Code of Conduct

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Preamble

The business partners of the German shoe and leather goods industry commit to their social responsibility, irrespective of whether they operate commercially in Germany, Europe or in other parts of the world. Supported by the responsible awareness for the social, ecological and economical design of the entire value added chain they face the challenge of an increasingly networked and global economy. In order to support the business partners hereby and to communicate the essential requirements in a transparent manner cads has drawn up this Code of Conduct.

The following general social standards are to be recognized as social goals with regard to the individual levels of the supply chain, to the step-by-step implementation the members of cads obligate.

The Code of Conduct is oriented to the internationally valid and 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 Guidelines on Business and Human Rights and the OECD Guidelines for Multinational Enterprises. In addition the Code of Conduct is supported on relevant international agreements for the protection of the environment. (see Annex II)
Freedom of association and collective bargaining

The business partners must respect the right of all employees to found unions at their free and own will or to join such and to jointly negotiate on the regulation of the wage and labor conditions. The business partners shall respect the right of the employees to organize themselves at their free and own will and to jointly negotiate on the design of employment or business relationships. The business partners may neither impede, nor prevent such legitimate activities. In countries, in which the law forbids or restricts freedom of organization or collective bargaining, the business partners may, in compliance with the ILO core labor standards, not prevent alternative and legal forms of independent and free worker representation and collective bargaining. The business partners shall not exercise any unlawful discrimination or other punitive measures owing to the membership of organizations or legitimate union activity against employee representatives and union members. The business partners shall permit the employee representatives access to the workplaces of the members represented by them.

Gainful employment, prohibition of forced labor, contract slavery, debt bondage, servitude and prison labor

Work shall be provided on the basis of a recognized employment relationship that is in line with national laws, collective agreements and the ILO core labor standards. The business partners thus endeavor to achieve the best possible protection of the employees. The essential employment conditions for both parties of the employment contract must be comprehensible by a declaration handed over by the employer to the employee with the essential working conditions or an employment contract concluded in writing that contains these or a written reference to corresponding collective regulations. In the event of illiteracy, this can alternatively take place by an oral contract concluded by both parties of the employment contract before witnesses. This understandable, as far as possible written information about the employment conditions should be received by the employees before they enter into the employment relationship. Obligations of the employer towards the employees, pursuant to applicable protective labor and social laws and customary provisions with regard to regular employment relationships may not be circumvented by apprenticeship relationships, with which no serious intention exists to teach skills and abilities as well as unfair forms of employment. All forms of forced and compulsory labor are
prohibited, including debt bondage, slavery, servitude and prison labor, if they do not meet the requirements of the ILO conventions.

The business partners may neither request financial contributions from the employees, nor withhold official proof of identity (in particular personal identity card, passport, etc.) for the provision of a job.

The business partners must endeavor to offer dignified working conditions, which also support employees, both women and men, in their role as parents or caregivers, for example migrant and seasonal workers, whose children were possibly left behind in the home towns.

The business partners must respect the right of the employees to end their employment after a reasonable period of notice.

**Ban on discrimination, harassment and abuse**

Employees are to be treated with respect and dignity. No employee may be the victim of humiliating or physical punishment, or the victim of a physical, sexual, mental or verbal threat or abuse. The business partners may not tolerate such conduct. Excluded from this are legally admissible disciplinary measures. The business partners must document these legally substantiated disciplinary procedures and possible disciplinary measures including the reason and substantiation and explain these to their employees in a clear and understandable manner.

Each form of unlawful discrimination of employees owing to their sex, age, religion, marital status, caste, social background, illness, disability, pregnancy, ethnic or national origin, nationality, political views, or sexual identity is forbidden.

The business partners may neither support, nor tolerate discriminating behavior.

**Ethical budgeting**

The business partners shall comply with this principle if, irrespective of the goals and expectations stipulated in this chapter, they neither participate in corruption, blackmail or embezzlement, nor in any form of bribery – including, however not limited to – the promise, offer or the granting of an unfair financial or other incentive.

It is expected from the business partners that they have correct information about their activity, structure and service and disclose this in compliance with the applicable regulations and industry – benchmark practices.
The business partners may neither participate in the falsification of this information, nor in an act of deceit in the supply chain. In addition, they must enter, use and otherwise process personal data (including the data of employees, business partners, customers and consumers in their scope of influence) with reasonable care and attention. This entry, use and processing otherwise of personal data has to be carried out pursuant to the legal regulations and legal requirements with regard to data protection and information security.

**Ban on child labor and protection of juvenile workers**

The following regulations shall apply to the minimum age of the workers:

- a) national minimum age for employment or
- b) age of the termination of compulsory school education

The higher age and in any case a minimum age of 15 years shall apply, unless the exceptional regulations recognized by the ILO apply. Excluded from this pursuant to the ILO is the assistance of children in family farming businesses, as long as the health, safety, morality and/or physical, mental, spiritual, moral or social development as well as the school education of the child is not endangered and the assistance is carried out under the supervision of an adult.

The business partners must set up reliable mechanisms for determining the age within the scope of their recruitment procedure, which under no circumstances may lead to a humiliating or undignified treatment of the employees.

In the event that child labor is determined the business partners will deal with finding a solution, which places the welfare of the children first.

Employees under the age of 18 years old may not work more than 8 hours a day, may not perform any night work or work under conditions, which are harmful for the health, the safety or the moral perception of youths and/or their physical, mental, spiritual, moral or social development.
Wage/income and social benefits

The business partners must pay their employees a wage as well as wage for overtime or grant a corresponding time compensation for worked overtime as well as paid leave.

The business partners will comply with this principle if, irrespective of the specific expectations presented within the scope of this agreement, they pay attention to the right of the employees to a reasonable remuneration, which is sufficient in order to enable them and their families a dignified life, as well as to social benefits granted by law.

The business partners are obligated to at least comply with the statutory minimum wage or, if higher, the industrial standards approved on the basis of collective bargaining.

Overtime is to be remunerated with the surcharges regulated by law or according to collective agreements, depending on which are higher. Wages are to be paid regularly (at least monthly) and within the deadlines. The withholding of wages up to a flat rate payment at the end of an employment or apprenticeship is forbidden.

The business partners will make information available to all employees with each wage payment regarding the wage calculation for the respective period of time in a written form. The business partners will refrain from wage deductions that are not permitted by law and will not use wage deductions as disciplinary measures.

Working hours

The business partners will adhere to working hours, which comply with national laws or applicable collective agreements. The business partners will hereby endeavor to achieve the best possible protection for the health, safety and welfare of the employees. A maximum working time of 48 hours per week (overtime not included) may not be exceeded with the exception of the exceptional regulations stipulated by the ILO. In case of piecework wage payment a production target must be used as a basis, which guarantees the adherence to the previously stated working hours.

Overtime may not be worked on a regular basis, whereby a total working time of 60 hours per week may not be exceeded.

Sufficient break periods must be guaranteed in the operational flow. The business partners shall additionally respect the right of all employees to at least one work-free day after 6 consecutive workdays as well as the right to statutory and/or religious public holidays and leave. The business partners shall respect the right
of the employees to be able to leave the business premises after the end of the regular working hours.

**Health and safety**

The business partners shall make safe and hygienic conditions available at the workplaces and will develop clearly defined rules and flows for safety, fire prevention and health protection.

The business partners shall ensure that systems are set up for the determination, assessment, avoidance and combatting of potential risks for the health and safety of the employees. They shall take effective measures in order to prevent potential accidents, injuries and illnesses of the employees, which are associated with the work flow or occur thereby. These measures should, insofar as feasible, reduce the risks associated with the work environment.

The business partners will make efforts in order to improve the protection of the employees in case of accidents, among others by compulsory insurance systems. The business partners shall make adequate and effective personal protective equipment available free of charge.

The personal protective equipment must in particular comply with the stipulations of the respective safety data sheets (according to Global Harmonized Standard).

The business partners shall enable the access to sufficient occupational medical care. The business partners shall guarantee that all employees have access to drinking water and to suitable and sufficient sanitary facilities, insofar as it does not concern field work.

The business partners shall assign the responsibility for health and safety to an executive.

The business partners will carry out regular further training measures in the field of health and safety at the workplace for employees and executives.

The business partners will take suitable measures in order to ensure fire prevention and building safety of the plants and buildings used by them, including the accommodation for the employees– insofar as available.

Employees have the right to remove themselves without delay and without special permission from situations, which pose a danger for their health and safety.

Individuals that require protection such as – however not limited to – juvenile employees, young mothers and pregnant women as well as people with disabilities will receive special protection.
Environmental protection

The business partners should check the operative business for impact on the environment and stipulate effective guidelines and procedures, which reflect their responsibility for the environment. They will ensure the implementation of adequate measures in order to reduce detrimental implications on the community, natural resources and the environment on the whole.
## Annex I: ILO Conventions and Recommendations

### Social objectives

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| Workers with Family Responsibilities | Workers with Family Responsibilities (<strong>No. 156</strong>)
- ILO Convention on Vocational Rehabilitation and Employment of the Disabled (<strong>No. 159</strong>)
- ILO Recommendation on Equal Opportunities and Equal Treatment of Male and Female Workers: Workers with Family Responsibilities (<strong>No. 165</strong>)

| Prohibition of Child Labor and Protection of Young Workers | ILO Convention on the Age for Admission of Children to Work in Agriculture (<strong>No. 10</strong>)
- ILO Convention on the Minimum Age for Admission to Employment (<strong>No. 138</strong>)
- ILO Convention concerning the Prohibition and Immediate Action for the Elimination of the Worst Forms of Child Labor (<strong>No. 182</strong>)
- ILO Recommendation on the Minimum Age for Admission to Employment (<strong>No. 146</strong>)
- ILO Recommendation concerning the Prohibition and Immediate Action for the Elimination of the Worst Forms of Child Labor (<strong>No. 190</strong>)

| Wage/income and social benefits | ILO Convention on the Establishment of Minimum Wage Fixing Procedures (<strong>No. 26</strong>)
- ILO Convention on the Fixing of Minimum Wages, with particular reference to Developing Countries (<strong>No. 131</strong>)
- ILO Home Work Convention (<strong>No. 177</strong>)
- ILO Convention on Private Employment Agencies (<strong>No. 181</strong>)

| Working hours | ILO Convention on the Limitation of Working Hours in Industrial Establishments to Eight Hours Daily and Forty-Eight Hours Weekly (<strong>No. 1</strong>)
- ILO Convention on Paid Leave in Agriculture (<strong>No. 101</strong>)
- ILO Convention on Working Conditions of Plantation Workers (<strong>No. 110</strong>)
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<td>• ILO Recommendation on Occupational Safety and Health and the Working Environment (No. 164)</td>
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Annex II: International standards and codes

- Better Cotton Initiative (BCI)
- Business Social Compliance Initiative (BSCI)
- Ethical Trading Initiative (ETI)
- Fair Labor Association (FLA)
- Fairtrade
- Fair Wear Foundation (FWF)
- Global Organic Textile Standard (GOTS)
- Global Social Compliance Programme (GSCP)
- Leather Working Group (LWG)
- Social Accountability International (SAI)
- Sedex Members Ethical Trade Audit (SMETA)
- Sustainable Apparel Coalition (SAC)
- Worldwide Responsible Accredited Production (WRAP)