

SUPPLIER CODE OF CONDUCT ON HUMAN TRAFFICKING

This code of conduct addresses the issue of human trafficking in global supply chains. The code is intended to complement and strengthen existing supplier codes already covering requirements on health and safety¹. It is important to note that human trafficking is not an isolated issue, but a form of exploitation often linked to other labor rights violations, such as excessive overtime, restricted freedom of movement, and abusive treatment of workers. Hence, in order to protect workers against human trafficking, it is crucial to adopt and implement a framework that holistically addresses risks for labor exploitation. Also, as the risk for labor abuses is more prominent further up the supply chain, it is critical that the code protects workers at all levels of the chain, as well as covers subcontractors and home workers.

A code of conduct is only effective to the extent to which it is implemented and non-conformances remediated. To allow for an effective implementation, it is crucial that business is conducted in such a way that timelines and prices allow the supplier to comply with code requirements. The code is also more effective when it forms part of a legal commitment, as it provides workers and other stakeholders on the ground a tool for accountability. To accurately assess the needs and risks to be addressed in a code, it is important to consult local stakeholders in the countries of production. In the same manner, even though audits are important instruments to monitor compliance and guide toward greater implementation, workers being on site daily are the most effective monitors. Hence, in order to mitigate risks for labor exploitation, it is important that workers are empowered and trained to identify and report concerns, and that grievances are addressed and resolved effectively.

Prior to implementing a code of conduct, a company has to trace its suppliers to know where they are located, including identifying subcontractors and home workers. Based on supplier location and industry, an initial risk assessment can be performed to guide next steps and prioritization of high-risk suppliers. To ensure an effective implementation, it is important that supplier management and workers are trained on code requirements, and that a management system is established to allow for continuous identification of risk areas. An integral part of such management system is establishing a “committee” of worker or union representatives and management, and creating a channel for efficient management-worker communication. To further mitigate risks for human trafficking, it is important that supplier management and auditors are trained to identify instances of forced and child labor. For guidance on how to implement a code of conduct, please see the *Ethical Sourcing and Production Guidelines* at businessagainstslavery.org.

The requirements in this supplier code of conduct on human trafficking are based on internationally recognized labor standards, including the International Labour Organization's

¹ For a holistic best practice code of conduct covering health and safety requirements, please see the SA8000 standard issued by Social Accountability International.

core conventions and the Universal Declaration of Human Rights. The code is created as part of the *Business Against Slavery Project*, developed by Not For Sale and the Samilia Foundation with financial support from the European Commission. This project seeks to develop a toolkit for companies looking to address the issue of human trafficking. You can access all the tools at businessagainstsavery.org.

1. FORCED OR COMPULSORY LABOR		
1.1	GENERAL	The Company shall not engage in or support the use of forced or compulsory labor of any kind, including without limitation any form of indentured labor, prison labor, bonded labor, or trafficked labor.
1.2	CONFISCATION OF INDIVIDUAL PROPERTY	The Company shall not withhold any monetary compensation, benefits, or any other property owned by the worker, or to which the worker is entitled, for the purpose of forcing the worker to continue working for the Company. The Company shall not under any circumstances withhold any original identification papers, work permits, or travel documents belonging to any worker.
1.3	RECRUITMENT FEES	The Company shall not require any worker to pay recruitment fees, deposits or withhold any part of the worker's salary upon beginning work at the Company.
1.4	FREEDOM OF MOVEMENT	The Company shall not restrict workers' freedom of movement or ability to terminate their employment. Workers shall be allowed to move as freely as possible within their work areas during work hours without compromising the occupational health and safety of the workplace. Workers shall have the right to leave the workplace at the end of a standard workday.
1.5	LABOR BROKERS	If a labor recruitment firm is used for the hiring of workers, the Company shall work with a legally approved and registered hiring agency that operates in compliance with applicable local laws. The Company shall be solely responsible for payment of any fees charged by any labor recruitment or hiring agency. No fees shall be charged to the worker in relation to any employment or hiring of such worker, including costs for travel and processing of official documents and work visas.
1.6	REMEDICATION	The Company shall establish and maintain a policy and process to remediate any forced labor discovered. The remediation shall facilitate the individual's reintegration into the labor market and transition to decent work.

2. CHILD LABOR

2.1	GENERAL	The Company shall not engage in or support the use of child labor. The Company shall only employ workers who are at least 15 years old (or 18 years old if working in hazardous conditions) or meet the country's minimum applicable legal age requirements for employment or mandatory schooling, whichever is greater.
2.2	VERIFICATION OF AGE	The Company shall obtain and maintain verification of date of birth for every worker, in the form of legible <u>copies</u> of official documents. In cases where such documents are unavailable, the Company shall use best efforts to confirm the worker's age using an assessment method that is appropriate, accurate and reliable. The Company shall document such efforts and the results of such verification process.
2.3	YOUNG WORKERS	The Company shall comply with all applicable local laws protecting workers under the age of 18 from any hazardous or harmful chemicals, substances or conditions.
2.4	REMEDATION	The Company shall establish and maintain a policy and process to remediate any child (as defined in 2.1) found working. The remediation shall include sufficient financial and other support to enable the child to attend school until no longer a child, and replace the lost income to the family.

3. HARASSEMENT & ABUSE

3.1	GENERAL	The Company shall treat all workers with respect and dignity. The company shall not subject any workers to physical, sexual, psychological or verbal abuse, harassment, punishment, threats, or coercion.
3.2	PHYSICAL ABUSE	The Company shall not punish or coerce workers through physical acts.
3.3	PSYCHOLOGICAL ABUSE	The Company shall not permit psychological coercion or any other form of non-physical abuse, including threat or intimidation against the worker or the worker's family.
3.4	SEXUAL HARASSEMENT	The Company shall not engage in or condone any form of sexual harassment of workers, including inappropriate comments or gestures, physical contact, threats, or sexual insinuation.
3.5	DISCIPLINARY PRACTICES	The Company shall have a defined policy and process for dealing with work performance issues, including clear definitions of what constitutes misconduct and disciplinary practices. This policy and process shall be communicated clearly to workers both in writing and verbally.

4. DISCRIMINATION

4.1	GENERAL	The Company shall not discriminate in any way on the basis of workers' personal characteristics, affiliations, nationality, legal status, or beliefs, whether or not applicable local laws permit such discrimination.
4.2	DETAILS	The Company shall not hire, compensate, promote, discipline, dismiss, or provide training opportunities or benefits to workers on the basis of gender, age, disability, racial characteristics, caste, national or territorial or social origin, pregnancy, sexual orientation, marital status, union association, political, cultural or religious beliefs, or similar characteristics.
4.3	FOREIGN WORKERS	The Company shall treat foreign contract workers fairly and on an equal basis with all other employees.
4.4	PREGNANT WORKERS & NEW MOTHERS	The Company shall not threaten or discriminate workers to prevent them from becoming pregnant or getting married, or let a worker's pregnancy negatively impact the worker's employment status in any way. The Company shall not under any circumstances force or demand employees to take pregnancy or virginity tests or to use contraception. The Company shall allow maternity leave and other benefits for new and expecting mothers in compliance with applicable national laws and collective bargaining agreements. The Company shall comply with all laws protecting pregnant workers and new mothers from any hazardous or harmful chemicals, substances or conditions, and allow for temporary adjustment of working hours and reassignments away from potentially harmful working environments. These measures shall be taken in a way that does not unreasonably affect compensation and other benefits of new and expecting mothers.
4.5	ORGANIZED WORKERS	The Company shall not in any way discriminate against union members, worker representatives, and workers engaged in organizing.

5. WAGES & BENEFITS

5.1	GENERAL	The Company shall pay workers for a normal work week, not including overtime, at least the legal minimum wage, or wages in accordance with collective bargaining agreements or industry standards, whichever is greater. This wage shall always, at a minimum, cover workers' basic needs and allow for some discretionary income.
5.2	PREMIUM PAYMENTS	The Company shall provide workers with wages, overtime premiums, paid annual leave, maternity leave and holidays in compliance with all applicable laws, industry standards and collective bargaining agreements. All overtime shall be paid at a premium rate; in countries where overtime regulations do not exist, the Company shall pay overtime at the Company's premium rate or

		in accordance with industry standards, whichever is higher.
5.3	WAGE PAYMENTS	Wage payments shall occur on a regular basis, without delays, and directly to the worker. Payment of wages and benefits shall not be done in a form that is restrictive to the worker, such as coupons, vouchers or promissory notes. The Company shall provide workers with a clear and logical earnings statement in writing, including days worked, wage earned per day, hours of overtime, and any contractual deductions at each specified rate for each pay period.
5.4	DEDUCTIONS	The Company shall not make wage deductions for disciplinary measures or for any other reasons, unless national laws explicitly allow this <u>and</u> there is a freely negotiated collective bargaining agreement in effect that allows this practice.
5.5	PROVISION OF CONTRACTS	Terms and conditions of employment shall always be explained and agreed upon before employment starts. The Company shall provide workers with written contracts that state terms and conditions of their employment in a language they understand. Migrant workers shall be provided with employment contracts prior to leaving their home country or region. The Company shall not under any circumstances replace the original contract, or add to or substitute any of its provisions, without the prior written consent of the worker.
5.6	MISSUSE OF CONTRACTS	The Company shall not avoid the provision of benefits by modifying or terminating worker contracts. The Company shall not use consecutive short-term contracts, false apprenticeship or labor-only contracting arrangements to avoid fulfilling its legal obligations to workers.

6. WORKING HOURS		
6.1	GENERAL	The Company shall comply with applicable local laws, industry standards, and collective bargaining agreements regarding working hours, and operate its business in a way that maintains safe and fair working conditions. Total working hours for a normal work week, not including overtime, must not exceed 48 hours per week, or limits prescribed by applicable local laws, whichever is less.
6.2	OVERTIME	The Company shall make all overtime voluntary and permit workers to refuse overtime without any threat of penalty or dismissal. Overtime shall not exceed 12 hours per week and not be requested on a regular basis. Total working hours for a week must not exceed 60 hours. The Company shall only allow overtime to exceed 60 hours per week if working hours are agreed upon in a freely negotiated collective bargaining agreement representing a significant portion of the workers; in such a case working hours must still conform to applicable local laws and regulations.
6.3	REST	The Company shall give workers at least 24 consecutive hours of rest in every seven-day period, or any other period as may be required by applicable local laws, whichever is greater.

6.4	RESPONSIBLE BUSINESS PLANNING	The Company shall run its business in a way that ensures that overtime is limited as far as possible. Where piece rates or production goals exist, the company shall set them at a level that enables workers to fulfill them within normal working hours, not including overtime.
-----	-------------------------------------	--

7. FREEDOM OF ASSOCIATION & THE RIGHT TO COLLECTIVE BARGAINING

7.1	GENERAL	The Company shall recognize and respect the right of employees to lawfully and peacefully join or form associations, organize, and bargain collectively.
7.2	PARALLEL MEANS	The Company shall allow workers the freedom to elect worker representatives and to develop other parallel means for free association and collective bargaining in cases where freedom of association or the right to collectively bargain is restricted by law.
7.3	NON- INTERFERENCE	The Company shall refrain from any acts of interference with workers' lawful efforts to join associations and bargain collectively.
7.4	FACILITATION	The Company shall provide worker representatives with access to all workplaces necessary to enable them to carry out their representation functions. The Company shall communicate to workers that they are free to join and form organizations of their own choice and that the Company will not retaliate or bring any negative consequences to them for such action.

8. MANAGEMENT SYSTEM

8.1	GENERAL	The Company shall establish a management system to ensure and to demonstrate that the content of this Code of Conduct is effectively implemented and communicated to workers.
8.2	ANNOUNCEMENT TO WORKERS	The Company shall communicate the content of this Code of Conduct to all workers on a regular basis and post it in all appropriate languages in a visible location in the workplace and in residences (if applicable). The Company shall conduct trainings for all workers to ensure this Code of Conduct is effectively implemented and any potential risks addressed.
8.3	GREIVANCE MECHANISM	The Company shall establish a system for workers to confidentially report non-compliance with this Code of Conduct, or other concerns, comments, complaints, or recommendations, to worker representatives or union representatives and management. Complaints can also be submitted on behalf of workers by third party organizations. The Company shall immediately investigate worker concerns and promptly implement corrective and preventive actions when necessary. Resolutions shall be publicly disclosed for workers to see. The Company shall ensure that workers can address concerns anonymously without any risk of dismissal, discrimination or retaliation for doing so.

8.4	RIGHT TO INSPECTION	The Company shall facilitate and provide access to its facilities in case of any announced or unannounced audits aiming to verify compliance with this Code of Conduct. The Company shall keep records to demonstrate its Code of Conduct compliance and the compliance of its suppliers, subcontractors and sub-suppliers. The Company shall provide all necessary information to facilitate the verification of Code of Conduct compliance.
8.5	CORRECTIVE ACTIONS & REMEDIATION	The Company shall promptly implement corrective and preventative actions to remediate any non-conformances with this Code of Conduct. The Company shall conduct an analysis to identify the root cause of any non-conformance, and conduct regular risk assessments to discover potential areas of risks. The Company shall keep records to demonstrate the outcome of root cause analyses, corrective and preventative actions taken, and results of any implemented remediation.
8.6	MONITORING	The Company shall establish a balanced team of worker representatives and management to support and monitor the implementation and compliance with this Code of Conduct. This team shall address root causes of non-conformances and drive implementation to mitigate risks as identified in the periodic risk assessments. The team will also facilitate routine internal audits and review progress made toward code implementation and remediation of non-conformances.