

Due diligence law for supply chains

Since our customers are very often subject to the Supply Chain Due Diligence Act due to the size of their company (valid since 2023 for company sizes from 3,000 employees, from 01.01.2024 from 1,000 employees), we also look at our suppliers not only for moral and ethical reasons, but also for these reasons beyond the delivered quality of the goods.

Briefly on the Supply Chain Due Diligence Act:

The Supply Chain Due Diligence Act obliges companies to adequately observe human rights and certain environmental due diligence requirements in their supply chains. The obligations to be fulfilled are graded according to the actual possibilities of influence, depending on whether it is a question of one's own business area, a direct contractual partner or an indirect supplier.

As you can see from our "Production information" information sheet, we produce both in our own production facility here on site (CO2-neutral and OekoTex certified), in Italy (OekoTex certified outer fabrics) and in China. With regard to the Supply Chain Due Diligence Act, we only refer to our Chinese production sites in the further explanations.

With regard to human rights due diligence, we focus in particular on the exclusion of any child labor, a reasonably furnished workplace, existing safety structures (e.g. emergency exits, fire extinguishers) and, very important to us, an existing BSCI audit, which must also include compliance with the respective environmental protection guidelines.

Since our factories are only located in the major cities of the relatively prosperous provinces of Guangdong and Zhejiang, child labor is already excluded by law. Of course, a special focus is also placed on this during the annual inspection trips, and child labor has never been observed at any of the factories visited by chance. And due to the relatively small orders in relation to the size of the production companies, the companies certainly do not make any effort to simulate other conditions.

At the same time, we only select companies that are amfori-BSCI audited for regular suppliers.

Information regarding the amfori BSCI-Seal:

The aim of the amfori BSCI system is to gradually improve working conditions and protect human rights in the global supply chain of amfori members using amfori BSCI. Independent amfori BSCI social audits are a tool for risk analysis and measuring the situation in production facilities. A wide range of training courses for amfori members and production sites in particular offers a good opportunity for companies to improve their knowledge and practice in order to comply with the criteria of the amfori BSCI Code of Conduct.

What phases of the product life way does the seal cover?

- *Raw material production*
Cultivation of natural fibers (e.g. cotton) and production of synthetic fibers (e.g. polyester)
- *Manufacturing process*
The production and further processing of yarns and fabrics into a finished garment includes many sub-steps (e.g. spinning, weaving and knitting, sewing, packaging and finishing)

The following criteria are checked in the auditing process:

The right to freedom of association and the right to collective bargaining

Appropriate compensation

Employment protection

Special protection for young workers

No forced labor

Ethical business

No discrimination

Reasonable working hours

No child labor

No precarious employment

Environmental protection

An "environmental risk", on the other hand, is understood as a situation in which, based on actual circumstances, there is "a sufficient probability" of a violation of an environmental obligation by violating certain prohibitions. The Stockholm Convention on Persistent Organic Pollutants (POPs Convention) is relevant for the textile and fashion industry.

OEKO-TEX has included the substances from the POP regulation that are also relevant for textiles and similar products, such as the pesticides mentioned there or pentachlorophenol, in the STANDARD 100. Some substances, such as polychlorinated biphenyls, have not been included because they are not relevant in the textile industry. This "environmental risk" is also covered by our focus on Oekotex-certified companies (where possible).

For the sake of completeness, it must be stated that due to the small order sizes in relation to the size of the supplier companies, there is no possibility for us to influence external companies/suppliers. Why is that? We produce individual productions exclusively for company clothing. The quantities here are naturally significantly smaller than is the case in the fashion industry, for example when large retail chains order their collections and thus request significantly larger quantities. The introduction of complaint management systems at our suppliers is therefore beyond our control.

However, since we have known our suppliers and their premises for many years due to our specialization in a quite small range of items, we have a clear conscience to be able to give our customers the security of complying with the provisions of the Supply Chain Due Diligence Act.