

Fair Workplace Council Bylaws

The Fair Workplace Council bylaws are presented here in their entirety. This includes formalization of our mission and purpose, conflict of interest and transparency policies as well as our governing structure.

FAIR WORKPLACE COUNCIL BYLAWS A California Non-Profit Public Benefit Corporation

ARTICLE 1: OFFICES

The Board of Directors are granted full authority to change or locate Fair Workplace Council principle office anywhere in the United States by two thirds (2/3) majority approval of all Board members. Fair Workplace Council may have other offices anywhere in the world, where it is qualified to do business, as its business may require, and as the Board designates.

ARTICLE 2: PURPOSE

Fair Workplace Council is a nonprofit public benefit corporation and is not organized for the private gain of any person. It is organized under the California Nonprofit Public Benefit Corporation Law for charitable purposes and as specified under the Internal Revenue Code section 501(c)(3).

Fair Workplace Council's specific purpose is:

- (a) To ensure that workers who manufacturer consumer electronics and other consumer products work and live under safe and fair conditions.
- (b) Provide consumers with information and action that allow them to choose products that are manufactured under safe and fair working conditions over those that are not.
- (c) Create a mechanism that provides consumer electronics companies an incentive to manufacture their products under safe and fair conditions.
- (d) Be a trusted independent monitor that protects workers and informs consumers.
- (e) Engage in public education and public policy research and other related lawful activity to further the above described purpose.

ARTICLE 3: MISSION AND STATEMENT OF PRINCIPLES

Every human being, regardless of where they live, or what they do, has the inalienable right to earn a fair and living wage and work under safe conditions. Consumer and manufacturer together have the power and responsibility to choose products that are created ethically and fairly, over those that are not. At Fair Workplace Council, we provide consumers with the means and companies with the incentive to make that conscious choice.

Fair Workplace Council is a California based nonprofit organization dedicated to living wages and safe working conditions in the manufacture of consumer electronics.

For more information contact us: www.fairworkplace.org. or e-mail us: info@fairworkplace.org



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ARTICLE 4: BOARD OF DIRECTORS

SECTION 4.1: NUMBER

Fair Workplace Council must have at least three (3) and no more than twelve (12) Board members or Directors. Collectively they are called the Board of Directors or the Board.

SECTION 4.2: QUALIFICATIONS

Directors must not have any commercial, financial, or business relation with any company that Fair Workplace Council certifies or that may affect their independent judgment as Board members. A Director must be committed to the Purpose and Mission of the Fair Workplace Council and have skills, knowledge, and experience that will help further the Purpose and Mission.

SECTION 4.3: POWERS

Subject to the California Nonprofit Public Benefit Corporation Law, the Board has the authority to exercise all corporate powers and oversee all of Fair Workplace Council's activities. The Board must also monitor and assess the management, programs, and activities of Fair Workplace Council for consistency and alignment with Purpose, Mission, and Statement of Principles.

SECTION 4.4: TERMS OF OFFICE

Each director will hold office for three years. The Board is divided into three classes of Directors so that one third of the Board member's term expires each year. The Chief Executive Officer (CEO) will be on the Board as long as he or she is the Fair Workplace Council's CEO.

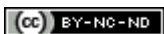
SECTION 4.5: NOMINATION AND ELECTION

(a) Nomination: Board members have the right to nominate new members to the Board. At least sixty (60) days before an annual meeting and thirty (30) days before the Board intends to fill vacant Board positions it must also solicit the Advisory Council and employees for Board nominations. The Board may also solicit nominations for Board membership from the general public. A nominee will be notified in writing or e-mail. If interested, they must provide a written statement describing why they want to be on the Board. They must also provide a statement revealing conflicts or potential conflict of interest as described in Article 10 of these Bylaws. Both of these statements will be circulated to all eligible to vote at least fifteen (15) days before the election.

(b) Election: The Board will be elected at each annual meeting. New Directors may be added to the Board to fill vacant Board positions at any time; all eligible to vote must be given at least fifteen (15) days notice either by writing by first class mail or e-mail.

SECTION 4.6: COMPENSATION

Directors must not be compensated for their service as members of the Board. Directors and Officers must not take personal loans from Fair Workplace Council. They are entitled to be reimbursed or



advanced reasonable and documented expenses incurred while performing their regular duties as Board member.

SECTION 4.7: RESTRICTIONS REGARDING INTERESTED DIRECTORS

Not more than forty-nine percent (49%) of Directors may be interested persons. An "interested persons" means either:

- (a) Any person currently being compensated by Fair Workplace Council for services performed within the previous twelve (12) months, whether as a full- or part-time officer, employee, independent contractor, or otherwise, excluding reimbursement of expenses as a volunteer or director; or
- (b) Any brother, sister, ancestor, descendant, spouse, brother-in-law, sister-in-law, son-in-law, daughter-in-law, mother-in-law, or father-in-law of any such person.

SECTION 4.8: REMOVAL

- (a) The Board may remove or suspend any Director for cause by two thirds (2/3) approval of the entire Board. Charges for cause must be filed in writing by at least two Board members. A Special Meeting of the Board must be called to discuss and vote on removal. All Board members must be notified of the charges in writing or by e-mail at least ten days (10) before the meeting. The Director who the charges are made against must be given the chance to defend his or herself at the meeting.
- (b) If a Board member has missed three consecutive Regular Board Meetings, on the third meeting, that Board member may be removed from the Board by a majority vote of all Board members.

ARTICLE 5: MEETINGS

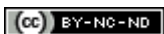
SECTION 5.1: REGULAR MEETINGS

The Board must hold Regular Board meetings four (4) times per year, once each quarter. Meetings may be held at a place designated by a majority of the Board, if not specified, it will be held at Fair Workplace Council's principal office.

SECTION 5.2: ANNUAL MEETINGS

Fair Workplace Council must have an Annual Meeting every March. The meeting will be open to the public and will be announced at least thirty (30) days in advance. All persons with voting rights will be notified either in writing or by e-mail. At minimum, the agenda of the annual meeting will be:

- (a) Election of the Board
- (b) Review of annual financial statement
- (c) Review of accomplishment or failure to accomplish social agenda
- (d) Plan and goals for the up coming year
- (e) Public discussion and feedback



SECTION 5.3: SPECIAL MEETINGS

The Board Chair, the CEO, or by any two Board members may call a Special Board Meeting. The meeting will be held at a place specified by the persons who called the meeting. If they do not specify a place, the meeting will be held at the principle office of Fair Workplace Council.

SECTION 5.4: QUORUM, NOTICE, AND ATTENDANCE

At least 50% of the Board must attend the meeting to create a Quorum. Board members must receive notice of any Board meeting at least two (2) days in advance. Meeting notice must be given by e-mail or by written notice (overnight delivery). Board members may attend meetings in person, by telephone conference, electronic video screen communication, or internet based conferencing system so long as:

- (a) All participants can be identified as members of the Board.
- (b) All participants can hear, speak, vote, and participate as if they were present in person.
- (c) All participants can view all material presented at the meeting and has the ability to present material to all other participants.

SECTION 5.5: WHAT CONSTITUTES BOARD ACTION

A Quorum may act on all regular business of the Board, and every decision made by a majority of Board members present is considered a Board action. Any action in these Bylaws that specifies approval by the Board without further specification or qualification means a decision made by consent of a majority of Board members present at a meeting where there is a Quorum. Certain actions and decisions must follow other voting rules if specified by these Bylaws.

ARTICLE 6: NONLIABILITY AND INDEMNIFICATION

SECTION 6.1: NONLIABILITY OF DIRECTORS

Board members will not be personally liable for the debts, liabilities, or other obligations of Fair Workplace Council.

SECTION 6.2: IDEMNIFICATION

All Board members, employees, Advisory Council, and volunteers acting on behalf of Fair Workplace Council will be indemnified by Fair Workplace Council to the fullest extent as described in Section 5238 of California law against fines, settlements, legal fees, and other reasonable expenses for civil and criminal actions brought against them for their actions directly related to the performance of their duties as agents of Fair Workplace Council provided that the person acted in good faith on behalf of Fair Workplace Council with the care an ordinary prudent person in a similar position and under similar circumstances would act. In the case of criminal proceedings, the person acted in good faith and care on behalf of Fair Workplace Council and believed that their conduct was lawful. The Fair



Workplace Council has the right to select attorneys and to approve any settlement or legal expenses incurred in connection with any legal action which it indemnifies.

Except if required by California or Federal law, The Fair Workplace Council has the right not to indemnify Board members, Officers, Advisory Council, employees or volunteers for actions that a majority of Board members not party to the legal action determine is willful misconduct, sexual harassment, deliberate self-dealing, or fraud against the Fair Workplace Council. Except if required by California or Federal Law, Fair Workplace Council will also not indemnify Board members, Officers, Advisory Council, employees, or volunteers for legal actions they may choose to take against Fair Workplace Council or that Fair Workplace Council may take against them if they are removed from their position in the organization for cause.

SECTION 6.3: INSURANCE FOR CORPORATE AGENTS

The Board must maintain a Director and Officers insurance policy. The policy may also cover other employees or agents of Fair Workplace Council. The policy may cover both civil and criminal action liability as allowed by California Nonprofit Public Benefit Corporation Law except of violations of the law relating to self-dealing (Section 5233 of the California Nonprofit Public Benefit Corporation Law).

ARTICLE 7: OFFICERS

SECTION 7.1: ELECTED OFFICERS

At the first Board meeting after the Annual Meeting, the Board must elect a Chair, Secretary, and Treasurer from the Board members. The Executive Director may be the Board Chair but must not be either the Board Secretary or Treasurer.

- (a) Board Chair: The Board Chair will represent the corporation in its relations with the public. He or she will preside over the Annual Meeting and the Board of Director's meeting.
- (b) Secretary: The Secretary gives meeting notices and keeps minutes or designates someone to keep minutes of all Board meetings.
- (c) Treasurer: The Treasurer advises the Board of Directors and Executive Committee on Financial matters.
- (d) Chair Emeritus: The Board may designate a distinguished Advisory Council or Board member as honorary Chair or Chair Emeritus. The Board Chair may ask the Chair Emeritus to preside over any meeting. If the Chair Emeritus is not a regular Board member, they may preside over the meeting but may not vote.

SECTION 7.2: EXECUTIVE DIRECTOR

- (a) The Board will engage the services of Executive Director. The salary of the Executive Director will be determined by the Board in compliance with the California Non Profit Integrity Act, IRS rules and guidelines on non profit executive compensation, and must be commensurate with other Executive Directors of nonprofit organizations of similar size, revenue, and scope.
- (b) The Executive Director is the Chief Executive Officer (CEO) of Fair Workplace Council. The



Executive Director will implement the vision and policies of the Board. The Executive Director will be responsible and provide supervision for all activities of the staff and the day to day operation of Fair Workplace Council. The Executive Director can hire or fire staff. The Executive Director has the right to enter into contracts on behalf of Fair Workplace Council and authorize spending that is in alignment and within the constraints of the Strategic Plan and Annual Budget that is approved by the Board. The Executive Director must seek and obtain Board approval to act outside the constraints of the Annual Budget and Strategic Plan.

(c) The Executive Director must provide a quarterly and annual financial statements and Annual Budget to the Treasurer. The Annual Budget must be created with Board input and approved by the Board. The Executive Director must also create, with Board input and approval, a three to five year Strategic Plan. The Executive Director is responsible for updating this Strategic Plan each year by the end of the first quarter and reporting to the Board what goals and targets were achieved and missed.

(d) The Executive Director is a Board member with full voting rights.

(e) The Executive Director may be removed as Executive Director by a majority approval of the entire Board. If the removed Executive Director was on the Board only because of their position as the CEO of Fair Workplace Council, he or she will be automatically removed from the Board. If the removed Executive Director was elected to the Board, he or she will remain on the Board but no longer be Board Chair.

SECTION 7.3: CHIEF FINANCIAL OFFICER

The Board may engage the services of a Chief Financial Officer (CFO). The CFO will report to the CEO. The Salary of the CFO will be determined by the Board in compliance with the California Non Profit Integrity act, IRS rules and guidelines on non profit executive compensation, and will be commensurate with other CFOs of nonprofit organizations of similar size, revenue, and scope. The CFO will be responsible for managing the finances and budgets of the Fair Workplace Council. The Board grants the CFO the right to sign checks and pay bills on behalf of Fair Workplace Council so long as they are within the constraints of the Annual Budget approved by the Board. The CFO may be removed by a majority approval of the Board.

ARTICLE 8: ADVISORY COUNCIL AND COMMITTEES

SECTION 8.1: ADVISORY COUNCIL

The Board must create and maintain an Advisory Council. The Advisory Council consists of persons with specific expertise, notoriety, or distinction that may help further the mission and purpose of Fair Workplace Council. The Board or the Executive Director may call upon Advisory Council members for specific tasks in their area of expertise. Any member of the Advisory Council has the right to submit suggestions to the Board for action and may request to attend a Board meeting. The Board or the Executive Director is authorized to provide reasonable reimbursement of expenses to Advisors and Indemnify them against legal action when acting as agents of Fair Workplace Council. There is no limit to the number of Advisory Council members. Advisory Council members are elected by the Board, serve a two year team, and may be removed by a Board majority.



SECTION 8.2: COMMITTEES

The Board may create special committees that make recommendations to the Board. The committees may only make recommendations and may not making binding decisions that are normally reserved for the Board.

ARTICLE 9: FISCAL POLICIES

SECTION 9.1: FISCAL YEAR

The Fiscal year is the same as the calendar year, from January 1 to December 31.

SECTION 9.2: AUTHORIZATION TO ACT FOR FAIRWORKPLACE COUNCIL

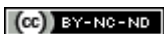
The Board, except as otherwise provided in these Bylaws, may authorize any officer or agent of Fair Workplace Council to enter into any contract or execute legal documents in the name of and on behalf of Fair Workplace Council. This authority may be general or limited to specific instances. Unless authorized by the Board or these Bylaws, no person has the authority to bind Fair Workplace Council by contract, execute legal documents, or render it liable monetarily for any purpose or in any amount.

SECTION 9.3: FUNDRAISING

- (a) Fair Workplace Council must establish and exercise control of all fundraising activities conducted for its benefit. This obligation includes approval of all contracts and agreements and assurance that fundraising activities are conducted without coercion.
- (b) Fair Workplace Council cannot enter into any contract or agreement with a commercial fundraiser that is not registered with the California Attorney General Registry of Charitable Trusts.
- (c) Fair Workplace Council must not participate in any fundraising activities that are prohibited by the California Nonprofit Integrity Act and other regulations specified in California law.

SECTION 9.4: INDEPENDENT FINANCIAL AUDIT

- (a) Once Fair Workplace Council reaches over five hundred thousand dollars (\$500,000) in annual revenue; the Board of Directors must appoint an audit committee and hire an independent certified public account to create a financial audit each year, as required by California law. The results of this audit will be public record and placed on the Fair Workplace Council website.
- (b) Requirements of Audit Committee Members
 - (i) The Audi Committee may include non-Board members.
 - (ii) The Audit Committee can not include staff members, CEO, CFO, or treasurer.
 - (iii) If there is a finance committee, they may not comprise more than 50% of the audit committee's members.
- (c) Duties of the Audit Committee.
 - (i) Recommend to the Board the retention and termination of an independent auditor.



- (ii) Negotiate compensation of the auditor on behalf of the Board.
- (iii) Confer with the auditor to satisfy the committee members that the financial affairs of Fair Workplace Council are in order.
- (iv) Approve non-audit services by the independent CPA's accounting firm and ensure that these services conform to the US Comptroller General's Yellow Book.

SECTION 9.5: PROHIBITION AGAINST SHARING CORPORATE PROFITS

As directed by Article V of Fair Workplace Council Articles of Incorporation, the property of the Fair Workplace Council is irrevocably dedicated to charitable purposes. No part of the net income or assets can be used to benefit any Director, officer, employee, or any private person. If Fair Workplace Council dissolves, all remaining assets after payment of liabilities and debts must be distributed to a nonprofit corporation, fund, or foundation that is organized exclusively for charitable purposes and has established tax exempt status under Section 501(c)(3) of the Internal Revenue Code.

ARTICLE 10: CONFLICT OF INTEREST POLICY

SECTION 10.1: PURPOSE AND PRINCIPLES

- (a) The purpose of the conflict of interest policy is to protect the Fair Workplace Council's interest when it contemplates entering into a transaction or arrangement that might benefit the private interest of an Officer, Director, and any other person the Board empowers to make decisions on it's behalf of or might result in a possible Excess Benefit Transaction.
- (b) It is also the purpose of this policy to provide clear guidelines that will help ensure that any certification process or programs that Fair Workplace Council creates serve its Purpose and Mission and are credible and completely independent of those who are certificated and monitored.
- (c) Fair Workplace Council will not engage as an agent, advisor, contractors, officer, or Board member, any person who is employed by or has ownership or financial interest in any company whose products or factories Fair Workplace Council certifies.
- (d) This policy is intended to supplement and comply with, but not replace, any applicable state and federal laws governing conflict of interest applicable to nonprofit and charitable organizations.

SECTION 10.2: CONFLICT OF INTEREST DEFINED

- (a) A conflict of interest or potential conflict of interest occurs when a Board member, Officer, employee, or agent has a direct or indirect ownership, investment, compensation arrangement, or family interest in an entity that Fair Workplace council is considering or has a financial arrangement or transaction and has the power to make decisions or recommendations over such arrangements. Compensation includes direct and indirect remuneration as well as gifts or favors that are not insubstantial.
- (b) A conflict of interest of potential conflict of interest occurs when a Board member has a compensation arrangement with Fair Workplace Council and has the power to make decisions over compensation arrangements.
- (c) A conflict of interest or potential conflict of interest occurs when a Board member, Officer,



Advisory Council member, employee, or agent who acts on behalf of Fair Workplace Council has been or is associated with by financial interest, membership, employment, or advisory role; with an organization or corporation whose products or factories Fair Workplace Council certifies or has the potential to certify.

(d) A conflict of interest or potential conflict of interest occurs when a Board member, Officer, Advisory Council member, employee, or agent who acts on behalf of Fair Workplace Council is a member of an industry group that represents companies whose products or factories Fair Workplace Council certifies or has the potential to certify.

SECTION 10.3: DISCLOSURE

(a) Each person, prior to taking a position as employee, agent, officer, member of the Advisory Council, or when nominated as a potential Board member must disclose in writing, all conflicts of interest or potential conflicts of interest and sign a statement agreeing to the terms of this conflict of interest policy.

(b) Each employee, officer, Advisory Council, and Board member, must update this disclosure in writing once a year and also whenever a new potential conflict of interest arises.

(c) Any person donating more than \$500 to the Fair Workplace Council must also complete and sign a conflict of interest disclosure.

SECTION 10.4: WHAT TO DO WHEN A POTENTIAL CONFLICT OCCURS

(a) If any employee, agent, advisor, or Board member has a potential conflict of interest, they must immediately notify the Board in writing and remove themselves from the decision making process in which the conflict occurs.

(b) As part of the decision making process, the Board will determine if with reasonable effort it is possible to obtain a more advantageous transaction or arrangement from a person or entity that would not create a conflict of interest and if this is in the best interest of Fair Workplace Council.

(c) Any determination or investigation of the Board must have complete and accurate transcripts. This must include the names of the persons who disclosed or were found to have a possible or actual conflict of interest, the nature of the possible or actual conflict of interest, any action taken to determine whether a conflict of interest was present, and the Board decision including the record of the vote.

SECTION 10.5: CONSEQUENCES FOR WILLFUL VIOLATION OF THIS POLICY

(a) If the Board has reasonable cause to believe that an employee, agent, officer, or member of the Advisory Council, failed to disclose actual or possible conflicts of interest, it must inform the person of the basis for such belief and allow them an opportunity to defend themselves in front of the Board.

(b) A determination by the Board of willful violation of the Conflict of Interest Disclosure and Policy may be grounds for termination of employment, removal from the Board, or association with the Fair Workplace Council. The Board may alternatively pursue other disciplinary action it determines is appropriate.



SECTION 10.6: PROHIBITION OF DONATIONS THAT MAY CREATE CONFLICT OF INTEREST

(a) Fair Workplace Council or its employees, agents, Board of Directors, officers, or advisors, must not accept gifts or donations from companies or organizations that have a business relationship with companies whose products or factories Fair Workplace Council certifies or has the potential to certify.

(b) Fair Workplace Council or its employees, agents, Board of Directors, officers, or advisors, must not accept gifts or donations in excess of \$500 from individuals who are employees, officers, or Board members of companies whose products or factories Fair Workplace Council certifies.

(c) Other than fees for certification inspection and training, Fair Workplace Council and its employees, agents, Board of Directors, officers, or advisors are forbidden from accepting donations or gifts of any kind from companies whose products or factories Fair Workplace Council certifies or has the potential to certify.

SECTION 10.7: COMPENSATION

A Board member who receives compensation from Fair Workplace Council for services is precluded from voting on matters pertaining to their compensation for those services.

SECTION 10.8: PERIODIC REVIEWS

The Board will conduct a periodic review to assure that Fair Workplace Council operates in a manner consistent with charitable purposes and does not engage in activities that could jeopardize its tax-exempt status. The periodic reviews will include:

(a) Whether compensation arrangements and benefits are reasonable, based on competent survey information and the result of arm's length bargaining.

(b) Whether partnerships, joint ventures, and arrangements with management organizations conform to Fair Workplace Council's written policies, are properly recorded, reflect reasonable investment or payments for goods and services, further charitable purposes, and do not result in inurement, impermissible private benefit or in an excess benefit transaction.

ARTICLE 11: TRANSPARENCY

SECTION 11.1: WHAT MUST BE TRANSPARENT

Fair Workplace Council will maintain complete transparency of their process and procedures. Bylaws, conflict of interest policies, general processes and procedures, financial statements, inspection reports of certified products and factories must all be made available to the public and posted for easy public access on the Fair Workplace Council website.

SECTION 11.2: WHAT MAY BE HELD IN CONFIDENCE



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Inspection reports of factories and products not certified, plans to inspect factories, strategic plans that if revealed may jeopardize the integrity of factory certifications and inspections may be held in confidence. In addition, employee records, which either by law, or convention, is normally held in confidence, will remain private.

SECTION 11.3: INDEPENDENT AUDIT OF CERTIFICATION PROCESSES

Every year, the Board must hire an independent auditor who is well respected in the field of health and safety or labor rights to audit and access Fair Workplace Council's certification and inspection process. The results of this audit will be public record and placed on Fair Workplace Council's website.

ARTICLE 12: CERTIFICATION STANDARDS

SECTION 12.1: CREATION AND MAINTAINENCE OF STANDARDS

The Fair Workplace Council Board will create one or more Certification Standards in order to further the Fair Workplace Council Mission and Purpose. The Certification Standards must be approved by the Board. The Board must consult with experts and activists in the field of human rights, occupational health and safety, environmentalists, and the anti-sweatshop community when drafting or modifying the standards.

SECTION 12.2: CERTIFICATION MARK

The Fair Workplace Council will create one or more Certification Marks. These marks will be used to signify compliance with the Certification Standards. These marks will be registered and maintained with the US Patent and Trademark Office and may be registered in other countries as needed. The Fair Workplace Council will aggressively defend against improper use of the Certification Marks.

ARTICLE 13: AMENDMENTS

SECTION 13.1: AMENDMENT OF BYLAWS

Subject to the California Nonprofit Public Benefit Law, the Board may amend these Bylaws by two thirds (2/3) majority approval of the entire Board.

SECTION 13.2: AMENDMENT OF ARTICLES

Subject to the California Nonprofit Public Benefit Law, the Board may amend the Articles of Incorporation by two thirds (2/3) majority approval of the entire Board.

