CODE OF CONDUCT

TOLNATEXT Fonalfeldolgozó és Műszakiszövet-gyártó Bt.



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1| CODE OF CONDUCT

As a medium-sized family-owned company in southern Germany, we are committed to the principles of the social market economy and a free fair world trade. Through our economic activities, we also want to make a valuable contribution to sustainable development in the countries and regions in which we operate. We are aware of our social responsibility and advocate economically, socially and ecologically sustainable management and development within our own global activities as well as throughout our supply chain.

Our values can be summarized as follows:

- We support sustainable development and corporate responsibility.
- We act in accordance with basic health, safety, and environmental standards.
- We respect global labor and human rights.

In cooperation and coordination with the Confederation of the German Textile and Fashion Industry (Textil + Mode) and the German Retail Association (HDE), the joint Code of Conduct forms our basic understanding of our socially responsible corporate actions.

Our workforce, customers and suppliers rely on our integrity. Ethical conduct by all of us is the corner-stone of Tolnatext‘s excellent global reputation and the long-term success of our company group.

Our Code of Conduct clearly shows our values and principles, which form the base of our corporate culture. We do not accept violations of the law or the Code of Conduct. We do not tolerate unethical behavior. The compliance of the Code of Conduct is the personal responsibility of everyone, regardless of function, hierarchical level or workplace.

Our employees are encouraged to abide by the letter and spirit of this Code of Conduct – to act legally correct, ethically and socially, to lead by example and to inspire others.

However, this Code of Conduct also defines our expectations of our suppliers. It provides them the poli-cy regarding the requirements to deliver their of goods from anywhere in the world.

Tolnatext Bt. will regularly review this Code of Conduct and make appropriate changes whenever necessary and appropriate.

Horváth Róber
Executive Director

2| HUMAN RIGHTS AND LABOUR STANDARD

We respect human dignity and uphold internationally recognised human rights, as set out in particular in the United Nations (UN)[1] Universal Declaration of Human Rights 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 listed below in the Code of Conduct.

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

2.1| EMPLOYMENT RELATIONSHIPS

We appreciate our employees. We reject any form of unlawful punishment, abuse, harassment, intimidation or other undignified treatment towards workers.

We abide by the applicable labour law in all employment relationships and expect the same from our contractual partners. At the beginning of the employment relationship workers shall be provided with comprehensible information about the essential terms and conditions of employment, including their rights and duties, as well as the working hours, remuneration and payment arrangements and modalities.

We respect and protect the right of employees to terminate their employment in accordance with the applicable notice period.

2.2| PROHIBITION OF CHILD LABOUR AND PROTECTION OF YOUNG WORKERS[4]

We do not tolerate child labour and observe the applicable legal minimum age for admission to employment. We do not employ persons under the age at which compulsory education ends under the law of the place of employment and under the age of 15.

We expect our contractors to have adequate means of determining age to prevent child labour. If the use of child labour is identified, all necessary measures are immediately initiated focusing on the best interests, protection and development of the child.

For people under the age of 18, the rights of young workers shall be observed; they may only be hired if it is ensured that the working and employment conditions do not pose a risk to their health, safety or morals, nor are they harmful to their development.

2.3| PROHIBITION OF FORCED LABOUR[5]

We reject all forms of forced or compulsory labour, including any form of bonded labour, serfdom, slavery or slave-like practices, trafficking in human beings or any other involuntary labour and services that are not in conformity with internationally recognised labour and social standards.

2.4| REMUNERATION[6]

We adhere to the statutory or – where applicable – collective agreement provisions for the remuneration of work performance. We ensure that the wage paid by us does not fall below the applicable statutory minimum wage or the applicable collectively agreed minimum wage set or customary in the sector. In countries or regions without a statutory or collective wage framework, we pay particular attention to the fact that the wages paid are sufficient for regular full-time work in order to meet the basic needs of the employees.

1 Universal Declaration of Human Rights
2 UN Guiding Principles on Business and Human Rights
3 OECD Guidelines for Multinational Enterprises
4 ILO Conventions 138 and 182
5 ILO Conventions 29 and 105

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

2.5| WORKING HOURS[7]

We adhere to the statutory or applicable collective agreement provisions on working time, including overtime, rest breaks and annual leave. In any event, we make sure that

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

Overtime shall be compensated or remunerated at least in accordance with statutory or collectively agreed regulations; it shall be ordered exceptionally and exclusively on a statutory, collectively agreed or contractual basis.

2.6| FREEDOM OF ASSOCIATION[8]

We respect the right of workers to freedom of association, freedom of assembly and the right to collective bargaining and wage negotiations, insofar as this is legally permissible and possible in the respective country of employment. If this is not permissible, we seek appropriate compromises for our employees.

2.7| DIVERSITY AND INCLUSION, BAN ON DISCRIMINATION[9]

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

We also take into account the principle of equal pay for workers of all genders for work of equal value.

2.8| HEALTH AND SAFETY AT WORK[10]

We adhere to national and international occupational health and safety standards and ensure a safe and healthy working environment in order to maintain the safety and health of our employees, protect third parties and prevent accidents, injuries and work-related illnesses. This shall include regular risk assessments of the workplace and the implementation of appropriate security and precautions, including the provision of appropriate personal protective equipment.

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

6 ILO Conventions 26 and 131
7 ILO Convention 1; ILO Recommendation 110
8 ILO Conventions 11, 87, 98, 135 and 141
9 ILO Convention 100, 111 and 159; ILO Recommendation 165
10 ILO Convention 155, 183 and 184; ILO Recommendation 164

3| ENVIRONMENTAL RESPONSIBILITY

The protection and preservation of natural resources concerns and obligates us all. With this in mind, we conduct our business activities taking into account the ecological aspects and are committed to the goal of a climate-neutral future.

3.1| PROTECTION OF THE ENVIRONMENT AND CLIMATE

We assume our environmental 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, which are based on legal and internationally recognised standards, and cover the following topics, among others:

- Professional and responsible handling of hazard-ous substances and other chemicals as well as waste, including disposal
- Efforts to reduce or prevent waste and the minimisation of emissions from operations (e.g. waste water, waste air, noise, greenhouse gases)
- Conservation of natural resources, for example through measures to save water, chemicals and other raw materials
- Promoting the use of recycling and other climate and environmental technologies, processes, raw materials and products
- Efforts to increase the energy efficiency and the proportion of green or renewable energies in energy consumption at our company locations

3.2| ANIMAL AND SPECIES PROTECTION

We respect the principles of animal welfare and biodiversity and align our corporate actions accordingly. The keeping and use of animals must comply with the applicable legal animal welfare requirements and be appropriate to the species. The Washington Convention on International Trade in Endangered Species of Wild Fauna and Flora[11] shall be complied with.

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

4| ETHICAL BUSINESS PRACTICES AND INTEGRITY

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

We behave in a fair and appreciative manner towards our business partners and customers. 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 entrepreneurial actions on universally valid ethical values and principles, including integrity and respect for human dignity.

We support free and fair world trade and abide by the laws and regulations of the countries and regions in which we do business.

4.1| CORRUPTION | TRADE CONTROL | MONEY LAUNDERING[12]

We reject all forms of bribery and corruption and already avoid any appearance thereof – be it in the form of granting or accepting unfair advantages.

We act in accordance with the 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 any anti-competitive agreements and ensure that we act in accordance with the applicable anti-trust laws. We reject competitive advantages due to unfair business practices.

4.3| PERSONAL DATA, PROTECTION OF CONFIDENTIAL INFORMATION AND INTELLECTUAL PROPERTY

We respect the privacy rights of our employees, business partners and customers and adhere to the applicable data protection and security requirements and regulations when handling personal information.

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

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

4.4| CONSUMER INTERESTS

Where our products and services concern the interests of consumers, we have taken appropriate measures to ensure the safety and quality of the products or services we offer. We ensure that our products or services comply with the relevant statutory consumer protection regulations.

As part of our information and distribution activities, we take consumer interests into account by applying fair business, marketing and advertising practices and promoting consumer education. We pay particular attention to the interests of children, senior citizens, people with disabilities and other vulnerable consumer groups.

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

5| IMPLEMENTATION

We make appropriate and reasonable efforts to comply with the contents of the Code of Conduct on an ongoing basis at all our company's locations. We have set up suitable measures and processes for this purpose and document their implementation within the company in an appropriate manner. The executive management is kept informed at regular intervals about the implementation and work of the responsible bodies and persons.

5.1| COMMUNICATION AND TRAINING

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

5.2| EXPECTATIONS OF OUR SUPPLY CHAINS | CONTROL MEASURES

The Code of Conduct also reflect our expectations of our supply partners and other contractual partners in our supply chains. In this respect, we expect them to comply with the contents of the Code of Conduct or to apply a comparable Code of Conduct. We encourage our business partners to demand this expectation from the contractual partners in their supply chain.

We value long-term business relationships based on partnership. We therefore identify and verify our contractual partners in an appropriate manner before entering into a supply relationship, e.g. through self-disclosure, supplier evaluation or similar.

We reserve the right to monitor our supply partners' compliance with our expectations, e.g. by means of auditing. Should serious violations be identified, we reserve the right to appropriate contractual consequences, including termination of the business relationship. In any case, we expect that any violations that are identified will be dealt with by appropriate preventive or remedial measures.

5.3| NOTICE REGARDING VIOLATIONS

We take any violation of the Code of Conduct seriously. In the case of reports of possible violations, we shall take follow-up measures for proper and confidential clarification and, if necessary, appropriate preventive or remedial measures.



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