

### **3. USC Workplace Code of Conduct**

USC Licensees are required to meet the standards set forth in the USC Workplace Code of Conduct. This Code may be amended from time to time under the license agreement. Licensees are required to develop internal processes to achieve sustainable compliance, and submit to regular third party monitoring to help verify that the Code is being followed. USC is committed to working with licensees to ensure that licensed products are manufactured in safe work environments that respect worker's rights.

#### **3.1 Employment Relationship**

Licensees shall adopt and adhere to rules and conditions of employment that respect workers and, at a minimum, safeguard their rights under national and international labor and social security laws and regulations.

#### **3.2 Nondiscrimination**

No person shall be subject to any discrimination in employment, including hiring, compensation, advancement, discipline, termination, or retirement, on the basis of gender, race, religion, age, disability, sexual orientation, nationality, political opinion, social group or ethnic origin.

#### **3.3 Harassment or Abuse**

Every employee shall be treated with respect and dignity. No employee shall be subject to any physical, sexual, psychological or verbal harassment or abuse.

#### **3.4 Forced Labor**

There shall be no use of forced labor, including prison labor, indentured labor, bonded labor or any other forms of forced labor.

#### **3.5 Child Labor**

No person shall be employed under the age of 15 or under the age for completion of compulsory education, whichever is higher.

#### **3.6 Freedom of Association and Collective Bargaining**

Licensees shall recognize and respect the right of employees to freedom of association and collective bargaining.

#### **3.7 Health, Safety And Environment**

Licensees shall provide a safe and healthy workplace setting 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's facilities. Workers shall receive regular health and safety training. Further, licensees shall have the responsibility to ensure that its direct operations and those of any subcontractors comply with workplace safety and health regulations established by the national government where the production facility is located. Licensees shall adopt responsible measures to mitigate negative impacts that the workplace has on the environment.

#### **3.8 Hours of Work**

Licensees shall not require workers to work more than the regular and overtime hours allowed by the law of the country where the workers are employed. Licensees shall allow workers at least 24 consecutive hours of rest in every seven-day period. All overtime work shall be consensual. Licensees shall compensate all overtime work at a premium rate. Other than in extraordinary circumstances, the sum of regular and overtime hours in a week shall not exceed 60 hours.

#### **3.9 Compensation**

Every worker has a right to compensation for a regular work week to meet the worker's basic needs and some discretionary income. Licensees shall pay at least the minimum wage or the appropriate prevailing wage, whichever is higher, comply with all legal requirements on wages, and provide any fringe benefits required by law or contract.

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*Licensees shall, in addition to complying with all applicable laws of the country of manufacture, comply with and support the Workplace Code of Conduct and shall apply the higher standard in cases of differences or conflicts. Licensees also shall require its contractors, subcontractors or manufacturers that produce, assemble or package finished licensed products to comply with applicable local laws and with this Code and to apply the higher standard in cases of differences or conflicts.*

### **3.10 MAJOR NON-COMPLIANCE ISSUES**

USC expects licensees to only partner with those factories that are willing and able to continuously improve conditions for their workers. There are serious violations of USC's code that can be cause for termination depending on the severity of the issues found. These Major Non-Compliance Issues are listed below. USC reserves the right to halt production at any time for other egregious issues that may not be listed herein.

#### **Forced Labor**

- Workers performing overtime work involuntarily
- Use of prison, indentured or bonded labor

#### **Underage Labor**

- Lack of adequate age verification system
- Failure to observe laws regarding employment of juvenile workers

#### **Working Hours & Compensation**

- Not having 12 months of accurate time card and payroll records onsite for verification (i.e. all hours worked, including overtime hours, must be documented)
- Workers, including trainees and apprentices, being paid below minimum wage
- Underpayment of legal rate for overtime work

#### **Health & Safety**

- Major fire hazards, including:
  - Locked, unmarked or insufficient emergency exits
  - Lack of, or inadequate, fire alarm
  - Insufficient number of fire extinguishers and/or fire extinguishers not working properly - A fire drill has not been conducted within the last 12 months
- Major industrial, chemical or building safety hazards that pose a risk to person's life or limb

#### **Abuse Discrimination**

- Management condoned physical, verbal, psychological or sexual harassment or abuse and/or lack of grievance procedures. Deliberate discrimination based on age, gender, race, religion, disability, sexual orientation, nationality, caste, political opinion, social or ethnic origin, or affiliation with any organization or association

#### **Freedom of Association (FOA)**

- Discriminatory dismissals of union members
- Non-recognition of the right to strike