. Failing to perform an assessment of the environmental risks and impacts associated with the manufacture and production and to develop protection, prevention and mitigation measures proportionate to the impacts and risks. The assessment of the environmental risks and impacts associated with the manufacture and production should address, amongst others, resource use and the generation of waste and emissions, the potential cumulative impacts of water abstraction upon Communities and local ecosystems, and the potential effects on climate change.
- 2.2. Failing to establish a policy defining the environmental objectives and principles that enable the activity to achieve sound environmental performance.
- 2.3. Failing to develop and implement a programme of mitigation, corrective and preventive actions to address the identified environmental risks and impacts.
- 2.4. Failing to ensure comprehensive ongoing monitoring to measure the environmental performance of the manufacture and production process, including monitoring of the release of all materials of concern used and/or generated in manufacture/production.
- 2.5. Failing to conduct effective, transparent, independent monitoring and public reporting of all discharge streams from all Factories and mines, and eliminate hazardous exposures and discharges to air, waterways, and land.
- 2.6. Failing to implement mitigation measures, technologies and practices, and corrective and preventive actions, where adverse risks and impacts are identified. In particular, failing to eliminate hazardous exposures and discharges to air, waterways, and land.
- 2.7. Failing to establish and maintain a process for transparent, internal reporting of incidents that have harmed Communities and local ecosystems, including up-to-date and accurate records of all environmental releases from all Factories and mines.

3. Safe materials for the environment

- 3.1. Manufacturing, trading or using hazardous substances and materials subject to international bans or phase-outs due to their high toxicity to living organisms, environmental persistence, potential for bioaccumulation, or potential for depletion of

the ozone layer.

- 3.2. Failing to apply appropriate risk management measures in order to minimise or control the release of hazardous substances into air, water and/or land resulting from their production, transportation, handling, storage, use and disposal.
- 3.3. Failing to ensure the safe and secure transport of hazardous materials including wastes, and to implement measures to avoid or reduce Community exposure.