

Code of conduct for suppliers of textile and other trade goods

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For reasons of better readability, we refrain from using the language forms male, female and diverse (m/f/d) at the same time. All references to persons apply equally to all genders.

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1. Foreword

Takko Fashion GmbH (hereinafter referred to as: "Takko" or "We") understands the need for the due diligence obligations incumbent upon it and is fully and explicitly committed to respecting human and environmental rights.
We understand the adherence to human and environmental rights as an integral part of a trusting and long-term cooperation with our contractual partners. In line with our moral values, we expect the same commitment from our business partners (suppliers, producers, service providers and any other business partners).

2. Due diligence duties in the supply chain

2.1. Our social responsibility

As an internationally operating company, we recognise our responsibility to ensure that the production and manufacturing process, as well as any other service provision, is always carried out in compliance with human and environmental rights throughout the supply chains. Assuming social responsibility for our business activities is one of the most important pillars of our corporate philosophy.
For a long time, we have been a member of the following organisations, among others:

- Fair Wear Foundation,
- International Accord for Health and Safety in the Textile and Garment Industry,
- Better Cotton Initiative,
- Alliance for Sustainable Textiles,
- Zero Discharge of Hazardous Chemicals (ZDHC).

2.2. Commitment to human and environmental rights

The Code of Conduct for Suppliers is based on the international conventions and standards mentioned below as well as internal company guidelines. Therefore, we commit ourselves and our business partners to comply with the following regulations:

- United Nations Universal Declaration of Human Rights (UDHR)
- Core Conventions of the International Labour Organisation (ILO)
- United Nations Convention on the Rights of the Child (UN CRC)
- United Nations Conventions on Women's Rights (UN-CEDAW)
- The Guiding Principles of the Organisation for Economic Co-operation and Development (OECD)
- Minamata Convention
- POPs Convention

2.3. Compliance with laws and international regulations

Takko expects its business partners, whether they are direct or indirect suppliers of goods or services, to comply with the international conventions, guidelines and all applicable legal requirements mentioned herein. If different legal provisions or other rules apply in individual countries in which the business partner operates, the stricter requirements in each case must be observed.

Takko also expects its business partners to comply with all applicable laws and regulations concerning compliance, in particular anti-corruption, money laundering, fraud and general regulations on prohibited business practices.

2.4. Zero tolerance policy

We have a zero tolerance policy. Violations of laws and international regulations as well as human and environmental rights may lead to termination of the contractual relationship and termination of the cooperation, especially in the case of violations of the human and environmental rights mentioned here.

3. Human rights obligations

3.1. No forced labour

Business partners must not use or tolerate any form of forced labour, such as servitude, slave or slave-like labour, or involuntary performance of activities that potentially or actually constitute forced labour as defined by the core convention of the International Labour Organisation (ILO). This includes, in particular, restriction of freedom of movement, withholding of identity documents or withholding of wages.

Business partners expose themselves to accusations of complicity with these practices if they benefit from such forms of labour through their business partners.

Business partners must allow their workers to leave their jobs and voluntarily terminate their employment, provided that they give notice to the respective employer.

Business partners must ensure that workers are not subjected to inhuman or degrading treatment, corporal punishment, mental or physical coercion or abuse of any kind.

Producers and suppliers are strictly prohibited from sourcing or using materials, including cotton, as well as other products or services originating from the Xinjiang region, whether manufactured or processed there.

3.2. No discrimination at the workplace

Recruitment, remuneration, access to training, personnel policies for promotion, dismissal, retirement and any form of labour relations must be based on the principle of equality.

Business partners must not discriminate against employees on the grounds of ethnic origin, gender, religion or belief, disability, age, trade union membership or sexual identity. Discrimination must be prevented or eliminated.

In particular, business partners shall not harass, discipline, humiliate or treat workers with disrespect for any of the above reasons.

Women and men are recruited, promoted, and rewarded equally, fairly, and transparently across all functions and levels.

Women and men are recruited equally across all functions and levels, ensuring fair treatment and actively preventing career setbacks due to pregnancy or parental leave.

Equal training opportunities are provided for both women and men to develop their skills and strengthen their capabilities.

3.3. No exploitation through child labour

Child labour in any form, whether direct or indirect (e.g. through the use of subcontractors or day labourers) is prohibited. The minimum age of workers shall not be less than the age at which compulsory education is completed and shall in no case be less than 15 years. There shall be no forms of slavery or similar practices, such as the sale or trafficking of children, debt bondage and servitude, and forced or compulsory labour, including the forced or compulsory recruitment of children.

Business partners must establish appropriate and demonstrable age verification mechanisms as part of the recruitment process.

Special protection for young workers

Young people between the ages of 15 and 18 shall not engage in activities that by their nature or circumstances are likely to be harmful to their health, unsafe or indecent.

Business partners shall ensure that their working hours do not interfere with school attendance or participation in professional development activities approved by the competent authority, or with the ability to benefit from training or education programmes.

Business partners shall establish necessary mechanisms to prevent, identify and mitigate harm to young workers, with particular attention to young workers' access to effective grievance mechanisms.

3.4. Freedom of association and the right to collective bargaining

Business partners shall respect the rights of workers to assemble, organise and bargain collectively in a lawful and peaceful manner. Workers have the right to bargain as a group with their employer.

Business partners must not punish workers who express their opinions and wishes.

Where the right to freedom of association and collective bargaining is restricted by law, business partners must not impede other forms of collective bargaining and worker organisation. Workers' representatives must not be discriminated against and must have access to all workplaces when necessary to carry out their duties.

Unions and workers' councils are actively encouraged and supported to include women in leadership roles to address and advocate for gender-related issues.

3.5. Living wages

Wages must meet the legal or industry minimum and must always be sufficient to meet the basic needs of workers and their families, as well as to maintain a certain amount of disposable income.

Business partners must pay wages on time, regularly and without deduction through legal tender. The level of wages shall be commensurate with the skills and level of education of workers and shall be based on regular working hours.

Neither are wage deductions permitted as a disciplinary measure, nor are deductions permitted that are not justified by applicable laws. Business partners must adequately and clearly inform workers of wage components, including the wage rate and the period for which the wage is paid.

3.6. Working hours

Working hours shall comply with applicable laws and industry standards. Business partners must not require employees to work more than 48 hours per week on a regular basis. Business partners must give employees at least one day off within a seven-day period.

Overtime worked by employees must be voluntary, must not exceed twelve hours per week and must not be demanded on a regular basis. An overtime allowance must be paid in addition to wages for overtime worked.

3.7. Safe and healthy working environment

Each business partner is responsible for ensuring a safe and hygienic working environment. This includes, in particular, the promotion of occupational health and safety in accordance with the respective standard. This is based on the current, industry-related level of knowledge about any specific hazards. The business partner shall ensure:

- adequate medical care and the installation and maintenance of a related facility;
- free and adequate access to drinking water and sanitary facilities;
- adequate fire protection, lighting and ventilation commensurate with the level of safety, and
- employees to leave the premises immediately if a situation of imminent danger arises, without having to obtain permission to do so.

Business partners shall take all appropriate measures within their sphere of influence to ensure the stability and safety of the equipment and buildings placed at their disposal. This also includes accommodation for employees. The accommodation shall be protected from foreseeable emergencies. Appropriate protection shall be provided equally for all workers' accommodation.

Business partners shall treat all workers with dignity and respect. Physical abuse and threats thereof, unusual punishment or disciplinary action, sexual and other harassment, and intimidation by the employer are prohibited.

Each business partner must ensure special protection for vulnerable persons, such as young workers, mothers of new-borns, pregnant women and disabled persons.

3.8. Legally binding employment relationship and precarious employment

Business partners shall ensure that the employment relationship with their workers does not create insecurity and social or economic vulnerability.

The work to be performed must be based on a recognised and documented employment relationship established in accordance with national legislation.

Before entering into employment, business partners shall provide all workers with understandable information about their rights, responsibilities and working conditions, including working hours, remuneration and payment terms.

Business partners shall not interpret employment relationships in a manner that deliberately fails to reflect the true legal purpose. For example, training programmes may not be established that do not aim to provide skills or regular employment, or agency, temporary or wage employment relationships may not be entered into if this jeopardises the protection of workers or undermines the employment contract.

Younger workers must be given the opportunity to participate in education and training programmes.

In addition, the use of subcontracting must not be used to undermine workers' rights.

3.9. Harmful changes, contamination and consumption

Each business partner shall refrain from causing harmful soil changes as well as harmful noise emissions.

Each business partner shall ensure that the creation of water and air pollution as well as excessive water consumption is refrained from.

3.10. Unlawful eviction

Unlawful eviction in the event of acquisition, construction or other use of land, forests or waters at the location of the business activity is prohibited.

3.11. Private and public security forces

Each business partner shall refrain from using private or public security forces. In individual cases, the use of private or public security forces may be permissible if there are justifiable reasons. If private or public security forces are deployed to protect the business, the business partner shall ensure that human rights are respected.

The business partner is obliged to check the state security forces used for human rights violations. The business partner shall ensure that the security forces deployed are adequately trained and supervised.

3.12. Omission in breach of duty

Each business partner is also prohibited from any further action or omission in breach of duty that constitutes a violation of human rights.

4. Environmental obligations

4.1. General information

Each business partner shall ensure compliance with all environmental regulations applicable in the country of operation. Each business partner guarantees to have the environmental permits and licences required for the cooperation.

Each business partner undertakes to continuously reduce emissions and negative environmental impacts in the production process as well as in the supply chains.

4.2. Mercury

Each business partner is obliged to comply with the ban on the manufacture of products containing mercury, the ban on the use of mercury and mercury compounds in manufacturing processes and the ban on the treatment of mercury waste in accordance with Article 4, Paragraph 1, Article 5, Paragraph 2, Annex A, Part I and Annexe B, Part I of the Minamata Convention.

4.3. Chemicals

Each business partner shall comply with the prohibition on the production and use of chemicals in accordance with Article 3, Paragraph 1(a) and Annexe A of the POPs Convention in the services it provides.

4.4. Waste

Each business partner shall comply with the POPs Convention in its activities involving the handling, collection, storage or disposal of waste containing persistent organic pollutants.

5. Compliance

5.1. Ensuring conduct in compliance with the law

Each business partner must ensure compliance with legal regulations, international conventions and guidelines through appropriate measures, such as codes of conduct or training and awareness-raising measures.

5.2. Corruption

Within the framework of the contractual relationship, each business partner must refrain from all actions that unlawfully influence decision-making vis-à-vis Takko or third parties. Takko defines corruption as the abuse of a position of power in order to gain an advantage. In particular, this includes bribery and corruptibility, the acceptance of advantages and the granting of advantages, regardless of whether the advantage is taken directly or indirectly via third parties.

5.3. Money laundering

Each business partner must ensure that it is not subject to sanctions and that it is not involved in money laundering activities. If the business partner has knowledge of any money laundering activity, Takko must be informed of this in writing without delay.

5.4. Fraud

Each business partner must ensure that fraudulent activities are prevented. Fraud occurs when incorrect facts are falsified and a financial advantage can be obtained as a result. If the business partner has knowledge of fraudulent activity, Takko must be informed immediately in writing.

5.5 Grievance mechanism

Takko has a complaints mechanism in the form of a whistle-blower system. Such a system is an appropriate means of identifying adverse impacts at an early stage. Every employee, business partner, and employees from their supply chains, as well as customer and other third parties can report violations of human rights, environmental laws or this code of conduct at any time as follows:

By mail to: compliance@takko.de

By letter to: Takko Fashion GmbH, Menschenrechtsbeauftragter, Alfred-Krupp-Str. 21, 48291 Telgte

Online: www.company.takko.com/verantwortung

All notifications can be made anonymously. We treat every notification as strictly confidential.

6. Subcontractors

Business partners may only engage subcontractors if the subcontractors have also signed or otherwise acknowledged this Code of Conduct and if Takko has agreed to the use of the respective subcontractor.

Suppliers are strictly prohibited from commencing production at any factories or subcontractors that have not received prior approval and authorization from Takko. Before any production for Takko can begin, all factories and subcontractors must be listed as active and open for orders within Takko's operational systems. Engaging in production at unauthorized factories or subcontractors constitutes a severe breach of Takko's policy and is strictly forbidden. Should there be any suspicion or discovery of such unauthorized production, Takko will initiate a comprehensive investigation. It is expected that both the supplier and the factory will fully cooperate with this investigation. Should the investigation confirm the violation, the repercussions could be significant. The severity of the penalty will be determined by the specifics and seriousness of the case, potentially resulting in substantial financial claims or, ultimately, the termination of the business relationship with the involved supplier and factory.

7. Homeworker

Manufacturers and suppliers are prohibited from outsourcing any work to third parties, particularly to homeworkers. All production steps must be carried out in the specified and Takko-approved production facility.

8. Monitoring and documentation

Each business partner shall allow us, and third parties engaged by us, to verify compliance with this Code of Conduct, including unannounced inspections of production conditions and employee housing, inspection of books and records relating to employment, and private interviews with employees. Business partners shall keep at the site all documents that may be needed to demonstrate compliance with this code of conduct.

9. Fair Wear Foundation and International Accord on Fire and Building Safety

The business partner undertakes to comply with the standards of the Fair Wear Foundation, the International Accord for Health and Safety in the Textile and Garment Industry, Building Safety and Zero Discharge of Hazardous Chemicals.

10. Publication

Business partners will take steps to ensure that the provisions of this code of conduct are communicated to employees. This includes prominent posting of the Fair Wear Foundation's Code of Labour Practices as well as the Worker Information Sheet in the local language. The documents must be accessible to workers at all times.

Takko and its team look forward to a good, close and long-term cooperation with your company.

We, _____
Company name and address

hereby confirm that we have fully understood the Takko Supplier Code of Conduct. We ensure that we and our subcontractors, direct and indirect suppliers and service providers as well as factories and their subcontractors comply with this code of conduct and implement appropriate measures.

_____	_____
Date	Signature and company stamp