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;

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

"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

\(^3\) Note: definition should mirror the definition "days" in the underlying contract.

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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.

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
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 co-operate 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 must be subject to.

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
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 Escalation

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

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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.
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 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 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

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.
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 of Labour Standards

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 and conditions of 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;
- 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 (see Socially Responsible Trading Conditions in Part I).

Employees are involved in the production of Goods, for the purposes of this Code, if they have any involvement, however slight, in the assembly of the Goods or the production of the electronic components from which the Goods are assembled.

Standards

1. Domestic Labour Standards

Goods must be produced in compliance with all applicable domestic labour law. Domestic labour law includes international standards that are applicable to employers under domestic law. Relevant applicable domestic labour law includes (but is not limited to) laws regulating:

- Health and safety;
- Wages and benefits, including overtime compensation;
- Hours of work, public holidays and leave;
- Discipline, violence, harassment and abuse;
- Contracts for both short-term and long-term Employees;
- Freedom of association and collective bargaining;
- Prohibition of forced labour;
- Prohibition of child labour;
- Prohibition of discrimination;
- Social security; and
- Environmental protections.
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);
- ILO Conventions No. 1, 95, 102, 115, 119, 120, 131, 135, 136, 139, 148, 155, 158, 161, 162, 170, 174, 183, 187;
- ILO Recommendations No. 35, 90, 111, 131, 135, and 143;
- Articles 23 of the United Nations Universal Declaration of Human Rights
- Article 32 of the United Nations Convention on Rights of the Child

3. Conflict between domestic and international standards

Whenever international and domestic standards differ the standard that affords the greater protection for Employees shall apply, except that this Code does not require 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.

Examples of Violations

4. Employment is freely chosen

(Relevant ILO Conventions: No. 29\textsuperscript{6} and No. 105\textsuperscript{7}; Relevant ILO Recommendation: No. 35)

The production of the Goods must not involve:

4.1. Use of bonded labour. Examples of non-compliance include, but are not limited to requiring payment of a debt to the employer or a third party in order to leave employment.

4.2. Abuse of prison labourers. Examples of violations include, but are not limited to:
- 4.2.1. Using a prisoner for work without that prisoner’s consent.
- 4.2.2. Treating prisoners less favourably than non-prisoners with respect to wages, hours of work, or health and safety protections.

4.3. Prevention of a worker from freely leaving employment or a workplace.

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

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

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Examples of non-compliance include, but are not limited to:
4.3.1. Preventing a worker from voluntarily leaving a workplace, including dormitories and the Factory area.
4.3.2. Locking any exits of a workplace or dormitory.
4.3.3. Refusing to return any personal document to a worker upon request.
4.3.4. Using or threatening to use violence, deportation, visa cancellation, immigration action or arrest to force a worker to work.

4.4. Use of economic coercion in conjunction with forced overtime. Examples of non-compliance include, but are not limited to:
4.4.1. Requiring overtime work in order for a worker to make a legally mandated minimum wage.
4.4.2. Compelling a worker to work hours beyond legal limits by threatening to terminate employment or eliminate overtime hours.

5. Freedom of association and the right to collective bargaining

(Relevant ILO Conventions: No. 878, No. 989 and No. 13510; Relevant ILO Recommendation: No. 14311)
The Employees involved in the production of the Goods must enjoy freedom of association and the right to collective bargaining. Examples of violations include, but are not limited to the following.

5.1. Interference with an Employees’ organisation or its efforts to organize Employees. Examples of non-compliance include, but are not limited to:
5.1.1. Promoting the formation of an Employees’ organisation to compete against an existing Employees’ organisation.
5.1.2. Interfering with, manipulating or controlling an Employees’ organisation.
5.1.3. Limiting the freedom of Employees to meet without management present.
5.1.4. Restricting access of Employees’ representatives to Employees in the workplace.

9C098 - Right to Organise and Collective Bargaining Convention, 1949 (No. 98), Convention concerning the Application of the Principles of the Right to Organise and to Bargain Collectively (Entry into force: 18 Jul 1951), df.
10C135 - 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).
11R143 - Workers’ Representatives Recommendation, 1971 (No. 143), Recommendation concerning Protection and Facilities to be Afforded to Workers’ Representatives in the Undertaking.

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5.2. Discrimination against a member of an Employees’ organisation.
   Examples of non-compliance include, but are not limited to:
   5.2.1. Using membership in, or activities with, an Employees’ organisation as a factor when making hiring decisions.
   5.2.2. Using a blacklist of members of an Employees’ organisation to ensure that they are not employed.
   5.2.3. Offering or providing any incentive to Employees to keep them from joining, or participating in the activities of, an Employees’ organisation.
   5.2.4. Threatening, intimidating or harassing Employees who join, or participate in the activities of, an Employees’ organisation.

5.3. 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:
   5.3.1. Refusing to bargain collectively.
   5.3.2. Limiting the issues that can be negotiated during collective bargaining.
   5.3.3. Failing to implement any provision of a collective bargaining agreement in force.
   5.3.4. Employer “protection 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.

5.4. Interference with a strike by Employees or retaliation against any Employee for striking. Examples of non-compliance include, but are not limited to:
   5.4.1. Hiring new Employees to replace striking Employees.
   5.4.2. Punishing any Employee for participating in a strike.
   5.4.3. Failing to reinstate all eligible Employees after striking.
   5.4.4. Using security guards, the police or armed forces to break up a peaceful strike or to arrest any striking worker.

6. No discrimination in employment

(Relevant ILO Conventions: 100\textsuperscript{12} 111\textsuperscript{13} and 183\textsuperscript{14} and Article 68 of Convention

\textsuperscript{12}C100 - Equal Remuneration Convention, 1951 (No. 100), (Entry into force: 23 May 1953).
\textsuperscript{13}C111 - Discrimination (Employment and Occupation) Convention, 1958 (No. 111), Convention concerning Discrimination in Respect of Employment and Occupation (Entry into force: 15 Jun 1960).
\textsuperscript{14}Electronics Watch. Electronics Watch Contract Terms for Supply Contracts, March 2019 (v.2.1.). Intended for use by Electronics Watch affiliates only.
Discrimination must not be used in the selection of the workforce involved in the production of the Goods. The Employees involved in the production of the Goods shall not be discriminated against.

6.1. Examples of violations include, but are not limited to the following.

6.1.1. Recruiting in a way that expresses a discriminatory preference.
6.1.2. Discrimination in a decision regarding: hiring, conditions of work, pay, benefits, opportunities for promotion, access to training, retirement, termination, or any other aspect of the employment relationship.
6.1.3. Harassing a worker in a way that discriminates, including sexual harassment.
6.1.4. Requiring a worker to undergo a pregnancy test or to use contraception.
6.1.5. Paying migrant Employees lower wages or less benefits or otherwise discriminate against migrant Employees.
6.1.6. Using student Employees, interns, and apprentices in order to avoid obligations of labour and social security laws and regulations arising from regular employment relationships and paying less than the entry level wage for regular Employees.

6.2. For purposes of this section, “discriminate” means to treat a worker differently based on that worker’s age, gender, race, colour, origin, religious affiliation, political affiliation, sexual orientation, membership in a union or other Employees’ organisation, nationality, social origin, pregnancy, or handicaps during any phase of employment.

7. No exploitation of child labour

(Relevant ILO Conventions: No. 138\textsuperscript{18} and No. 182\textsuperscript{19}; Art. 32 UN Convention on the Rights of the Child)

\textsuperscript{14}C183 - Maternity Protection Convention, 2000 (No. 183), Convention concerning the revision of the Maternity Protection Convention (Revised), 1952 (Entry into force: 07 Feb 2002).
\textsuperscript{16}R090 - Equal Remuneration Recommendation, 1951 (No. 90), Recommendation concerning Equal Remuneration for Men and Women Workers for Work of Equal Value.
\textsuperscript{17}R111 - Discrimination (Employment and Occupation) Recommendation, 1958 (No. 111), Recommendation concerning Discrimination in Respect of Employment and Occupation.
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Child labour must not be exploited in the production of the Goods. Examples of violations include, but are not limited to the following.

7.1. Failure to keep adequate records of Employees under 18 years of age. Examples of non-compliance include, but are not limited to:
7.1.1. Failing to verify the age of a worker appearing to be under 18 years of age with available documentation.
7.1.2. Failing to keep a registry of all Employees under 18 years of age.

7.2. Employing a worker under 18 years of age in a way that is hazardous to health, safety or morals. Examples of non-compliance include, but are not limited to:
7.2.1. Allowing a worker under 18 years of age to work overtime or at night.
7.2.2. Allowing a worker under 16 years of age to do physically hazardous work.
7.2.3. Allowing a worker between 16 and 18 years of age to do physically hazardous work without adequate safety training.
7.2.4. Frequently shouting at, insulting, or hitting a worker under 18 years of age.
7.2.5. Employ any worker under 15 years of age or the age of completion of compulsory schooling, except as allowed by domestic law.

8. No excessive working hours

(Relevant ILO Convention: No. 1\textsuperscript{20})
Employees involved in the production of the Goods must not be required to undertake excessive working hours.
8.1. Examples of violations include, but are not limited to the following.
8.1.1. Requiring Employees to work in excess of 48 hours per week on a regular basis.
8.1.2. Requiring Employees to work more than six days in a row without at least 24 consecutive hours off.
8.1.3. Compelling non-voluntary overtime work.
8.1.4. Allowing voluntary overtime work in excess of 12 hours per week.
8.1.5. Failure to compensate overtime at a premium rate.

\textsuperscript{19}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).
\textsuperscript{20}C001 - Hours of Work (Industry) Convention, 1919 (No. 1).
9. Safe and healthy working conditions

(Relevant ILO Conventions: No. 115\textsuperscript{21}, No. 119\textsuperscript{22}, No. 120\textsuperscript{23}, No. 136\textsuperscript{24}, No. 139\textsuperscript{25}, No. 148\textsuperscript{26}, No. 155\textsuperscript{27}, No. 161\textsuperscript{28}, No. 162\textsuperscript{29}, No. 170\textsuperscript{30}, No. 174\textsuperscript{31}, No. 183\textsuperscript{32}, and No. 187\textsuperscript{33})

The Goods must be produced under safe and healthy working conditions, in compliance with domestic and international labour standards. The Goods must be produced in Factories that maintain effective occupational health and safety (OHS) programs in the following three areas: comprehensive OHS programs; identification, evaluation, and control of health and safety hazards; and worker participation in the development, implementation, and verification of OHS programs.

9.1. Examples of violations include, but are not limited to the following.

9.1.1. Failing to maintain a written occupational health and safety management system;
9.1.2. Failing to maintain an effective emergency action plan to respond to natural disasters and industrial incidents, including explosions and fires;
9.1.3. Failing to evaluate and control specific health and safety hazards for women;
9.1.4. Failing to maintain accurate statistics of occupational injuries, illnesses, and fatalities at the facility;
9.1.5. Failing to evaluate and control hazards from factory buildings, machinery, equipment, tools, and production processes;
9.1.6. Failing to evaluate and control hazards from electrical equipment and installations;
9.1.7. Failing to evaluate and control hazards from chemical, physical, and biological agents;
9.1.8. Failing to safely store, treat, and dispose of chemicals and other

\textsuperscript{21} Radiation Protection Convention, 1960 (No. 115), Convention concerning the Protection of Workers against Ionising Radiations (Entry into force: 17 Jun 1962).
\textsuperscript{22} C119 - Guarding of Machinery Convention, 1963 (No. 119).
\textsuperscript{23} C120 - Hygiene (Commerce and Offices) Convention, 1964 (No. 120).
\textsuperscript{24} C136 - Benzene Convention, 1971 (No. 136).
\textsuperscript{26} C148 - Working Environment (Air Pollution, Noise and Vibration) Convention, 1977 (No. 148).
\textsuperscript{28} C161 - Occupational Health Services Convention, 1985 (No. 161).
\textsuperscript{29} C162 - Asbestos Convention, 1986 (No. 162).
\textsuperscript{31} C174 - Prevention of Major Industrial Accidents Convention, 1993 (No. 174).
\textsuperscript{32} C183 - Maternity Protection Convention, 2000 (No. 183).

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hazardous materials;

9.1.9. Failing to ensure that each chemical used or stored in the facility that appears on a hazardous substances inventory list, has an individual Safety Data Sheet with hazard information, and providing this information to all exposed Employees;

9.1.10. Failing to ensure that buildings and structures are safe and healthful facilities, including required lighting, ventilation and air conditioning.

9.1.11. Failing to ensure that required personal protective equipment is provided and used when hazards cannot be controlled by engineering and administrative controls.

9.1.12. Failing to ensure that Employees are provided with understandable information, and participate in regular comprehensive trainings related to the specific hazards to which they are exposed;

9.1.13. Failing to ensure that Employees participate in factory-level health and safety committees, and are provided with the training, authority and paid release time necessary for them to effectively perform assigned committee tasks;

9.1.14. Failing to ensure that Employees are able to exercise their right to refuse dangerous and unhealthy work without reprisal or discrimination by their employer.

10. No abusive termination of employment

(Relevant ILO Convention: 15834)

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 worker or on the operational requirements of the Factory.

10.1. Examples of violations include, but are not limited to the following.

A worker's employment must not be terminated because the worker:

10.1.1. 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;

10.1.2. Seeks office as, or acts or has acted in the capacity of, an Employees' representative;

10.1.3. Files a complaint or participates in proceedings against an employer involving alleged violations of laws or regulations or
10.1.4. Identifies as a particular race, colour, sex, sexual orientation, marital status, religion, political persuasion, national extraction or social origin
10.1.5. Is pregnant or has certain family responsibilities;
10.1.6. Is absent from work during maternity leave;
10.1.7. Is temporarily absent from work because of illness or injury.

11. Legal wages

(Relevant ILO Conventions: No. 95\textsuperscript{35}, No. 131\textsuperscript{36}, ILO Recommendations 131\textsuperscript{37} and 135\textsuperscript{38})

The Goods must be produced by Employees who receive the remuneration to which they are legally entitled.

11.1. Examples of non-compliances include but are not limited to:
11.1.1. Payment of wages and benefits to Employees that are less than those defined in applicable domestic laws, including those relating to minimum wages, overtime hours and benefits.
11.1.2. The use of wage deductions as a disciplinary measure or for reasons not provided for by domestic law without the express permission of the worker concerned.
11.1.3. Failure to provide a worker complete and accurate written information about employment conditions in respect to wages before beginning of employment.
11.1.4. 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.
11.1.5. Failure to provide a worker with a legally required permanent contract.

12. Living wages

(Art. 23 Universal Declaration of Human Rights)

\textsuperscript{35}C095 - Protection of Wages Convention, 1949 (No. 95), Convention concerning the Protection of Wages (Entry into force: 24 Sep 1952).
\textsuperscript{36}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).
\textsuperscript{37}R131 - Recommendation concerning Invalidity, Old-Age and Survivors’ Benefits.
\textsuperscript{38}R135 - Minimum Wage Fixing Recommendation, 1970 (No. 135).
The Goods should be produced by Employees who receive a living wage.

12.1. 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, and transportation) of a family of four people, and includes an additional 10% of the cost of basic needs as discretionary income.