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CODE OF CONDUCT OF THE GERMAN TEXTILE AND FASHION INDUSTRY

Preamble

The companies of the German textile and fashion industry are committed to their social responsibility, regardless of whether they are economically active in Germany, Europe or other parts of the world. Supported by the responsible awareness for the social, ecological and economic design of the entire textile value chain, they face the challenges of an increasingly networked and global economy. The German Textile and Fashion Industry Federation and its member associations have drawn up this Code of Conduct to support companies in this process.

The associations recommend the application of this Code of Conduct. It is available to all companies in the industry as a voluntary instrument and serves as a guideline for socially responsible corporate action. In its function, the Code focuses on identifying areas of responsibility for entrepreneurial action and providing a framework for companies to individually align their corporate policies. For its implementation in the global value chains, the code contains practice-oriented basic rules that small and medium-sized enterprises in particular, with their different business models and capacities, can comply with.

The Code of Conduct is based on the internationally recognized principles for the protection of human and labor rights as expressed in the United Nations Universal Declaration of Human Rights, the ILO Core Labor Standards, the UN Guiding Principles for Business and Human Rights and the OECD Guidelines for Multinational Enterprises. In addition, the Code is based on relevant international agreements for the protection of the environment.

These agreements under international law are generally binding on states – not companies – and their enforcement is the task of the state. Companies in the textile and fashion industry support the goal of enforcing human rights, labour, social and ecological standards in economic value creation processes. By aligning their business activities with the principles formulated in these international agreements, companies can make a contribution to this. They do this in the awareness that this is a long-term process, the success of which requires constructive and pragmatic cooperation between state institutions, social actors and companies.¹

¹ The reference in this text to agreements under international law is to be understood as meaning that the enterprises orient themselves towards the contents to the extent that this is possible for private sector organizations.

Registereintrag

Amtsgericht Chemnitz
HRB 20902
Gerichtsstand Chemnitz

Geschäftsführer

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1. Basic understanding of socially responsible corporate management

Compliance with law and order

The companies comply with the laws and regulations of the respective countries in which they operate. They ensure – especially in countries with weak government structures – that the principles of this Code of Conduct are observed in their own actions and encourage their business partners to do the same.

If existing national regulations conflict with the contents of the Code, or if the domestic context makes it impossible to fully comply with the responsibility to respect human rights, companies should find ways to uphold the principles of internationally recognized human rights and the contents of this Code of Conduct.

Social contribution

Companies see themselves as part of the societies in which they operate. Through their business activities, they contribute to their well-being, promotion and sustainable development. The companies take into account direct and indirect effects of their business activities on society and the environment and endeavour to strike an appropriate balance between economic, social and ecological interests.

They respect and accept the different legal, social, cultural and social backgrounds of the countries into which their value chain extends and recognize their structures, customs and traditions. Insofar as these conflict with the principles laid down here, the companies will enter into dialogue with their business partners and work towards understanding and acceptance.

Ethical management and integrity

The companies pursue legal business practices in compliance with fair competition, industrial property rights of third parties as well as antitrust and competition law regulations. They reject all forms of corruption and bribery and appropriately promote principles of responsible corporate governance such as transparency, accountability, responsibility, openness and integrity. Business partners are to be treated fairly. Contracts must be adhered to as long as the framework conditions do not change fundamentally. Generally ethical values and principles must be respected, in particular human dignity and internationally recognized human rights.

2. Respect for human rights

The protection of human rights is a duty of the respective states in which the companies are economically active. To support the state's obligation to enforce human rights on its territory, companies should respect human rights. Through their activities, companies should avoid violating the human rights of others and counteract any adverse human rights impacts in which they are involved.

In order to fulfil their responsibility to respect human rights, companies should exercise due diligence, depending on the size of the company, the risk of serious human rights implications and the nature and context of the business. Due diligence should include

procedures to identify, prevent, mitigate and, where appropriate, remedy potential adverse human rights impacts, and should extend to those adverse human rights impacts, which are caused or contributed to by companies themselves or which are directly related to their business, products or services through their business relationships.

3. Labour rights and conditions

Companies shall comply with the core labour standards of the International Labour Organization and create a safe and dignified working environment.

Freedom of association and the right to collective bargaining

Enterprises shall respect the right of workers and employers, without prior authorization and at their own option, to form organizations with the aim of promoting and protecting the interests of workers or employers, to join such organizations and to elect their representatives freely. Companies shall respect the right of workers and employers to engage in collective bargaining on pay and working conditions. Workers must not be disadvantaged in terms of their employment because of their membership of workers' organizations.

In countries where the principles of freedom of association, right of association and collective bargaining are not respected, or where the exercise of these rights is restricted or prohibited, companies should allow their employees to freely elect their own representatives with whom they can engage in dialogue on workplace issues. Businesses should respect the right of their employees to complain without incurring any disadvantage whatsoever; such complaints should be dealt with by appropriate procedures.

Prohibition of forced labour

An economic activity based on forced or compulsory labour, debt bondage or serfdom is not accepted by companies. This includes any kind of work or service that is required of a person under penalty and for which he or she has not volunteered.

Prohibition of child labour and protection of young workers

Companies are committed to the effective elimination of child labour. They observe the respective legal minimum age for admission to employment or work, which according to the provisions of the International Labour Organization may not be less than the age at which compulsory schooling ends and not less than 15 years.

In the recruitment process, appropriate mechanisms for age determination should prevent child labour. When companies identify child labour, they should take necessary corrective and social reintegration measures that focus on the welfare and protection of the child.

Enterprises shall recruit young people from the age of 16 only if the nature or conditions of the work they perform do not endanger the life, health and morals of the young people concerned and they receive appropriate relevant instruction or vocational training in the relevant sector.

Prohibition of discrimination in employment and occupation

Any form of discrimination, exclusion or preference based on ethnic origin, colour, sex, religion, political opinion, national origin or social origin which results in the elimination or impairment of equality of opportunity or treatment in employment or occupation shall be prohibited. The principle of equal pay for men and women workers for work of equal value should also apply.

Working hours

Unless applicable national laws or collective agreements stipulate a lower maximum working time, regular working hours should not exceed 48 hours per week plus a maximum of 12 hours overtime per week. Overtime shall be remunerated at least in accordance with the relevant statutory or collectively agreed provisions, and its arrangement should remain an exception.

Companies shall grant their employees the right to rest breaks on any working day and shall observe the relevant public holidays. A day off shall be granted after six consecutive working days.

Salaries

Minimum wages applicable under state or collective agreements must not be undercut. Businesses note that in countries without a collective or statutory wage framework, wages for regular full-time work should be sufficient to meet the basic needs of workers. At the same time, they know that companies cannot ensure a livelihood in keeping with human dignity on their own, but that state supplementary benefits and other social protection measures may be necessary. Wages are not withheld and are paid regularly in a form suitable for the employee. Wage deductions are only permitted within the legal or collective bargaining framework and must be disclosed. Employees are regularly informed about the composition of their remuneration.

Employment relationships

The rules of national labour law must be observed. Workers should be provided with comprehensible information on essential working conditions, including working hours, remuneration and payment and settlement arrangements. Undertakings shall protect the right of workers to terminate their employment relationship by giving the relevant period of notice. Enterprises shall also endeavour to promote the professional qualifications of workers.

Health and safety at work

Undertakings should take appropriate measures to ensure health and safety at work, taking into account national requirements, in order to prevent accidents at work and protect the health of their workers in the course of their activities. Valid local regulations on occupational safety, health and safety at work and building safety and fire protection are observed in order to reduce the risk of accidents and occupational diseases to a minimum. Where necessary and appropriate, workers shall be provided with appropriate personal protective equipment. In situations of immediate danger, employees have the right and the

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duty to leave their workplace immediately and without permission. Persons in need, such as young workers, young mothers and pregnant women, and people with disabilities, should be given special protection.

Dignified contact

Companies treat their employees with dignity and respect. All forms of unworthy treatment, abuse, harassment and intimidation, as well as unlawful punishment of employees, will be refrained from. Disciplinary measures shall be laid down in writing and in a form comprehensible to the employee.

4. Environmental protection

The companies comply with applicable laws, regulations and administrative practices to protect people and the environment in the countries in which they operate. They should generally conduct their business in such a way as to contribute to the general objective of sustainable development. To this end, they should set up a system tailored to their business which enables them to monitor their operations for harmful environmental effects and to take all necessary and proportionate measures to reduce, in compliance with existing regional laws and regulations, human and environmental burdens, prevent environmental damage and remedy it as far as possible.

Companies are committed to the continuous and long-term improvement of their environmental performance by promoting the introduction of appropriate technologies and production processes that enable the efficient use of natural resources and energy and the minimization of emissions. They aim to evaluate the chemicals used and try to select them from the point of view of environmental protection, occupational health and safety and consumer protection and to replace chemicals that are particularly harmful. Professional disposal of waste and possible reuse of materials within the framework of recycling management are important if this is possible due to local conditions.

5. Consumer interests

Companies shall take appropriate measures to ensure the quality of the products they offer. They ensure that their products comply with all legal regulations with regard to the health and safety of consumers and that they are safe and harmless for their intended use. Businesses shall also take consumer interests into account in information and distribution activities by applying fair business, marketing and advertising practices and by promoting consumer education.

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6. Animal and species protection

The companies observe the principles of animal protection in their business activities. Animal husbandry and use must be designed in a species-appropriate manner. The companies recognize the Washington Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES) and act accordingly.

7. Communication

The companies communicate the contents of the Code of Conduct to employees, contractual partners and, if applicable, third parties. It should be comprehensible to the contractual partner that compliance with the Code of Conduct is guaranteed in principle. However, for legal reasons, the disclosure of trade and business secrets or information relating to competition or other protection is excluded.

8. Implementation and enforcement

The companies observe this Code of Conduct in their own actions. They encourage their business partners to apply the Code of Conduct accordingly. The companies support their business partners in designing their supply chains in such a way that people and employee rights are respected and working conditions are continuously improved.

In the spirit of good corporate governance, the companies embed the principles of responsible corporate management set out in the Code in their strategic and operational management systems.

Berlin, May 2015

The document is available online at <http://www.textil-mode.de/themen/csr/code-of-conduct>

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