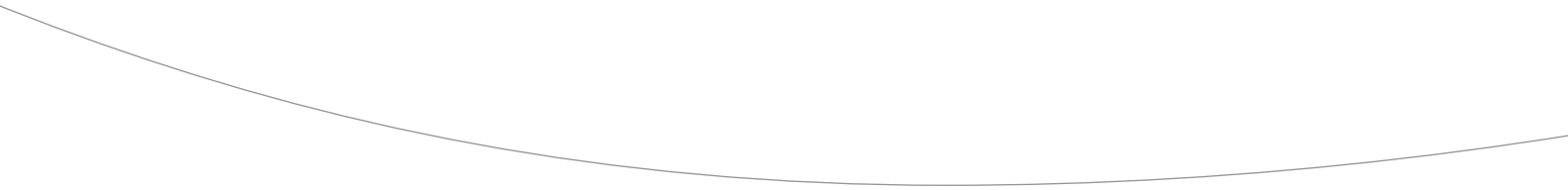




**DEICHMANN**

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# Code of Conduct



This DEICHMANN Code of Conduct includes the BSCI Code of Conduct, version 1/2014. The DEICHMANN Group recognises the BSCI Code of Conduct and has used its own layout in order to better contribute to the BSCI cascade.

# Preamble

We, the DEICHMANN Group, are committed to being responsible for the social acceptability and environmental friendliness our global operations. In order to explain our position to our business partners and all companies along our supply chain, to our staff and to other parties, we have drawn up this DEICHMANN Code of Conduct (Version 2016). For us it is a non-negotiable requirement that all DEICHMANN business partners and companies along the supply chain must comply without exception with this Code of Conduct.

This DEICHMANN Code of Conduct follows the latest principles of the Business Social Compliance Initiative (BSCI) and is based upon international agreements such as the Universal Declaration of Human Rights, the guidelines on Children's Rights and Business Principles, the UN Guiding Principles Business and Human Rights, the OECD Guiding Principles, the UN Global Compact and the conventions and recommendations of the International Labour Organisation (ILO) which are essential for an improvement of working conditions along the supply chain.

With this DEICHMANN Code of Conduct, we intend to introduce and further develop our principles in close cooperation with the DEICHMANN business partners and all parties along the supply chain. In case of non-fulfilment, we will not simply terminate the business relationship.

Our basic rule is that all DEICHMANN business partners and companies along the supply chain (sub-contractors) must follow the principles laid down in this document in everything that they do. If one of our principles provides for less than a country's or region's laws, the national laws and thus the higher standard will apply. In such a case, the DEICHMANN business partners must notify the DEICHMANN Group forthwith. Any provisions or regulations going beyond the law, and as such providing for higher standards, are not rendered void but must be complied with.



Heinrich O. Deichmann, Chairman of the board of directors and of the executive directors

A "DEICHMANN business partner" is a contractual partner who is responsible for a product, process or service and who, because of its position in the supply chain, can ensure that the social standards are met. This definition can apply to manufacturers, distributors, importers, assemblers, service providers etc.

A "sub-contractor" is an economic entity along the supply chain that, either directly or indirectly, provides the supplier with goods and/or services that the supplier uses in and/or for the production of the goods or provision of the services and that are essential in that context.

## 1. Staff participation and protection

The DEICHMANN business partners and sub-contractors along the supply chain must lay down proven management practices in order to let their staff and their representatives participate in the exchange of pertinent information about work-related matters. They must allow suitable measures to protect the staff in line with the objectives of the DEICHMANN Code of Conduct and take specific steps to inform the staff about their rights and duties.

Furthermore, the DEICHMANN business partners and sub-contractors along the supply chain undertake to develop skills among their executives, staff and staff representatives to such an extent that those practices can be successfully embedded in their business operations. This requires continual training and advanced training at all operational levels, with regard to industrial safety in particular.

In the individual businesses, the DEICHMANN business partners and sub-contractors along the supply chain must establish or participate in effective complaint mechanisms for individuals and groups that may have been negatively impacted. Even where effective and efficient legal systems are in place, complaint mechanisms can be particularly beneficial, e.g. by providing swift access to a trustworthy person, a prompt remedy of any grievance, reduced costs and a transnational outreach.

## 2. Child labour and youth protection

Child labour is any work done by people younger than 15 years of age, unless local laws pro-

vide for a higher minimum age or a longer compulsory school attendance, in which case the higher age will apply. If however, the statutory minimum age is 14 years of age as set forth in the exceptions pertaining to developing countries in ILO Convention 138, the lower age will apply.

“Adolescent employees” are staff who are older than a child within the above meaning and younger than 18 years of age.

The DEICHMANN business partners and sub-contractors along the supply chain must never directly or indirectly make use of or tolerate child labour within the above meaning. They undertake to see to appropriate age-determination mechanisms in the recruitment process that must never demean or debase the employees.

In the event of children having fallen victim to child labour within the above meaning and been released from it, the DEICHMANN business partners and sub-contractors along the supply chain must introduce, document and impart to their staff and other interested parties methods and procedures that ensure such children’s safety, health, education and development.

The DEICHMANN business partners and sub-contractors along the supply chain must support such children to allow them to attend school until they are no longer children within the above meaning.

The DEICHMANN business partners and sub-contractors along the supply chain must introduce, document and impart to their staff and other interested parties methods and pro-

cedures that promote the education of children covered by ILO Recommendation 146 who are subject to local compulsory school attendance laws or who attend school. These include measures that guarantee that no child or adolescent employee is employed during school hours and that the number of hours a day expended upon commuting (between the workplace, school and home), school attendance and work does not exceed 10.

The DEICHMANN business partners and sub-contractors along the supply chain will ensure that adolescent employees do not work at night and that outside their workplace they are also protected against conditions that put their health, safety, morals and emotional and physical development at risk. The companies will provide adolescent employees with access to effective complaint mechanisms, school systems and industrial safety programmes.

### 3. Forced labour

Forced labour is any work or service demanded of a person under the threat of punishment and for which such person has not volunteered.

The DEICHMANN business partners and sub-contractors along the supply chain must never make use of or tolerate forced or compulsory labour including bonded labour, serfdom, human trafficking or prison labour.

If they profit from such forms of labour employed by their business partners along the supply chain, the DEICHMANN business partners and sub-contractors along the supply chain risk accusations of complicity.

During recruitment, DEICHMANN business partners or sub-contractors along the supply chain must not ask people for a deposit or personal documents to be handed over. The staff have the right to leave their work unhindered at any time and to terminate their contract of employment by giving a reasonable period of notice.

### 4. Disciplinary action

The DEICHMANN business partners and sub-contractors along the supply chain will ensure that staff are not exposed to inhuman or demeaning treatment, sexual assaults, corporal punishment, emotional or physical duress and/or verbal abuse.

Any necessary disciplinary action must always be laid down in writing and orally explained to the staff in clearly comprehensible words.

### 5. Discrimination

Particularly with regard to his or her recruitment, remuneration, advanced training, promotion, notice of termination or retirement, the DEICHMANN business partners and sub-contractors along the supply chain must not discriminate against a person because of his or her race, caste, birth, social class, ethnicity, nationality, religion, disability, sexual orientation, membership of an association, political affiliation, family obligations or gender or tolerate such discrimination.

The DEICHMANN business partners and sub-contractors along the supply chain will not hinder their staff in exercising their rights to

follow teachings or behaviours or satisfy needs in connection with their race, social class, nationality, religion, disability, gender, sexual orientation, membership of an association or political affiliation.

The DEICHMANN business partners and sub-contractors along the supply chain must never tolerate any conduct including gestures, oral expressions or physical contact that imply sexual assault, a threat, abuse or exploitation.

Female staff are entitled at least to the statutory pre- and post-natal maternity protection. Female staff must not be dismissed because of their pregnancy. Pregnant women must not be made to work at workplaces where their health is at risk.

## 6. No precarious employment

The DEICHMANN business partners and sub-contractors along the supply chain will ensure that their employment conditions will not lead to precariousness or to a social or economic risk for the staff. They will ensure that all work is done on the basis of recognised and documented contracts of employment that are in line with the national laws and regulations, practices, customs and international labour standards, whichever provides the most protection.

Prior to starting employment, the DEICHMANN business partners and sub-contractors along the supply chain must make available to the staff comprehensible information about their rights, duties and working conditions including working hours, remuneration, holiday rights, maternity protection and payment terms.

The DEICHMANN business partners and sub-contractors along the supply chain must offer humane working conditions. This includes supporting their staff in their role as parents or carers, particularly with regard to migrant workers and seasonal workers whose children may have been left behind in the places where the migrants came from.

The DEICHMANN business partners and sub-contractors along the supply chain must not use the employment relationship in a manner that is deliberately contrary to the law's actual purpose. This includes, but is not limited to, (a) training programmes that do not have the objective of providing qualifications or regular work, (b) seasonal work or odd jobs if these are used to undermine staff protection, and (c) labour-only contracts. In addition, sub-contracting must not undermine any staff rights.

## 7. Appropriate remuneration

The DEICHMANN business partners and sub-contractors along the supply chain must ensure that the wages and salaries paid for a standard working week at least meet the legal requirements or, if higher, are in line with the industrial standards determined in collective bargaining agreements and that statutory social benefits are included. The paid wages and salaries must be enough to meet the basic needs of staff, to permit the staff and their families to live a decent life and to have a certain freely disposable income.

The DEICHMANN business partners and sub-contractors along the supply chain will ensure that the exact composition of the wages, salaries and fringe benefits is made transparent

on a regular basis. Deductions are only allowed as permitted by law or collective bargaining agreements. Disciplinary deductions are not allowed. The level of remuneration must reflect the staff's qualification and educational level and refer to regular working hours.

The DEICHMANN business partners and sub-contractors along the supply chain will ensure that wages and fringe benefits are paid on a regular basis in full accordance with all applicable laws, in a legal tender and in a manner favourable to the staff. The ILO provides for the admissibility of partial in-kind payments.

The DEICHMANN business partners and sub-contractors along the supply chain will ensure that there is no sub-contracting of staff and fake apprenticeship that are intended to bypass their obligations to their staff in accordance with industrial and social insurance laws and other such regulations.

## 8. Reasonable working hours

The DEICHMANN business partners and sub-contractors along the supply chain must comply with the applicable laws and industrial standards pertaining to working hours. Under no circumstances may staff be required to work regularly for more than 48 hours a week. At least one day off must be allowed per working week. The DEICHMANN Group acknowledges the ILO exceptions, however. Applicable national laws and regulations, comparable industrial standards or collective bargaining agreements must be construed within the international basic conditions set forth by the ILO.

In the exceptions set forth by the ILO, the upper limit for the above number of working hours may be exceeded, in which case overtime on a voluntary basis is allowed. If overtime (hours in excess of the regular working week) has been agreed with staff of the DEICHMANN business partners or sub-contractors along the supply chain, it must be ensured that these are always paid for at a premium rate of no less than one and a quarter times the normal rate. Overtime should be the exception and must always be done on a voluntary basis.

## 9. Freedom of association and collective bargaining

The DEICHMANN business partners and sub-contractors along the supply chain respect the right of all staff to form workers' associations of their choice freely, to join them and to engage in collective bargaining.

In situations in which the freedom of association and right to collective bargaining is restricted by law, the DEICHMANN business partners and sub-contractors along the supply chain must provide their staff with comparable ways to associate freely and independently in order to discuss work-related matters with the employer.

The DEICHMANN business partners and sub-contractors along the supply chain will not discriminate against staff because of their membership of a trade union or obstruct their representatives' access to the staff at their workplace or their interaction with them.

## 10. Health and safety

On the assumption that the DEICHMANN business partners and sub-contractors along the supply chain know the sector and any special risks best, they must ensure a safe, clean and healthy living and working environment. They must name a management representative who will then be responsible for the entire staff's health and safety and for full compliance with this Code of Conduct's health and safety sections.

The DEICHMANN business partners and sub-contractors along the supply chain must take measures that will prevent industrial accidents or negative effects on their staff's health during their work or arising from their work or in any way connected to their work by minimising causes of risk inherent in the working environment. Individuals that need protection like, but not limited to, adolescent employees, young mothers and pregnant women and disabled people will receive special protection.

The implementation of systems that guarantee a safe and healthy working environment requires active cooperation between the management and the staff and/or their representatives. One such form of cooperation is industrial safety committees. The companies will ensure that systems to determine, assess, prevent and fight potential risks to the employees' health and safety are established. They will take effective measures to prevent potential accidents, injuries and diseases among the staff during or in connection with their work by minimising the risks in the working environment. The DEICHMANN business partners and sub-contractors along the supply chain must ensure

that the staff receive a proper and documented health and safety training and that this training is repeated for all new and re-hired staff.

The DEICHMANN business partners and sub-contractors along the supply chain will make every effort to improve the staff's protection in the event of accidents, for example through mandatory insurance systems. Within their sphere of influence, they will take all appropriate measures to make the plants and buildings used by them including the staff's residential quarters, if provided by the employer, stable and safe and to prevent any foreseeable emergency.

The DEICHMANN business partners and sub-contractors along the supply chain will respect the staff's right to leave the company's premises without having to ask for permission, if this is necessary to get out of immediate danger.

The DEICHMANN business partners and sub-contractors along the supply chain will provide an appropriate level of industrial medical care and associated facilities.

The DEICHMANN business partners and sub-contractors along the supply chain will ensure access to clean drinking water, safe and clean dining and rest areas and safe and clean areas to prepare and store food. They will also provide all their staff at all times with free and effective personal protective equipment (PPE).

The DEICHMANN business partners and sub-contractors along the supply chain must make sure that dormitories, if made available to the staff, toilets and washing facilities are clean and safe and meet basic requirements.



## 11. Environmental protection

The DEICHMANN business partners and sub-contractors along the supply chain must check their operations for any major environmental impact they may have and determine effective guidelines and processes that reflect their responsibility for the environment. They must ensure that natural resources are used as efficiently as possible. Any applicable laws and regulations pertaining to environmental protection in the country in which they operate must be complied with.

The DEICHMANN business partners and sub-contractors along the supply chain will ensure the implementation of appropriate measures that reduce the adverse impact upon the community, natural resources and the environment as a whole. Wherever possible, hazardous substances should be avoided or only used to a very limited extent. They may only be used if used correctly and if they do not damage the environment.

The environmentally compatible disposal of waste and containers must be guaranteed and proven upon request. All waste occurring during production must be disposed of in the correct manner.

## 12. Ethical business

The DEICHMANN business partners and sub-contractors along the supply chain undertake not to engage in corruption, extortion or embezzlement or any form of bribery including, but not limited to, the promise, offer or granting of an improper financial or other incentive.

We expect the DEICHMANN business partners and sub-contractors along the supply chain to have correct information on their activities, structure and performance and to disclose them in accordance with the applicable regulations and comparable industrial practices.

The DEICHMANN business partners and sub-contractors along the supply chain must not participate in falsifying such information or in any deception along the supply chain. They must also collect, use and protect personal data (including data belonging to staff, business partners, customers and consumers) with reasonable care and in accordance with the privacy and information security laws and regulations.

## 13. Management systems

The DEICHMANN business partners and sub-contractors along the supply chain must take clear measures to fulfil the requirements set forth herein, integrate them in all their business processes and make them an integral part of their corporate philosophy and policy.

The DEICHMANN business partners and sub-contractors along the supply chain must appoint a manager who will then be responsible for all matters pertaining to the DEICHMANN Code of Conduct within their organisation.

The executive boards of the DEICHMANN business partners and sub-contractors along the supply chain must check on the implementation of the standards set forth in the DEICHMANN Code of Conduct on a regular basis.

The DEICHMANN business partners and sub-contractors along the supply chain will be responsible for the fulfilment of the standards set forth in the DEICHMANN Code of Conduct with regard to all the staff under their supervision and consent

- to assign to someone at each of the sites that they own or manage the responsibility for implementing the DEICHMANN Code of Conduct;
- to make sure that all staff know the DEICHMANN Code of Conduct by imparting its contents to them in a language comprehensible to the staff and through regular trainings on the DEICHMANN Code of Conduct;
- not to take disciplinary actions against, dismiss or otherwise discriminate against staff who supply information about compliance with the DEICHMANN Code of Conduct.

The DEICHMANN business partners and sub-contractors along the supply chain must prove through documentation that they meet the DEICHMANN Code of Conduct standards. They must give access to such documents and make available appropriate information to the parties commissioned by the DEICHMANN Group to check if the standards have been met.

The DEICHMANN business partners and sub-contractors along the supply chain must include compliance with the DEICHMANN Code of Conduct in all agreements with sub-contractors. These agreements must obligate the sub-contractors to meet all the standards set forth in the DEICHMANN Code of Conduct (including this clause) and, upon request, to participate in the supplier's audits.

## 14. Audits and monitoring

To check compliance with the DEICHMANN Code of Conduct, the DEICHMANN Group will also use independent auditors for social and environmental audits on behalf of the DEICHMANN Group. The various DEICHMANN business partners will be subject to different implementation conditions, which depend upon their role in the supply chain.

We, the DEICHMANN Group, reserve the right to monitor compliance with this Code of Conduct by systematic, unannounced inspections. These inspections will be conducted by members of the DEICHMANN Group or independent auditors, pursuant to the Business Social Compliance Initiative (BSCI) guidelines.

## 15. Corrective action and non-compliance

The DEICHMANN Code of Conduct sets forth the principles which the DEICHMANN business partners and sub-contractors along the supply chain are expected to fulfil.

We know that some of these expectations cannot always be met right away by everyone. For the DEICHMANN Group, it is important that in case of non-compliance, the DEICHMANN business partners and sub-contractors along the supply chain take all the necessary steps to improve the situation and observe these principles in due course. How long this is allowed to take will depend upon the type of corrective action and the degree of risk, and must be agreed with the DEICHMANN Group.

If there are repeated breaches of this Code of Conduct without the DEICHMANN business partners or sub-contractors along the supply chain taking corrective action, we would feel obliged to terminate the cooperation.

