

# **Code of Conduct of the LEDER & SCHUH GROUP**

## **Introduction**

The current Code of Conduct (hereafter “the Code”) of the LEDER & SCHUH GROUP (“LEDER & SCHUH”) applies to all affiliates of the LEDER & SCHUH AG and aims to implement the principles and values that LEDER & SCHUH is committed to throughout its supply chain.

The Code is a set of principles and values that reflect the beliefs of LEDER & SCHUH as well as its expectations when dealing with business partners. Responsible business practices throughout the value chain - from product development to production, shipment, commissioning, and sales is its mission.

LEDER & SCHUH’s Code of Ethics defines, amongst others, respectful behavior towards all business partners within the framework of its overall obligations. Therein LEDER & SCHUH also commits its staff to behave respectfully toward each other as well as toward all business partners and their staff. LEDER & SCHUH expects, in turn, the same respect from its business partners as well as toward the latter’s own staff and suppliers in line with this Code. The rights of individuals regardless of their nationality, religion or gender are to be respected at all times. The Code of LEDER & SCHUH, outlined below, is therefore based on following guiding principles.

## **I. Principle**

The current Code of LEDER & SCHUH is applicable to all its business partners and suppliers.

## **II. Code of Conduct**

### **1. Scope**

This Code is an integral part of LEDER & SCHUH’s General Business Terms and Conditions. The social standards defined in this Code are largely based on or refer to UN and ILO conventions, which are amended and/or supplemented from time to time. Business partners, therefore, accept that this Code will be changed accordingly by LEDER & SCHUH.

The principles set out in the Code represent the aspirational goals and minimum standards that LEDER & SCHUH expects with regard to its supply chain’s social conduct.

### **2. Basic Principles**

LEDER & SCHUH is guided by the values of continuous improvement, cooperation, and empowerment to communicate the Code to its suppliers and business partners and to enforce it.

This Code obliges all business partners not only to follow local workplace, social and environmental regulations and to comply with local laws, but also to conform to the international conventions referred to in this Code such as the Universal Declaration of Human Rights, Children’s Rights and Business Principles, UN Guiding Principles for Business and Human Rights, OECD Guidelines, UN Global Compact and International Labor Organization (ILO) Conventions and Recommendations relevant to improving working conditions in the supply chain. LEDER & SCHUH endeavors to pursue an open and constructive dialogue with its business partners in order to reinforce the principles of socially responsible business practices.

### **3. Specific Principles**

#### **3.1 Highest Standards**

In countries where domestic laws and regulations are in conflict with the Code or set a different standard of protection than the Code, suppliers and business partners should seek ways to abide by the principles that provide the highest protection to workers and the environment.

#### **3.2 No Child Labor**

Business partners observe this principle when they do not directly or indirectly employ children under the minimum age of completion of compulsory schooling as defined by law or below 15 years of age unless exceptions recognized by the ILO apply.

Business partners must establish robust age-verification mechanisms as part of the recruitment process, which may not be in any way degrading or disrespectful to the worker. This principle aims to protect children from any form of exploitation. Conditions akin to slavery, every form of child exploitation and conditions prejudicial to health are prohibited.

Should child labor as defined above be identified, it must be documented and guidelines and processes put in place to prevent it in future. Special care is to be taken when children are dismissed, as they may be moved into more hazardous employment. Our business partners should make it possible for children to go to school.

#### **3.3 No Discrimination**

Recruitment, wage policy, admittance to training programs, employee promotion policy, policies of employment termination, retirement, and any other aspect of the employment relationship shall be based on the principle of equal opportunity, regardless of race, color, sex, religion, political affiliation, union membership, nationality, social origin, deficiencies or handicaps.

#### **3.4 Occupational Health and Safety**

Business partners shall comply with occupational health and safety regulations, or with international standards where domestic legislation is weak or poorly enforced. They shall provide for a safe and hygienic working environment and promote best occupational health and safety practices bearing in mind the prevailing knowledge of the industry of any specific hazards.

Business partners shall put particular emphasis on the provision of protective clothing and access to clean drinking water. Working practices and conditions which violate human rights are prohibited. Young workers in particular must not be exposed to dangerous, unsafe or unhealthy working conditions. Employees must receive regular health and safety training.

Furthermore, business partners shall ensure that there are systems in place to detect, assess, avoid and respond to potential threats to the health and safety of workers. They will seek improving workers' protection in case of accidents. They shall take all appropriate measures within their sphere of influence to see to the stability and safety of buildings and equipment used.

#### **3.5 No Precarious Employment**

Obligations to employees under labor or social security laws and regulations arising from a regular employment relationship shall not be circumvented by the use of labor-only contracting arrangements or by apprenticeship schemes where there is no real intent to impart skills or provide regular employment, or by seasonal or contingency work for the purpose of undermining workers protection.

Furthermore, the use of sub-contracting must not serve to undermine the rights of workers. Younger workers shall be given the opportunity to participate in education and training programs.

### **3.6 No Bonded Labor**

Business partners shall not engage in any form of servitude, forced, bonded, indentured, trafficked or non-voluntary labor. They shall allow their workers the right to leave work and freely terminate their employment provided that workers give reasonable notice to the employer.

They shall ensure that workers are not subject to inhumane or degrading treatment, corporal punishment, mental or physical coercion and/or verbal abuse.

### **3.7 Protection of the Environment**

This principle is observed when all necessary measures are taken to avoid environmental degradation without prejudice to the requirements below.

LEDER & SCHUH expects its business partners to assess any significant environmental impact of their operations and establish effective policies and procedures in line with their environmental responsibilities. They will see to the implementation of adequate measures to prevent or minimize adverse effects on the community, natural resources and the general environment.

### **3.8 Freedom of Association and Collective Bargaining Rights**

Business partners shall: a) respect the right of workers to form unions in a free and democratic way, b) not discriminate against workers because of trade union membership and c) respect workers' rights to bargain collectively. They shall not prevent workers' representatives from having access to workers in the workplace or from interacting with them.

In countries with legal restrictions on these rights, business partners shall respect this principle by allowing workers to freely elect their own representatives with whom the company can enter into dialogue about workplace measures.

### **3.9 Fair Remuneration**

This principle is observed when the right of workers to receive fair remuneration is respected, it must, however, be sufficient to provide them with a decent living for themselves and their families and the social benefits legally granted, without prejudice to the details below.

Business partners shall comply, as a minimum, with wages mandated by the government's minimum wage legislation or with industry standards approved on the basis of collective bargaining whichever is more favorable to workers.

Wages are to be paid regularly in a timely manner and in full in legal tender. Partial payment in the form of allowance "in kind" is accepted in line with ILO specifications. The level of wages has to reflect the skills and education of workers as well as regular working hours. Deductions will be permitted only under the conditions and to the extent prescribed by law or fixed by collective agreement. Employees shall be clearly and fully informed about the specifications of their wages, including wage rates and pay period.

### **3.10 Decent Working Hours**

LEDER & SCHUH expects its business partners to comply with national legal provisions and industry standards in respect to the regulation of working hours. The maximum working week should comply with national legal provisions, but a normal working week of 48 hours and 12 hours of overtime should not be exceeded. Overtime should be done on a voluntary basis only and remunerated with higher pay.

Employees have the right to a minimum of one day off after 6 consecutive working days, unless exceptions defined by collective agreements apply.

### **3.11 Animal and Species Protection**

Business partners are obliged to follow local laws in respect to animal and species protection. Leather and fur, which are used for LEDER & SCHUH products, shall come from livestock and be byproducts of food production. Reptile leather or leather from endangered animal species may not be used.

### **3.12 Responsibility for Implementation of the Code**

Business partners should produce and implement guidelines in relation to their social responsibilities, appoint a person responsible for insuring that the provisions of the Code are adhered to and introduce an anti-corruption policy covering all their business activities. The business partner's responsible person must ensure the correct implementation and continuous development of the Code by means of corrective measures and regular reviews. The requirements of the Code should also be communicated to the staff.

## **4. Rules of Working in Partnership**

LEDER & SCHUH strives for a trusting and fair partnership based on reliability. As a matter of course the staff of LEDER & SCHUH will treat all information received whilst working together as confidential and LEDER & SCHUH expects its business partners to do the same. Good working partnerships also require that any divergence from agreements should be communicated openly and promptly. It is also important that the rules of fair business dealings should be abided by. Practices which do not respect these rules of behavior represent a violation of this Code.

## **5. Adherence to the Code**

Business partners are obliged to allow LEDER & SCHUH staff access to commercial premises and workshops for audit purposes during normal production times or with appropriate notice. Independent auditors will also be used to check adherence to these standards. After appropriate authorization they should be given access to commercial premises and workshops in exactly the same way as representatives of LEDER & SCHUH.

## **6. Consequences of a violation**

A violation of this Code represents a breach of contract under the General Business Terms and Conditions of LEDER & SCHUH and the relevant civil and commercial laws and regulations. In case of non-adherence to the standards set out in this Code, the business partner is required to take immediately all necessary corrective steps and to verifiably comply within a reasonable time frame with the requirements laid down in this Code.

In case of further violations or failure to take the necessary corrective measures, LEDER & SCHUH may withdraw from any current contracts and also, if necessary, to terminate any future business relationship, whereby it reserves the right to claim legal compensation and to make claims under warranty.