

Code of Conduct – Social Standards for Business Partners

PHW-Group advocates high social standards in its own company and, in terms of its dealings with business partners, attaches importance to the implementation of minimum social standards. The goal of this Code of Conduct is to call for compliance on the part of our business partners with specific social and environmental standards. Our Code of Conduct is based on the Conventions of the International Labour Organization (ILO), the UN Declaration of Human Rights, the UN's Conventions on children's rights and the elimination of all forms of discrimination against women, the UN Global Compact and the OECD Guidelines for Multinational Enterprises which also influence the BSCI Code of Conduct.

Our business partners must guarantee that the requirements arising from this Code of Conduct are also observed by their supplier companies. Goods are to be produced and services provided for our company under humane conditions, ensuring compliance with the listed requirements.

1. Legal Compliance

Compliance with international regulations and directives, the laws applicable in the countries of business activity, industry minimum standards, ILO and UN Conventions and all other relevant statutory regulations must be ensured whereby the most stringent requirements in each case are to be applied.

2. Freedom of Association and the Right to Collective Bargaining

All personnel shall have the right to form and join labour organisations and to bargain collectively with the company. In situations or countries where freedom of association and collective bargaining are restricted under law, alternative opportunities must be provided to personnel for independent and free organisation and negotiation. It shall be ensured that worker representatives have access to their members in the workplace. Personnel shall not be subject to discrimination on the basis of their decision to exercise such rights.

3. Prohibition of Discrimination

All forms of discrimination shall be prohibited as regards hiring, remuneration, access to training, promotion, termination of a contract or retirement based on gender, age, religion, race, caste, social background, disability, ethnic and national origin, nationality, membership in workers' organisations, including unions, political affiliation, sexual orientation and other personal factors.

4. Compensation

Wages paid for regular working hours, overtime and overtime compensation shall meet or exceed legal minimums and/or industry standards. Illegal, unauthorised or disciplinary deductions from wages shall not be made. Deductions from non-cash benefits are only permissible to a minimum degree and in an appropriate ratio to the value of the non-cash benefit. In cases in which the legal minimum wage or industry standards do not cover living expenses and provide some additional disposable income, supplier companies are further encouraged to provide their employees with adequate compensation to meet these basic needs. Business partners shall ensure that wage and benefits composition are detailed clearly and regularly for workers.

5. Working Hours

The applicable national laws and industry standards on working hours must be complied with. The maximum allowable working hours in a week are as defined by national

law but shall not exceed 48 hours on a regular basis. No more than 12 hours of overtime may be worked per week. Additional overtime is only permitted if this is necessary on short-term operational grounds and is permitted by a collective bargaining agreement. Overtime hours are to be worked solely on a voluntary basis and are to be remunerated separately. All employees are entitled to at least one free day following six consecutive days worked. Exceptions to this rule apply only if this is permitted by national law and a collective bargaining agreement.

6. Workplace Health and Safety

A clear set of regulations and rules must be established and followed regarding occupational health and safety, especially the provision and use of personal protective equipment, clean toilets and potable water. If appropriate, hygienic facilities for food storage shall be provided. Practices and conditions at the workplace and in dormitories which violate basic human rights are forbidden. In particular young workers must not be exposed to hazardous, unsafe or unhealthy situations. Personnel shall receive regular training on health and safety at the workplace. An officer is to be appointed for ensuring the introduction of and compliance with standards at the workplace.

7. Prohibition of Child Labour

Child labour is forbidden as defined by ILO and United Nations' Conventions and/or by national law. Of these various standards, the one that is most stringent shall be applied. All forms of child exploitation are forbidden. Working conditions resembling slavery or which are harmful to children's health are forbidden. The rights of young workers must be protected.

8. Prohibition of Forced and Compulsory Labour and Disciplinary Measures

All forms of forced labour, such as lodging deposits or the retention of identity documents from personnel upon commencing employment are forbidden. This also applies to prisoner labour that violates basic human rights. Corporal punishment as well as mental and physical coercion and verbal abuse are prohibited.

9. Environment and Safety Issues

Procedures and standards for waste management, the handling and disposal of chemicals and other dangerous materials, emissions and effluent treatment must meet or exceed minimum legal requirements. Personnel are to be instructed on the handling of dangerous materials and substances.

10. Corruption

Bribery, venality and other forms of corruption are prohibited. Measures to prevent corrupt dealings must be established and monitored by means of control systems.

11. Operational Implementation

Implementation of the rules from the Code of Conduct shall be defined by a policy of social accountability and ensured by verifiable measures. Management is responsible for correct implementation, regular monitoring of compliance and continuous improvement. Personnel must be informed as regards the requirements and rights arising from the Code of Conduct. Management shall deal with information from personnel relating to non-compliance.

The business partners agree that implementation of social standards may be monitored at any time either by our company or by an independent inspector authorised to do so on our behalf.

Mandatory since December 2011