

Code of Conduct

June 2014

Foreword

Based on the Code of Conduct drawn up by the Confederation of the German Textile and Fashion Industry, MADEIRA Garnfabrik, Rudolf Schmidt KG in 79108 Freiburg has adopted the principles defined therein and taken on the task of observing them anywhere and at any time. We have also committed our worldwide suppliers to join the policy described below. We are herein after referred to as “the company”.

1. Basic assumptions

Business leadership that acknowledges corporate social responsibility is one of the foundational, core principles of business practice. Each and every decision a business makes must consider the consequences from an economic, social and ecological viewpoint. The company must reconcile these interests as appropriate while also keeping in mind the principles of the UN Global Compact. At the places at which they conduct their business, companies contribute voluntarily – and as individually feasible – to the wellbeing and sustainable development of the global community. The same applies to business relationships within the textile supply chain. Business partners are to be treated fairly. Contracts are to be honoured, assuming this would not fundamentally change the underlying conditions. Universally-held ethical values and principles are to be upheld, with particular attention given to human dignity.

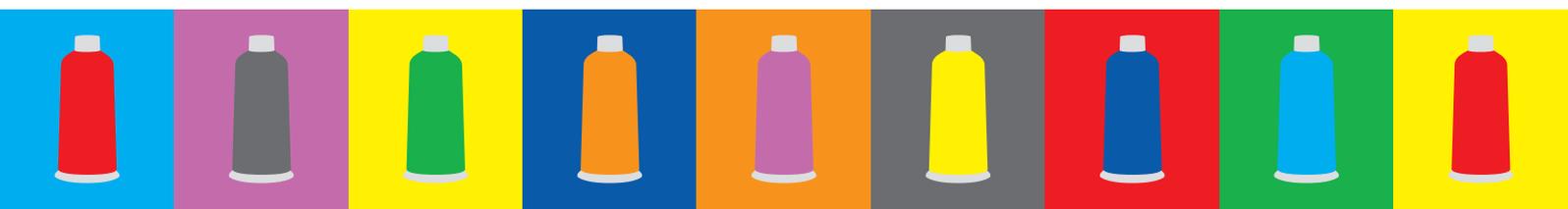
2. Scope of application

This Code of Conduct is valid for all branch offices and business units worldwide of companies signatory to the Code.

3. Key aspects of socially responsible business leadership

Observation of the rule of law

A company signatory to the Code of Conduct (hereafter referred to simply as „the company“) observes the laws and legal provisions of the countries in which it does business. Where national regulations are not of a satisfactory standard, the company is to conduct a detailed review of good business practice typical for Germany with the aim of applying this practice to support responsible corporate management. The company pursues a course of legally unimpeachable, recognized business practice and fair competition. In particular, the company will not be a party to an agreement or adopt a course of action that breaches German or European antitrust legislation, or the antitrust laws of another sovereign state in which the company does business. The company rejects corruption and bribery on the basis of the UN Convention on the same. The company uses suitable methods to foster transparency and business integrity, plus responsible company leadership and management. The interests of the company are to be kept strictly separate from the private interests of its personnel.



Consumer interests

The company considers the interests of the consumer in its business activities. The company ensures that its products present no health or safety hazard when used for the intended purpose. Legal limits are to be observed, with values kept as low as possible. The company also adopts a suitable approach for considering consumer interests in information and marketing activities.

Communications

The company communicates the Code of Conduct and its implementation to employees, business partners and other interested parties, e.g. by publishing details of the same on the company's official web site. The company is prepared to discuss the contents of the Code of Conduct. Trade secrets and details of third-party business are handled with due care and confidentiality.

4. Human rights

The company upholds and promotes human rights as given in the Universal Declaration of Human Rights. The company pays particular attention to upholding the human rights listed below:

Health and safety

The company fosters a healthy working environment, working to protect employee health while ensuring occupational safety in order to avoid accidents or injuries.

Harassment

The company protects its members of staff from corporal punishment, from physical, sexual or psychological harassment, and from intimidation or abuse.

Freedom of speech

The right to free speech and freedom of expression is both protected and upheld.

Protection of privacy.

5. Working conditions

Observation of ILO core labour standards ILO

The company upholds the eight core labour standards of the ILO. These standards are as follows:

- The prohibition of child labour, as per ILO Convention No. 138 („Minimum Age“, 1973) and No. 182 („Prohibition and Immediate Action for the Elimination of the Worst Forms of Child Labour“, 1999).
- Prohibition of forced labour, as per ILO Convention No. 29 („Forced Labour“, 1930) and No. 105 („Abolition of Forced Labour“, 1957).
- The promotion (and where possible the assurance) of the same level of remuneration for men and women for work of equal value, as per ILO Convention No. 100 („Equal Remuneration“, 1951).
- Insofar as legally permissible and feasible in the country of operation, respecting the rights of workers, as per ILO Convention No. 87 („Freedom of Association and



Protection of the Right to Organise“, 1948) and No. 98 („Right to Organise and Collective Bargaining“, 1949).

- The prohibition of discrimination, as per ILO Convention No. 111 („Discrimination (Employment and Occupation)“, 1958). The scope of the prohibition applies in particular to discrimination based on an employee’s sex, race, disability, ethnic or cultural origin, religion or worldview, or sexual orientation.

Working hours

Insofar as the applicable national jurisdiction does not specify a lower figure for maximum working hours, normal working hours are not to exceed 48 hours per week.

As a minimum, employees are to be granted the equivalent of one free day within a 7-day period. Insofar as provided for by the applicable national jurisdiction, this day may be granted within a period of up to 14 days.

6. Environmental protection

The company complies with the applicable provisions for environmental protection, such as apply to its various local premises. The company adopts an eco-friendly policy regardless of its place of business: where the applicable local legislation does not provide for a level of protection that guarantees sustainable development, the company will adopt a strategy appropriate to its economic situation in order to achieve a satisfactory level of protection. Furthermore, the company will also treat natural resources responsibly in accordance with the principles of the Rio Declaration.

7. Civic engagement

The company contributes actively to the social, cultural and economic development of the country and region in which it operates, also supporting the voluntary activities of its employees in these areas.

8. Implementation and application

The company makes every appropriate and reasonable effort to ensure the continuous implementation and application of the principles and values defined in this Code of Conduct, and to rectify any related shortcomings as rapidly as possible. On request – and on condition that this occurs on a mutual basis – contractual partners are to be informed about the key strategies involved. It should be possible for the contractual partner to verify that fundamental compliance with the code is assured. However, this does not justify the surrendering of trade or business secrets, or of information that is related to competition or is otherwise worthy of protection.

MADEIRA Garnfabrik Rudolf Schmidt KG



ppa. Holger Kappus

