

## Code of Conduct

of the German textile and fashion industry

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### Preamble

Companies in the German textile and fashion industry are committed to exercising their corporate responsibility, irrespective of whether they are active in Germany, Europe or other parts of the world. Driven by the responsible awareness for a socially, ecologically and economically acceptable organisation of the entire textile supply chain, they face up to the challenges posed by an increasingly connected and global world. To support companies in this regard, the umbrella association representing the German textile and fashion industry, *Gesamtverband der deutschen Textil- und Modeindustrie*, and its member associations have drawn up the present Code of Conduct.

The associations recommend implementation of this Code of Conduct. It is at the disposal of all companies in the sector as a voluntary instrument and serves as a guide for socially responsible corporate behaviour. In its function, the Code concentrates on highlighting fields of responsibility in corporate behaviour and offers an orientation framework on which individual firms can align their corporate policy. For its implementation in global supply chains, the Code comprises practical ground rules which are feasible not least for small and medium-sized enterprises with their diverse business models and capacities.

The Code of Conduct is oriented on internationally recognised principles for the protection of human and labour rights as set out in the United Nations Universal Declaration of Human Rights, the ILO Core Labour Standards, the UN Guiding Principles on Business and Human Rights as well as the OECD Guidelines for Multinational Enterprises. Furthermore, the Code draws on relevant international agreements on protection of the environment.

These international agreements are essentially binding on States – not companies; their implementation is a task for the State. Companies in the textile and fashion industry support the objective of implementing human rights as well as labour, social and ecological standards in economic value creation processes. By orienting their corporate behaviour on the principles formulated in these international agreements, companies can make a contribution in this respect. They do so in the knowledge that this is a long-haul process for whose success constructive and pragmatic cooperation between State institutions, stakeholders in society and companies is essential.<sup>1</sup>

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<sup>1</sup> The mention of international agreements in the present text should be understood as meaning that companies orient themselves on their content to the extent that this is possible for private sector organisations.

## **1. Fundamental understanding of socially responsible business management**

### ***Legal compliance***

Companies comply with the laws of all countries in which they do business. They take care to comply with the principles of the present Code of Conduct in their own actions – in particular in countries with a weak governance structure – and also encourage their business partners to do likewise. Where current national provisions are in contradiction with the content of the Code or the domestic context makes it impossible to meet the responsibility for respecting human rights without restriction, companies should nevertheless find ways of complying with the principles of internationally recognised human rights and the content of the present Code of Conduct.

### ***Contribution to society***

Companies regard themselves as part of the societies in which they do business. Through their business activities, they contribute well-being, advancement and sustainable development in these societies. Companies take into consideration indirect and direct effects of their business activities on society and environment, and endeavour to bring them into an appropriate balance of economic, social and ecological interests. They respect and accept the different legal, societal, cultural and social backgrounds of the countries into which their value creation chain extends, and recognise their structures, customs and traditions. Insofar as the latter are in conflict with the principles set out here, companies will enter into dialogue with their business partners and strive for understanding and acceptance.

### ***Ethical business conduct and integrity***

Companies engage in legal business practices taking account of fair competition, intellectual property rights of third parties as well as antitrust and competition rules. They reject all forms of corruption and bribery, and promote in an appropriate manner principles of responsible business management such as transparency, accountability, responsibility, openness and integrity. Business partners should be treated fairly. Contracts should be complied with insofar as the framework conditions do not change fundamentally. Generally, ethical values and principles should be respected; this applies in particular for human dignity and internationally recognised human rights.

## **2. Respect for human rights**

Protection of human rights is the duty of the States in which companies are economically active. To support the duty of the State to protect human rights on its territory, companies should respect human rights. Companies should avoid infringing the human rights of others through their activities and should address adverse human rights impacts with which they are involved.

To meet the responsibility to respect human rights, companies should exercise Due Diligence in the area of human rights as a function of the size of the company, the risk of serious human rights effects as well as the nature and context of the business activity. Due Diligence should include procedures for identifying, preventing, mitigating and, where applicable, remediating potential adverse impacts on human rights, and should cover such adverse human rights impacts that companies cause or contribute to through their own activities or which may be directly linked to their operations, products or services by their business relationships.

## **3. Labour rights and working conditions**

Companies respect the core labour standards of the International Labour Organisation and create a safe and decent work environment.

### ***Freedom of association and right to collective bargaining***

Companies respect the right of workers and employers to establish, without prior authorisation and as they so choose, organisations whose object is to promote and to protect the interests of

workers or employers, to join such organisations and to select their representatives freely. Companies respect the right of workers and employers to conduct collective negotiations on pay and working conditions. Workers must not be discriminated against in terms of their employment due to their membership of worker organisations.

In countries where the principles of freedom of association and right to engage in collective bargaining are not recognised or where the exercise of these rights is restricted or proscribed, companies should enable their workers to select freely their own representatives with whom they can enter into a dialogue on workplace issues. Companies should respect the right of their workers to lodge complaints without disadvantages of any kind to them arising; such complaints should be dealt with in an appropriate procedure.

### ***Ban on forced labour***

Companies do not accept any economic activity based on forced labour, bonded labour or serfdom. This encompasses any type of work or service demanded of a person under the threat of punishment and for which that person has not voluntarily made himself or herself available.

### ***Ban on child labour and protection of young workers***

Companies promote the effective abolition of child labour. They respect the relevant statutory minimum age for access to employment or labour. Under the provisions of the International Labour Organisation, this may not be lower than the age at which compulsory education ends and not lower than 15 years of age.

Appropriate mechanisms to establish proof of age should be deployed in the framework of the recruitment procedure in order to prevent child labour. If companies establish proof of child labour, they should initiate necessary measures for remediation and social reintegration focused on the well-being and protection of the child.

Companies only employ young people under 18 years of age if the nature of the work performed or the work relationship does not jeopardise the life, health and morality of the young people in question and the latter receive appropriate schooling or vocational training in the relevant business sector.

### ***Ban on discrimination in employment and profession***

Companies refrain from all forms of discrimination, exclusion or preference based on ethnicity, skin colour, gender, religion, political opinion, nationality and social origin resulting in the removal or restriction of equality of opportunity or treatment in employment or profession. Furthermore, the principle of equal pay for male and female workers for the same work should be applied.

### ***Working hours***

Insofar as applicable national laws or applicable workplace agreements do not specify a lower maximum working time, regular weekly working time should not exceed 48 hours plus a maximum of 12 hours of overtime. Overtime will be remunerated at no less than the rate laid down by law or collective agreement and should be required only in exceptional cases.

Companies grant their employees the right to rest periods on each working day and recognise important statutory holidays. A work-free day should be granted after six consecutive days of work.

### ***Remuneration***

Minimum pay rates must not fall below those set by law or collective agreement. In countries without a pay framework based on law or collective agreement, companies take account of the consideration that pay for regular full-time work should be sufficient to meet workers' basic needs. At the same time, it is recognised that companies alone cannot ensure a decent living and that supplementary benefits of the state and other social protection measures are necessary where appropriate.

Pay will not be withheld and will be paid to the worker in an appropriate form. Pay deductions are permissible only on the basis of law or collective agreement and should be itemised. Employees will be regularly informed about the composition of their remuneration.

### ***Employment relationships***

Companies should comply with the provisions of national labour law. Workers should be provided with comprehensible information about essential working conditions including working hours, remuneration as well as payment and documentation arrangements. Companies protect the right of workers to terminate their employment relationship taking account of the relevant notice period. In addition, companies endeavour to promote workers' vocational qualifications.

### ***Health and safety at work***

Taking account of national requirements, companies should implement appropriate measures to safeguard health and safety at work with a view to preventing work-related accidents in the framework of their activities and protecting the health of their workers. Applicable local rules on health and safety at work as well as on building safety and fire protection will be complied with in order to minimise the risk of accidents and work-related illnesses. Where necessary and appropriate, workers will be supplied with appropriate personal protection equipment. In direct situations of danger, employees have the right and the duty to leave their workplace immediately and without permission. Vulnerable persons such as young people, young mothers and pregnant women as well as people with disabilities should be given particular protection.

### ***Decent treatment***

Companies treat their workers with dignity and respect. They refrain from any form of inappropriate treatment, abuse, harassment and intimidation as well as illegal punishments vis-à-vis workers. Disciplinary measures are set out in writing and in a form which the worker can understand.

## **4. Environmental protection**

Companies comply with applicable laws, provisions and administrative practices regarding the protection of people and the environment in the countries where they are active. Generally speaking, they should exercise their business activity in such a way that they make a contribution to the general objective of sustainable development. To this end, they should put in place a system tailored to their organisation which enables them to monitor their operational activities for harmful environmental impacts and to take all necessary and appropriate measures with a view to reducing strain on people and the environment, preventing environmental damage and taking remedial action within the framework of their possibilities, taking applicable regional laws and provisions into account.

Companies seek a constant and long-term improvement in their environmental performance by promoting the introduction of appropriate technologies and production processes which enable an efficient use of natural resources and energy as well as a minimisation of emissions. They aim to make an evaluation of chemicals used and endeavour to select them with an eye to health and safety at work as well as consumer protection, and to substitute particularly hazardous chemicals. Proper management of waste as well as possible reuse in the framework of the recycling economy are important insofar as this is possible under local circumstances.

## **5. Consumer interests**

Companies take appropriate measures to safeguard the quality of the products they offer. They ensure that their products comply with all statutory rules with regard to health and safety, and are harmless and safe in health terms for their intended use. Companies also take consumer interests into account by applying fair business, marketing and advertising practices and promoting consumer education.

## **6. Animal and species protection**

In their business actions, companies respect the principles of animal protection. Animal husbandry and use should be organised to meet the needs of specific species. Companies adhere to the Washington Convention on protection of endangered species of fauna and flora (CITES) and orient their business actions accordingly.

## **7. Communication**

Companies communicate the content of the Code of Conduct vis-à-vis workers, contractual partners and, as and when appropriate, third parties. It should be comprehensible for contractual partners that compliance with the Code of Conduct is in principle ensured. However, communication of operational and business secrets or competition-sensitive or other information deemed worthy of protection for legal reasons are excluded from this requirement.

## **8. Implementation and enforcement**

Companies respect the present Code of Conduct in their own actions. They encourage their business partners to apply the Code of Conduct accordingly. Companies support their business partners in organising their own supply chains in such a way that human and labour rights are respected and working conditions are continuously improved.

With a view to good Corporate Governance, companies enshrine the principles of responsible business management set out in the Code in their strategic and operational management systems.

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