

Code of Conduct for Manufacturers of MIT Licensed Merchandise

(2002)

I. Introduction

- A. MIT is committed to conducting its business affairs in an ethical manner consistent with its educational, research and service missions.
- B. MIT has adopted the following Code of Conduct (the “Code”) which requires that all Licensees, at a minimum, adhere to the principles set forth in the Code.
- C. Throughout the Code the term “Licensee” shall include all persons or entities which have entered into a written “License Agreement” with MIT, or who manufacture “Licensed Articles” (as that term is defined in the License Agreement) bearing the name, trademarks and/ or images of MIT. The term “Licensee” shall for purposes of the Code, and unless otherwise specified in the Code, encompass all of Licensees’ contractors, subcontractors or manufacturers which produce, assemble or package finished Licensed Articles for the consumer.

II. Notice

- A. The principles set forth in the Code shall apply to all Licensees.
- B. As a condition of being permitted to produce and/ or sell Licensed Articles, Licensees must comply with the Code. Licensees are required to adhere to the Code within six (6) months of notification of the Code and as required in applicable license agreements.

III. Standards

- A. Licensees agree to operate workplaces and contract with companies whose workplaces adhere to the standards and practices described below. MIT prefers that Licensees exceed these standards.
- B. Legal Compliance: Licensees must comply with all applicable legal requirements of the country(ies) of manufacture in conducting business related to or involving the production or sale of Licensed Articles. Where there are differences or conflicts with the Code and the laws of the country(ies) of manufacture, the higher standard shall prevail, subject to the considerations stated in Section VI.
- C. Employment Standards: Licensees shall comply with the following standards:
1. *Wages and Benefits*: Licensees recognize that wages are essential to meeting employees’ basic needs. Licensees shall pay employees, as a floor, wages that comply with all applicable laws and regulations, and which provide the higher of minimum or prevailing industry wage. Licensees must also provide legally mandated benefits.
 2. *Working Hours*: Hourly and/ or quota-based wage employees shall (i) not be required to (a) regularly work more than 48 hours per week or (b) work more than the limits on regular hours and overtime hours allowed by the law of the country of manufacture, whichever is less, and (ii) be entitled to at least one day off in every seven day period, as well as holidays and vacations.
 3. *Overtime Compensation*: In addition to their compensation for regular hours of work, hourly and/ or quota-based wage employees shall be compensated for overtime hours at such a premium rate as is legally required in the country of manufacture or, in those countries where such laws do not exist, at a rate at least one and one-half their regular hourly compensation rate.
 4. *Child Labor*: Licensees shall not employ any person at an age younger than 15 (or 14, where, consistent with International Labor Organization practices for developing countries, the law of

the country of manufacture allows such exception). Where the age for completing compulsory education is higher than the standard for the minimum age of employment stated above, the higher age for completing compulsory education shall apply to this section. Licensees agree to consult with governmental, human rights, labor and/ or business organizations as appropriate and to consult with WRC officials to determine how to best minimize the negative impact on children released from employment as a result of implementation or enforcement of the Code.

5. *Forced Labor*: There shall not be any use of forced prison labor, indentured labor, bonded labor or other forced labor.

6. *Health and Safety*: Licensees shall provide a safe and healthy working environment to prevent accidents and injury to health arising out of, linked with, or occurring in the course of work or as a result of the operation of Licensee facilities. In addition, Licensees must comply with the following provisions:

a. The Licensee shall ensure that its direct operations and those of any subcontractors comply with all workplace safety and health regulations established by the national government where the production facility is located, or with Title 29 CFR of the Federal Code of Regulations, enforced by Federal OSHA (Occupational Safety and Health Administration), whichever regulation is more health protective for a given hazard.

b. The Licensee shall ensure that its direct operations and subcontractors comply with all health and safety conventions of the International Labor Organization (ILO) ratified and adopted by the country in which the production facility is located.

7. *Nondiscrimination*: No person shall be subject to any discrimination in employment, including hiring, salary, benefits, advancement, discipline, termination or retirement, on the basis of gender, race, religion, age, disability, sexual orientation, nationality, or ethnic origin.

8. *Harassment or Abuse*: Every employee shall be treated with dignity and respect. No employee shall be subject to any physical or sexual harassment or abuse. Licensees will not use or tolerate any form of corporal punishment.

9. *Freedom of Association and Collective Bargaining*: Licensees shall recognize and respect the right of employees to freedom of association and collective bargaining. No employee shall be subject to harassment, intimidation or retaliation in their efforts to freely associate or bargain collectively. Licensees shall not assist governmental agencies and other organizations in preventing workers from organizing a union of their choice. Licensees shall not inhibit union organizers from gaining access to employees outside of factory grounds. Licensees shall recognize the union of the employees' choice.

10. *Women's Rights*

a. Women workers will receive equal remuneration, including benefits; equal treatment; equal evaluation of the quality of their work; and equal opportunity to fill all positions open to male workers.

b. Pregnancy tests will not be a condition of employment, nor will they be demanded of employees.

c. Workers who take maternity leave will not face dismissal nor threat of dismissal, loss of seniority or deduction of wages, and will be able to return to their former employment at the same rate of pay and benefits up to the time limit specified by local law.

d. Workers will not be forced or pressured to use contraception.

e. Workers will not be exposed to hazards, including glues and solvents, that may endanger their safety, including their reproductive health.

f. Licensees shall provide appropriate services and accommodation to women workers in connection with pregnancy.

IV. Compliance and Disclosure

Licensees (for themselves and on behalf of their contractors, subcontractors, or manufacturers) shall disclose to the Worker Rights Consortium, MIT, and the public the information set forth in Sections A, B, and C below.

A. Upon execution and renewal of the License Agreement and upon the selection of any new manufacturing facility which produces Licensed Articles, the company names, contacts, addresses, phone numbers, e-mail addresses, and nature of the business association for all such facilities which produce Licensed Articles;

B. at least sixty (60) days prior to the end of each contract year of the License Agreement, written assurance that (i) Licensees are in compliance with the Code and/ or (ii) licensees are taking reasonable steps to remedy non-compliance in facilities found in violation of the code;

C. at least sixty (60) days prior to the end of each contract year of the License Agreement, a summary of those steps taken to remedy material violations, and/ or difficulties encountered, during the preceding year in implementing and enforcing the Code at all of Licensees' facilities which produce Licensed Articles

V. Verification

It shall be the responsibility of Licensees (for themselves and on behalf of their contractors, subcontractors, or manufacturers) to ensure their compliance with the Code. The WRC and its Member Institutions will undertake efforts to determine and clearly define the obligations associated with the development of adequate methods and training for independent external monitoring, as guided by the principles in the founding document of the Consortium.

VI. Labor Standards Environment

In countries where law or practice conflicts with these labor standards, Licensees agree to consult with governmental, human rights, labor and/ or business organizations as appropriate and to consult with WRC officials in developing a plan to achieve full compliance with each of these standards. Licensees further agree to refrain from any actions that would diminish the protections of these labor standards. MIT reserves the right to refuse renewal of Licensing Agreements for goods made in countries where:

A. progress toward implementation of the employment standards in the Code is no longer being made; and

B. compliance with the employment standards in the Code is deemed impossible. MIT shall make such determinations based upon examination of reports from governmental, human rights, labor or business organizations as appropriate and after consultation with the relevant Licensees.

VII. Remediation

Remedies herein apply to violations occurring after the Effective Date of the Code

A. If a Licensee has failed to self-correct a violation of the Code, MIT will consult with the Licensee (for itself and on behalf of its contractors, subcontractors, or manufacturers) to determine appropriate corrective action.

B. The remedy will, at a minimum, include requiring the licensee to take all steps necessary to correct such violations including, except in extraordinary circumstances and with the consultation of WRC and approval of MIT:

1. Paying all applicable back wages found due to workers who manufactured the licensed articles.
2. Reinstatement of any worker found to have been unlawfully dismissed.

C. If agreement on corrective action is not reached, and/ or the action does not result in correction of the violation within a specified reasonable time period, MIT reserves the right to

1. require that the Licensee terminate its relationship with any contractor, subcontractor, or manufacturer that continues to conduct its business in violation of the Code, and/ or
2. terminate its relationship with any Licensee that continues to violate the Code.