



Code of Conduct

Version 2.0

INTRODUCTION

Social responsibility is about basic human understanding and fundamental respect for people. Consequently, we do not define our market as business-to-business - we would much rather see it as human-to-human. This twist of perspective constantly reminds us to act responsibly vis-à-vis our surroundings, be it our business partners or the natural world.

It is essential to HOWE that the employees who directly or indirectly take part in the production of HOWE products, whether in our own factories or in our supplier factories, are treated with respect and dignity, provided with decent working conditions and exposed to environmentally responsible manufacturing processes. By promoting HOWE Code of Conduct in our supply chain we want to commit HOWE suppliers and their sub-contractors to produce components to HOWE in an ethical and responsible manner.

HOWE Code of Conduct is based on the Universal Declaration of Human Rights, the Convention for Civil and Political Rights, the Convention for Economic, Social and Cultural Rights, the eight Core Conventions of the International Labour Organisation (ILO) and where relevant other applicable UN and ILO conventions. The Code establishes a set of minimum standards and applies the principle that businesses have a responsibility to respect human rights, i.e. that they must avoid infringing on the rights of individuals and therefore exercise appropriate due diligence.

APPLICATION

HOWE adheres to the principles of this Code of Conduct and requires that our suppliers - as well as Business Partners where relevant - do the same by establishing corporate policies and management systems appropriate to their sector and size to ensure that the requirements of HOWE Code of Conduct are met.

Suppliers shall be responsible for ensuring that their production and sub-suppliers comply with HOWE Code of Conduct or a comparable code. This implies engaging in dialogue and monitoring of relevant suppliers (e.g. strategic and high-risk suppliers) for compliance to the applicable code. By 'comparable code' we mean a code which at a minimum is based on the Universal Declaration of Human Rights, the Convention for Civil and Political Rights, the Convention for Economic, Social and Cultural Rights, and the ILO core conventions covering child labor, forced labor, freedom from discrimination and right to freedom of association and collective bargaining, and includes an obligation to comply with national legislation. In addition, the code should contain provisions on anticorruption, health & safety, environment and working conditions that are comparable to the provisions of HOWE Code of Conduct. The assessment of the comparable code relies on an individual evaluation conducted by HOWE.

LEGAL COMPLIANCE

Suppliers must comply with all applicable local and national laws, regulations and industry standards. When such laws, regulations or standards to which the supplier subscribes and this HOWE Code of Conduct address the same issue, the provision most favorable to workers shall apply. In case of a conflict between national law and HOWE Code of Conduct, suppliers should immediately consult with HOWE.

COMMUNICATION

Suppliers must take appropriate action to ensure that the content and understanding of the principles of HOWE Code of Conduct or a comparable code are communicated to all relevant employees by relevant communication and training.

CHILD LABOR AND YOUNG WORKERS

Child labor must not be engaged in or benefited from.

The minimum age for fulltime employment shall not be less than the age of completion of compulsory schooling and, in any case, not be less than 15 years (or 14 years where established by local law in accordance with the ILO developing-country exception). Employees below 18 years must not be involved in hazardous work or night work regardless of the number of hours worked.

The minimum age for light work (work that does not interfere with compulsory education and does not threaten the health, safety and development of the child) must not be less than 13 years (or 12 years where established by national laws in accordance with the ILO developing-country exception).

Under no circumstances *shall* any young worker's school, work and transportation time exceed a combined total of 10 hours per day, and in no case *shall* young workers work more than 8 hours a day. Young workers may not work during night hours.

In all types of work, the supplier must establish types of work, work schedules and labor intensity with special consideration to young workers below the age of 18.

[ILO C79, C90, C138, C182, R146]

FORCED LABOR AND FREEDOM OF MOVEMENT

Forced, bonded or compulsory labor, including modern forms of slavery such as trafficking, must not be used or benefited from.

Forced, bonded or compulsory labor is defined as forcing people to work against their will or under pressure from a threat or punishment.

Forcing employees to work excessive overtime, or withholding personal papers, deposits or compensation are subtle forms of forced labor and must be avoided. This includes inappropriate loans and salary advances that tie the worker to the work place.

Employees must have freedom of movement at the workplace as appropriate to their function. Guards must only be posted for normal security reasons to protect employees and company property.

[ILO C29, C105]

HEALTH AND SAFETY

A safe and healthy working environment must be provided in compliance with national laws and regulations. Suppliers must have management systems in place appropriate to the size and sector of the business in order to adhere to the requirements below.

Appropriate measures must be taken to provide employees with safe and healthy working facilities and to protect them from work-related hazards and anticipated dangers in the workplace. All relevant personal protective equipment shall be available for the employees covering all relevant work processes. Employees must be provided with adequate information and training for them to perform their tasks safely.

In the event of a work-related injury the supplier must provide first aid and assist the worker in obtaining follow-up medical treatment

One or more management representatives must be responsible for establishing policies and procedures regarding health, safety, welfare and general facilities, including systems for ensuring compliance to these. The policies and procedures must include an obligation ensuring that the work conditions in all situations are safe and healthy.

A health and safety committee appropriate to the size of the company should be in place with participation from

workers.

[ILO C148, C155, R164, C170, R190]

FREEDOM OF ASSOCIATION AND THE RIGHT TO COLLECTIVE BARGAINING

The rights of all employees to establish, administer join (or not join) a trade union, select their own representatives and to bargain collectively must not be interfered with or restricted.

If trade unions are not allowed or restricted by law, or only state authorized organizations are allowed, the supplier should facilitate the establishment of alternative measures to enable employees to gather independently and discuss work-related issues.

[ILO C87, C98, C135, C154]

DISCRIMINATION

Discrimination, directly or indirectly, in employment decisions, including hiring, remuneration, promotion, termination, wages and access to benefits on grounds of race, color, sex, language, religion, political or other opinion, age, national, social or ethnic origin, property, sexual orientation, birth, health status, trade union membership, mental or physical disability, or other status must not be engaged in or supported.

Employees must not be subjected to mandatory health tests (e.g. HIV/AIDS or pregnancy) that have no relevance to the job function.

Vulnerable groups, such as migrant workers, which may be subject to less protection by national law, should be provided with equal benefits and opportunities as national workers.

Physical punishment, threats of violence, harassment including sexual harassment, or other forms of mental or physical coercion or abuse must not be used.

[References: ILO C100, C111, C143, C158, C159, C169]

DISCIPLINARY PRACTICES

The supplier must treat all employees with dignity and respect. The supplier must not engage in or tolerate the use of corporal punishment, mental or physical coercion or verbal abuse of personnel. No harsh or inhumane treatment is allowed.

WORKING HOURS

Following international labor standards and safeguarding the health and safety of the employees, HOWE requires that the maximum allowable working hours in a week must not on a regular basis exceed 48 hours with a maximum

of 60 effective hours per week, including overtime, however excluding lunch and breaks, or less if dictated by national law.

Employees must be provided with at least one day off following every six consecutive days of working. Exceptions to this rule apply only where both of the following conditions exist:

- a) National law allows work time exceeding this limit; and
- b) A freely negotiated collective bargaining agreement is in force that allows work time averaging, including adequate rest periods.

Overtime hours must be voluntary unless they are planned or agreed in accordance with applicable national laws or collective bargaining agreements. Overtime hours must not be demanded on a regular basis and must be planned in a way that ensures safe working conditions. Overtime hours must be compensated at a premium rate as defined by national law or established by a collective bargaining agreement. In countries where a premium rate for overtime is not regulated by law or there is no collective bargaining agreement, employees must be compensated for overtime at the supplier's premium rate or at a premium rate equal to prevailing industry standards, whichever is higher. Alternatively, employees may be offered time off instead of paid overtime according to national law.

[ILO C1, C14, C116, C30]

WAGES, BENEFITS & HOLIDAYS

Employees must at a minimum be paid the local minimum wage for a standard working week, or the industry benchmark, whichever is higher. The wage should be sufficient to cover food and housing expenses and other basic needs for the employee and his/her entitled dependents and provide some discretionary income.

Monetary fines or deduction in compensation as a means of disciplinary measure can only be conducted if permitted by national law and agreed by the applicable collective bargaining agreement. Deductions related to damage of company products or equipment is not allowed unless it is demonstrated that the employee is clearly responsible. Deductions related to work production and output are not allowed. Deductions must be limited so that the net amount of wage from the total income of the employee is sufficient to ensure a basic needs income and at least the minimum wage required under national law.

Wages must be paid in legal tender directly to the employee and as a minimum on a monthly basis. The pay-slip should summarize all relevant wage information in an easily understandable language for the employee.

All benefits, such as pension, sick and leave provisions required by local laws and regulations must be provided, including annual leave, sick leave and maternity leave when applicable.

While not a requirement, the HOWE encourages suppliers to provide for a minimum of three weeks of annual paid leave and 14 weeks of paid maternity leave, as in accordance with ILO standards.

[ILO C26, C95, C117, C131, C132, C183]

EMPLOYMENT TERMS

Employees must be provided with a written confirmation of employment which outlines the terms of employment in language understandable to them. This should include information about work hours, salary and payment conditions. In addition, HOWE should encourage suppliers to include all important information appropriate to the specific employment e.g. leave and rest periods, benefits etc.

Excessive use of fixed-term contracts, labor-only contracting or sub-contracting for the purpose of avoiding obligations to employees under labor or social security regulations related to regular employment relationship must be avoided.

FREEDOM OF EXPRESSION

Retaliation practices must not be used to prevent employees from expressing dissatisfaction with their working conditions. Employees must be allowed to notify inspectors of any violations to this Code during monitoring visits without any retribution.

GRIEVANCE PROCEDURES

Suppliers must have a grievance procedure in place, appropriate to the size and sector of the business to enable employees to submit grievances concerning their work conditions. The grievance mechanism should be accessible to all employees on a confidential basis. There must be an established process for processing the grievances, and decisions resulting from the use of such procedures must be accepted and abided by.

HOUSING

If the company provides housing for its employees, it must be ensured that the facilities are safe, affordable and provided with basic facilities (water, sanitation, eating and cooking facilities) and of appropriate size adequate to the needs of the workers.

ENVIRONMENT

All national environmental legislation must be complied with. Suppliers must have management systems in place, appropriate to the size and sector of the business, in order to ensure continuous improvements and prevent, minimize and remedy adverse environmental impacts of its activities and products. In particular, suppliers must ensure that the management system addresses:

- the handling of chemicals in an environmentally safe way;
- the handling, storing and disposing of hazardous waste in an environmentally safe manner;
- routines to avoid pollution.

In addition, the supplier should work to continuously improve performance and set targets regarding:

- reducing waste, energy and emissions to air, ground and water;
- contributing to the recycling and reuse of materials and products;
- implementing environmentally friendly technologies.

CORRUPTION AND BRIBERY

The supplier must ensure by training and management systems appropriate to the size of the company that bribes are not offered, promised, given, accepted, condoned, knowingly benefited from, or demanded.

MONITORING AND EVALUATION

HOWE will actively monitor and audit certain categories of suppliers through third party audits acc. to SA8000 to verify compliance with HOWE Code of Conduct. All suppliers are required to provide full access (i.e. also to non-HOWE production areas) to on-site inspection including unannounced visits, by the HOWE and/or its designated representatives; access to all records that might determine compliance or non-compliance with the HOWE Code of Conduct; access to randomly selected employees for confidential interviews during monitoring visits.

If an onsite inspection e.g. audit reveals non-compliance with this Code of Conduct, HOWE will enter into a constructive dialogue with the supplier in order to improve conditions. HOWE will in cooperation with third party request adequate actions plans to correct issues of non-compliance and will undertake follow-up inspections to verify that improvements are made.

If a supplier demonstrates non-compliance to the HOWE Code of Conduct despite efforts to address these via constructive dialogue or demonstrates non-compliance of such grave character (HOWE non-acceptances list) HOWE holds the right to terminate the business relationship with immediate effect.

HOWE's aim is always to involve in business relationships characterized by straightforward partnership and mutual respect.

Date [yyyy.mm.dd]

Business Partner's name and stamp