

MHZ Code of Conduct	
Scope	MHZ and affiliated companies

(Contents below are gender-neutral)

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Application instructions

The MHZ Code of Conduct is based on the version of the Confederation of the German Textile and Fashion Industry (textil+mode) and the German Retail Association (Handelsverband Deutschland, HDE) and is directed at companies in the German textile and fashion industry – regardless of whether they see themselves as manufacturers, retailers, importers or service providers.

By adopting this Code of Conduct, the signatory company voluntarily undertakes to ensure that the requirements set out therein are implemented and applied. The Code of Conduct should only be signed and adopted once the company has checked and confirmed that it can deliver on the voluntary commitment.

The signatory company should communicate the content of the Code of Conduct in an appropriate manner to its employees, business partners and other entitled stakeholders.

The signatory company should also require its supply partners to apply the content of the Code of Conduct or a comparable code of conduct and also encourage them to demand the same in turn from the contractual partners in their supply chain.

The content of the Code of Conduct is based in particular on basic international standards and guiding principles such as the frameworks of the United Nations, the ILO and the OCED, on industry initiatives such as the Partnership for Sustainable Textiles and on other standards recognised and practised in the German textile and fashion industry, with special consideration given to the concerns of small and medium-sized enterprises.

Application of the Code of Conduct does not exempt companies from complying with the statutory provisions applicable to them. Rather, the Code of Conduct is intended to promote a common basic understanding of socially responsible corporate governance and to contribute to fair and economically, socially and ecologically sustainable supply chains across industries.

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We,

(company, legal form)

- sign the Code of Conduct as a voluntary commitment,
- declare with our signature that we share the objectives and principles of the Code of Conduct and will make every appropriate and reasonable effort, within the scope of our capability, to deliver on the voluntary commitment on an ongoing basis at all our locations,
- communicate the content of the Code of Conduct in an appropriate manner to our employees, business partners and other key stakeholders,
- expect our supply partners to adhere to the content of the Code of Conduct or another comparable code of conduct, and encourage them
- to demand the same in turn from the contractual partners in their supply chain and
- will take any violation of the Code of Conduct seriously and enable our employees, business partners and other parties to notify us in confidence of any violations using the following contact details:

Contact details (fill in as applicable):

Name of reporting office and/or name of contact person

Email address

Phone number

Website

Town/city, date

Signature

Name of authorised signatory, position in the company

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Preamble

Through their economic activities, the companies (business partners of MHZ) within the German textile and fashion industry make a valuable contribution to the sustainable development of the countries and regions in which they operate. The companies are committed to the principles of the social market economy and to free and fair world trade. They are aware of their social responsibility and advocate the economically, socially and ecologically sustainable structuring and development of their supply chains at home and abroad.

The Code of Conduct reflects the common basic understanding of socially responsible business conduct. At the same time, it serves as a guiding framework with which the companies can individually align their decisions and measures, in particular taking into account the concerns of small and medium-sized enterprises and their challenges in an increasingly global and networked economy.

Contractual claims and other rights in favour of third parties cannot be justified by this voluntary commitment.

1 Basic understanding and validity

We, the undersigned company, see ourselves as part of the societies in which we do business and pledge ourselves to socially responsible corporate governance by taking into account the direct and indirect impacts of our business activities on society and the environment and by continuously striving to bring them into an appropriate balance of interests in economic, social and environmental terms.

We act in accordance with generally accepted values and principles such as integrity and legality and in particular observe internationally recognised human rights and labour standards as set out in the Code of Conduct.

We share the objectives and the principles of the Code of Conduct and will make every appropriate and reasonable effort, within the scope of our respective legal and factual capabilities, to deliver on the voluntary commitment on an ongoing basis at all of our company's locations in Germany and abroad. If existing national regulations conflict with the content of the Code of Conduct or the domestic context makes it impossible to follow the content in full, we will seek ways to continue to comply with the requirements of the Code of Conduct wherever possible.

2 Human rights and labour standards

We respect human dignity and internationally recognised human rights as set out in particular in the United Nations (UN) Universal Declaration of Human Rights ¹ and addressed in the UN Guiding Principles on Business and Human Rights ² and the OECD Guidelines for Multinational Enterprises ³. We also take into account the internationally recognised labour standards of the International Labour Organisation (ILO), as set out below in the Code of Conduct.

In all our business activities, we strive neither to cause nor to contribute to violations of human rights. We expect the same from our business partners. Where necessary and possible, we support our supply partners in this regard.

2.1 Employment relationships

We treat our employees with respect. We reject any form of unlawful punishment, abuse, harassment, intimidation or other undignified treatment of employees.

¹ Universal Declaration of Human Rights

² UN Guiding Principles on Business and Human Rights

³ OECD Guidelines for Multinational Enterprises

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We comply with applicable labour laws in all employment relationships and expect our contractual partners to do the same. At the beginning of the employment relationship, employees are to be provided with comprehensible information on the essential terms and conditions of employment, including their rights and obligations as well as working hours, remuneration and payment and accounting procedures.

We respect and protect the right of workers to terminate their employment with due observance of the applicable notice period.

2.2 Prohibition of child labour and protection of young workers ⁴

We do not tolerate child labour and we observe the applicable legal minimum age for admission to employment. In any event, we do not employ people under the age at which compulsory education ends according to the law of the place of employment and under the age of 15.

We expect our contractual partners to have adequate means of determining age in order to prevent child labour. If child labour is discovered, all necessary measures must be taken immediately to ensure the well-being, protection and development of the child.

In the case of people under 18 years of age, the rights of adolescent workers are to be respected, and they may only be employed if it is ensured that the conditions of work and employment neither constitute a danger to their health, safety or morals nor are harmful to their development.

2.3 Prohibition of forced labour ⁵

We reject any form of forced or compulsory labour, including any form of bonded labour, servitude, slavery or practices similar to slavery, human trafficking or other involuntary labour or services that are inconsistent with internationally recognised labour and social standards.

2.4 Remuneration ⁶

We comply with the statutory provisions or – where applicable – the provisions of collective agreements in the remuneration of labour services. We ensure that the wages we pay do not fall below the applicable statutory or applicable collectively agreed minimum wage or the industry standard minimum wage. In countries or regions without a statutory or collectively agreed wage framework, we take special care to ensure that the wages paid for regular full-time employment are sufficient to meet the basic needs of the employees.

We do not tolerate wage deductions that are not permitted by law, including wage deductions as a disciplinary measure.

2.5 Working hours ⁷

We comply with the legal or applicable collective agreement provisions on working hours, including overtime, rest breaks and holidays. In any event, we ensure that

- the regular weekly working time does not exceed 48 hours plus a maximum of 12 hours overtime per week,
- the right to rest breaks is respected on each working day,
- six consecutive working days are regularly followed by a day off, and
- public or religious holidays and holiday leave are respected.

⁴ ILO Conventions Nos. 138 and 182

⁵ ILO Conventions Nos. 29 and 105

⁶ ILO Conventions Nos. 26 and 131

⁷ ILO Convention No. 1; ILO Recommendation No. 110

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Overtime shall be compensated or remunerated at least in accordance with the law or collective agreements and it shall be arranged exceptionally and exclusively on a legal, collective or contractual basis.

2.6 Freedom of association ⁸

We respect the right of workers to freedom of association and freedom of assembly and the right to collective and pay bargaining to the extent possible and permitted by law in the country of employment. If this is not permissible, we seek appropriate compromises for our employees.

2.7 Diversity and inclusion, prohibition of discrimination ⁹

We promote a work environment that enables inclusion and in which the diversity of our employees is valued. We are committed to equal opportunity and reject any form of discrimination or unjustified unequal treatment in employment, for example on the basis of national and ethnic origin, social origin, health status, disability, sexual orientation, age, gender, political opinion, religion or belief.

We also take into account the principle of equal pay for male and female workers for equal work.

2.8 Health and safety at work ¹⁰

We comply with national and international occupational health and safety standards and provide a safe and healthy working environment to maintain the health and safety of our employees, protect third parties and prevent accidents, injuries and work-related illnesses. This entails regular workplace risk assessments and the implementation of appropriate hazard prevention and precautionary measures, including the provision of appropriate personal protective equipment.

We ensure that our employees are trained in all relevant occupational health and safety issues.

3 Ecological responsibility

The protection and preservation of natural resources is the responsibility of each and every one of us. With this in mind, we conduct our business activities with due regard for ecological aspects and are committed to the goal of a climate-neutral future.

3.1 Protecting the environment and climate

We fulfil our ecological responsibility by complying with applicable legal requirements and recognised standards for the protection of the environment and climate, and by making efforts to continuously improve the impact of our business activities on the environment and climate.

We have taken appropriate measures based on legal and internationally recognised standards and covering the following topics among others:

- Professional and responsible handling of hazardous substances and other chemicals, as well as waste, including disposal
- Efforts to reduce or avoid waste and minimise emissions from operations (e.g. waste water, exhaust air, noise, greenhouse gases)
- Conservation of natural resources, for example through measures to save water, chemicals and other raw materials

⁸ ILO Conventions Nos. 11, 87, 98, 135 and 141

⁹ ILO Conventions Nos. 100, 111 and 159; ILO Recommendation No. 165

¹⁰ ILO Conventions Nos. 155, 183 and 184; ILO Recommendation No. 164

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- Promotion of the use of technologies, processes, raw materials and products that promote closed loop recycling and are otherwise environmentally friendly
- Efforts to increase energy efficiency and the proportion of green or renewable energy consumed at our company's locations

3.2 Animal and species protection

We respect the principles of animal protection and biodiversity and align our business activities accordingly. The keeping and use of animals must meet the applicable legal animal welfare requirements and be appropriate to their species. The Washington Convention on International Trade in Endangered Species of Wild Fauna and Flora ¹¹ must be observed.

4 Ethical business and integrity

We pursue only legitimate business objectives and practices and maintain business relationships only with reputable partners.

We behave fairly towards our business partners and customers, who we always treat with respect. We respect the different legal, economic, social and cultural backgrounds and circumstances of the countries and regions in which we operate. We always base our business activities on universally valid ethical values and principles, including integrity and respect for human dignity.

We support free and fair global trade and comply with the laws and regulations of the countries and regions in which we do business.

4.1 Corruption ¹², trade control and money laundering

We reject all forms of bribery and corruption and avoid even the appearance of it, whether in the form of granting or accepting unfair advantages.

We act in accordance with applicable import and export control regulations and comply with legal requirements for the prevention of money laundering.

4.2 Fair competition

We support free and fair competition. We do not tolerate anti-competitive agreements and ensure that we act in accordance with applicable anti-trust laws. We reject competitive advantages through unfair business practices.

4.3 Personal data, protection of confidential information and intellectual property

We respect the personal rights of our employees, business partners and customers and comply with the applicable legal and regulatory requirements for the processing of personal data and information security when handling personal information.

We take great care to ensure that the trade secrets and other confidential information of our business partners and customers entrusted to us are adequately protected against unauthorised acquisition, use and disclosure, at least in accordance with the relevant legal provisions on the protection of trade secrets.

We respect the intellectual property of our business partners, customers and other third parties and, when transferring know-how and technologies, ensure that sufficient precautions are taken to protect intellectual property rights.

¹¹ Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES).

¹² United Nations Convention against Corruption

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4.4 Consumer interests

Where our products and services affect the interests of consumers, we have taken appropriate measures to ensure the safety and quality of the products or services we offer. In doing so, we ensure that our products or services comply with the relevant statutory consumer protection provisions.

In the context of information and sales measures, we take consumer interests into account by applying fair business, marketing and advertising practices and by promoting consumer education. We pay special attention to the interests of children, senior citizens, people with disabilities and other vulnerable consumer groups.

5 Implementation

We make every appropriate and reasonable effort to comply with the content of the Code of Conduct on an ongoing basis at all of our company's locations. We have established suitable measures and processes for this purpose and document their implementation within the company in an appropriate manner. The company management team informs itself at regular intervals about the implementation and work of the responsible departments and people.

5.1 Communication and training

We communicate the content of the Code of Conduct to our employees, business partners and other key stakeholders and train our employees on individual aspects of the Code of Conduct as required. We expect our employees to comply with the Code of Conduct.

5.2 Expectations of our supply chains, control measures

The content of the Code of Conduct also reflects our expectations of our supply partners and other contractual partners in our supply chains. In this respect, we expect them to follow the content of the Code of Conduct or to apply a comparable code of conduct and encourage them to demand the same in turn from the contractual partners in their supply chain.

As a matter of principle, we rely on long-term business relationships based on partnership. We therefore identify and check our contractual partners in an appropriate manner, for example through self-disclosure, supplier evaluation and the like, before entering into a supply relationship.

We reserve the right to monitor our supply partners' compliance with our expectations, for example by means of auditing. If serious violations are found, we reserve the right to appropriate contractual consequences, including termination of the business relationship. In any event, we expect that any violations discovered will be responded to with appropriate preventive or remedial measures.

5.3 Notification of violations

We take every violation of the Code of Conduct seriously. In the event of reports of violations, we will initiate measures for proper and confidential clarification and, if necessary, take appropriate countermeasures for rectification or prevention.