

Code of Conduct for Duke University Licensees

March 9, 1998

- I. **Introduction:** Duke University is committed to conducting its business affairs in a socially responsible manner consistent with its health care and educational mission. Duke University expects nothing less of its licensees. Therefore, Duke University licensees will conduct their business in a manner consistent with, and follow work place standards that adhere to, this Code of Conduct (the Code).
- II. **Notice:** The following Code of Conduct shall apply to all licensees of Duke University. Throughout this Code the term "licensee" shall include all persons or entities who have entered a written Licensing Agreement with The Collegiate Licensing Company (CLC) to manufacture products bearing the name, trademarks and/or images of Duke University. Additionally, this Code shall apply to all of the licensee's contractors. Throughout this Code the term "contractor" shall include each contractor, subcontractor, vendor, or manufacturer that is engaged in a manufacturing process that results in a finished product for the consumer. "Manufacturing process" shall include assembly and packaging.

As a condition of being permitted to produce and/or sell licensed products bearing the name, trademarks and/or images of Duke University, each licensee must comply with this Code and ensure that its contractors comply with this Code. This Code constitutes a requirement for licensees pursuant to Paragraph 24 of the Licensing Agreement. Accordingly, all licensees and contractors are required to adhere to this Code within 6 months.

- III. **Remediation:** If Duke University determines that any licensee or contractor has failed to remedy a violation of this Code, then Duke University will consult with the licensee to examine the issues and determine the appropriate measures to be taken. The remedy will, at a minimum, include taking all steps necessary to correct such violations including, and without limitation, paying all applicable back wages, or any portion of them, found due to workers who manufactured the licensed articles. If consultation and agreed upon measures fail to adequately resolve the violations within a specified time period, then Duke University and licensee will implement a corrective action plan on terms acceptable to Duke University. Duke University reserves the right to terminate its relationship with any licensee that continues to conduct its business in violation of the corrective action plan. In such event, Duke University will provide the licensee with 120 days written notice.
- IV. **Standards:** Duke University seeks licensees who take a leadership role on these issues and, to the extent practical, exceed the standards in this Code. Duke University licensees must operate work places, and ensure that their contractors operate work places, that adhere to the following minimum standards and practices:
 - A. **Legal Compliance:** Duke University licensees must comply with all applicable legal requirements in conducting business related to, or involving, the production or sale of products or materials bearing the

name, trademarks and/or images of Duke University. Where there are differences or conflicts with this Code and the applicable laws of the country of manufacture, the higher standard shall prevail.

- B. **Environmental Compliance:** Licensees will be committed to the protection and preservation of the global environment and the world's finite resources, and conduct business accordingly.
- C. **Ethical Principles:** Licensees will be committed in the conduct of their business to a set of ethical standards which include, but are by no means limited to honesty, integrity, trustworthiness, and respect for the unique intrinsic value of each human being.
- D. **Employment Standards:** Duke University will only do business with licensees whose workers are present at work voluntarily, not at undue risk of physical harm, fairly compensated and not exploited in any way. In addition, the following specific guidelines must be followed:
 - 1. **Wages and Benefits:** Licensees recognize that wages are essential to meeting employees' basic needs. Licensees must provide wages and benefits which comply with all applicable laws and regulations, and which match or exceed the local prevailing wages and benefits in the relevant industry.
 - 2. **Working Hours:** Except in extraordinary circumstances, employees shall (i) not be required to work more than the lesser of (a) 48 hours per week and 12 hours overtime or (b) the limits on regular and overtime hours allowed by the law of the country of manufacture and (ii) be entitled to at least one day off in every 7-day period.
 - 3. **Overtime Compensation:** In addition to their compensation for regular hours of work, employees shall be compensated for overtime hours at such a premium rate as is legally required in that country, but not less than at a rate equal to their regular hourly compensation rate.
 - 4. **Child Labor:** No person shall be employed 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 work with governmental, human rights, and non-governmental organizations, as determined by Duke University and licensee, to minimize the negative impact on any child released from employment as a result of the enforcement of this Code.
 - 5. **Forced Labor:** There shall not be any use of forced labor, whether in the form of prison labor, indentured labor, bonded labor or otherwise.

6. **Health and Safety:** Licensees must provide workers with a safe and healthy work environment. If residential facilities are provided to workers, they must be safe and healthy facilities.
7. **Nondiscrimination:** Licensees shall employ individuals solely on the basis of their ability to perform the job.
8. **Harassment or Abuse:** Every employee shall be treated with dignity and respect. No employee shall be subject to any physical, sexual, psychological or verbal harassment or abuse. Licensees will not use or tolerate any form of corporal punishment.
9. **Freedom of Association:** Licensees shall recognize and respect the right of employees to freedom of association and collective bargaining.
10. **Labor Standards Environment:** In countries where law or practice conflicts with these labor standards, licensees agree to work with governmental, human rights, labor and business organizations to achieve full compliance with these standards. Licensees further agree to refrain from any actions that would diminish the protections of these labor standards. In addition to all other rights under the Licensing Agreement, Duke 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. Duke University shall make such determination based upon examination of reports from governmental, human rights, labor and business organizations and after consultation with the relevant licensee.

- V. **Compliance and Disclosure:** Sixty (60) days prior to the date of the annual licensee renewal, licensee shall provide the following to Duke University:
- A. the company names, owners and/or officers, addresses, phone numbers, e-mail addresses and nature of the business association for all of the licensees' contractors and manufacturing plants which are involved in the manufacturing process of items which bear, or will bear, the name, trademarks and/or images of Duke University;
 - B. written assurances that it and its contractors adhere to this Code (except that in the initial phase-in of the Code, licensee must provide such written assurances within 6 months of receipt of this Code); and
 - C. a summary of the steps taken, and/or difficulties encountered, during the preceding year in implementing and enforcing this Code at each site.

Note: Licensee shall immediately report to Duke University when changes occur that materially affect the application of these labor standards, such as the selection of a new factory.

VI. **Verification:** It shall be the responsibility of each Duke University licensee to ensure its compliance with this Code, and to verify that its contractors are in compliance with this Code.

- A. **Internal and External Monitoring:** It is recognized that clearly defined methods of internal monitoring, training and independent external monitoring have not yet been determined by Duke University and licensee. Duke University and licensee agree to undertake efforts to determine and clearly define the obligations associated with the development of adequate training and monitoring methods, including establishment of a reasonable time frame within which compliance measures, including internal monitoring and independent external monitoring, will begin. Duke University seeks to participate in methods and with monitoring organizations in which there is a demonstrated commitment to independent external monitoring. In this process, Duke University and licensee are committed to the principles of:
1. establishing clear evaluation guidelines and criteria,
 2. creating a database of records and information required to determine compliance with this Code,
 3. creating an informed workforce, including communicating this Code to workers in their languages, both orally and by posting the Code in a prominent place at the factories,
 4. access to the manufacturing facilities and information required to determine compliance with this Code by independent external monitors selected by Duke University,
 5. conducting periodic announced and unannounced visits, on a confidential basis, of an appropriate sampling of company factories and facilities of contractors to survey compliance with this Code,
 6. opportunity for employees to report noncompliance with this Code in a manner that ensures they will not suffer retaliation for doing so,
 7. establishing relationships with labor, human rights, religious and other local institutions, and
 8. publicizing to consumers the content of this Code and the compliance by site (excluding proprietary information) with this Code by licensees.