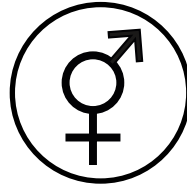


Principles of the Code of Conduct



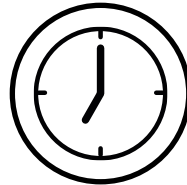
The rights of freedom of association and collective bargaining



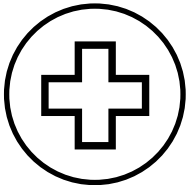
No discrimination



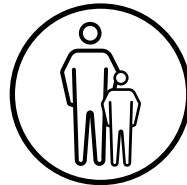
Fair remuneration



Decent working hours



Occupational health and safety



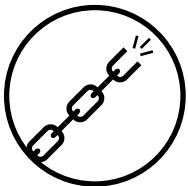
No child labour



Special protection for young workers



No precarious employment



No bonded labour



Protection of the environment



Ethical business behaviour

CWS-boco Supply Chain Management GmbH

Code of Conduct

I. Introduction

This Code of Conduct is applicable to all suppliers of CWS-boco Supply Chain Management GmbH (CbSCM), their subcontractors and other business partners and ensures that working conditions in the supply chain are safe, that workers are treated with respect and dignity, and that our supply processes are environmentally sustainable.

As a textile service company, CbSCM understands Corporate Responsibility as an integral part of our business model. We focus on offering sustainable services and are committed to the environment, to people and society in every part of the CWS-boco world, including our supply chain.

In line with the CWS-boco values People, Integrity, Sustainability, Quality, Passion for Service and Drive for Results, our principles for responsible sourcing are to:

1. Provide a safe, healthy and fair workplace
2. Offer sustainable services by handling natural resources with care and improving our environmental profile even more to minimize the impact on the environment
3. Conduct our business with responsibility, integrity and respect, maintaining high ethical standards

As a participant at BSCI, the CWS-boco Supply Chain Management GmbH has fully adopted the BSCI Code of Conduct (CoC). By signing this CoC we have committed ourselves to the BSCI principles and expect our business partners to comply with this CoC as well.

II. Preamble

This code of conduct is a set of principles and values that reflect the beliefs of BSCI Participants and the expectations they have towards their business partners.

This BSCI-CoC refers to international conventions such as the Universal Declaration of Human Rights, the Children's Rights and Business Principles, UN Guiding Principles for Business and Human Rights, OECD Guidelines, UN Global Compact and International Labour Organization (ILO) Conventions and Recommendations relevant to improve working conditions in the supply chain.

Business partners that endorse this CoC are committed to the principles set out in this document and to meeting, within their sphere of influence, their responsibility to respect human rights.

CbSCM pursue a constructive and open dialogue among business partners and stakeholders in order to reinforce the principles of socially responsible business. Furthermore, they see the building up of mature industrial relations between workers and management as being key for sustainable businesses.

CWS-boco Supply Chain Management GmbH

Code of Conduct

III. Our values

By endorsing the BSCI Code of Conduct and communicating it to their supply chain, BSCI Participants are guided by the following values:

- **Continuous improvement:**

BSCI Participants undertake to implement the BSCI Code of Conduct in a step-by-step development approach. BSCI Participants expect their business partners to ensure the continuous improvement of working conditions within their organisations.

- **Cooperation:**

By working together and taking a common approach, BSCI Participants will have a greater impact on, and better chance of improving working conditions in their supply chains. The value of cooperation is equally important in the relationship with the business partners in the supply chain, particularly those that need support in order to improve. Likewise, the spirit of cooperation is also critical in the relationship between business and affected stakeholders at different levels.

- **Empowerment:**

A central aim for the BSCI is to empower BSCI Participants and their business partners, particularly in the case of producers who will be monitored, to develop their supply chains in a way that respects human and labour rights as well as to provide business units in the supply chain with the tools needed to improve working conditions in a sustainable manner. The development of internal management systems plays a critical role in bringing BSCI principles to the heart of business enterprises' culture.

IV. Implementation

The principles set out in this CoC represent the aspirational goals and minimum expectations that CbSCM has with regard to its supply chains' social conduct.

CbSCM commits to use reasonable endeavors to achieve the goals set out in this CoC. While they cannot guarantee full observance of all their business partners at all times, BSCI Participants commit to take reasonable measures to abide by the principles of the BSCI Code of Conduct, particularly in those regions and or sectors where higher risks of non-observance of the BSCI Code of Conduct exist. Needless to say, full observance is a process that takes considerable time, resources and effort; and gaps, shortcomings, failures and unpredictable occurrences will always remain a possibility. Nonetheless, CbSCM commits strongly to the early detection, monitoring and remediation of all such failures in its supply chains and remain open to constructive engagement with stakeholders who are genuinely concerned with social compliance.

- **Code Observance**

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

Supply Chain Management and Cascade Effect

CbSCM business partners acknowledge their capacity to influence social changes in their supply chains through their purchasing activities. They manage their relationships with all business partners in a responsible way and expect the same in return.

This requires a co-operative approach where every business enterprise, (a) involves its respective business partners; (b) takes all reasonable and appropriate measures in its sphere of influence, needed to implement the CbSCM CoC and (c) exchanges information to timely identify any challenge that requires mitigation.

CbSCM business partners and their business partners strive to further detail the root causes of any such adverse impact in human rights, particularly when sourcing from high-risk regions or sectors. So as to embed this responsibility, business enterprises should act with due diligence and develop the necessary management systems, policies and processes to a reasonable extent as well as effectively prevent and address any adverse human rights impacts that may be detected in the supply chain.

For producers that will be monitored, internal management systems are particularly encouraged as an effective way to embed the CWS-boco group Code of Conduct in their business practices.

Terminating a business relationship or an individual contract with a business partner because he struggles to implement the Code of Conduct is considered a last resort. However, it may be necessary to terminate a business relationship or individual contract if the business partner fails to act in a manner consistent with the principles set out in the Code of Conduct, and/or when the business partner is unwilling to undertake the measures needed to fulfill any of the obligations set out in and/or inherent to the BSCI Code of Conduct.

V. Principles

CbSCM expect all their business partners to observe the Code of Conduct. Furthermore, any business partners that are monitored against the principles below are to show evidence that they take (a) all necessary measures to ensure their own observance of the

Code of Conduct and (b) reasonable measures to ensure that all of their business partners involved in the production process(es) observe the Code of Conduct.

• **The rights of Freedom of Association and Collective Bargaining 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' right to bargain collectively.

Business partners shall not prevent workers' representatives from having access to workers in the workplace or from interacting with them.

When operating in countries where trade union activity is unlawful or where free and democratic trade union activity is not allowed, 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 issues.

• **No Discrimination**

Business partners shall not discriminate, exclude or have a certain preference for persons on the basis of gender, age, religion, race, caste, birth, social background, disability, ethnic and national origin, nationality, membership in unions or any other legitimated organisations, political affiliation or opinions, sexual orientation, family responsibilities, marital status, diseases or any other condition that could give rise to discrimination. In particular, workers shall not be harassed or disciplined on any of the grounds listed above.

• **Fair remuneration**

Business partners observe this principle when they respect the right of the workers to receive fair remuneration that is sufficient to provide them with a decent living for themselves and their families, as well as the social benefits legally granted, without prejudice to the specific expectations set out hereunder.

Business partners shall comply, as a minimum, with wages mandated by governments' minimum wage legislation, or industry standards approved on the basis of collective bargaining, whichever is higher. Wages are to be paid in a timely manner, regularly, and fully in legal tender. Partial payment in the form of allowance "in kind" is accepted in line with ILO specifications. The level of wages is to reflect the skills and education of workers and shall refer to regular working hours.

Deductions will be permitted only under the conditions and to the extent prescribed by law or fixed by collective agreement.

• **Decent Working Hours**

Business partners observe this principle when they ensure that workers are not required to work more than 48 regular hours per week, without prejudice to the specific expectations set out hereunder. However, the BSCI recognizes the exceptions specified by the ILO.

Applicable national laws, industry benchmark standards or collective agreements are to be interpreted within the international framework set out by the ILO.

In exceptional cases defined by the ILO, the limit of hours of work prescribed above may be exceeded, in which case overtime is permitted.

The use of overtime is meant to be exceptional, voluntary, paid at a premium rate of not less than one and one-quarter times the regular rate and shall not represent a significantly higher likelihood of occupational hazards. Furthermore, Business partners shall grant their workers with the right to resting breaks in every working day and the right to at least one day off in every seven days, unless exceptions defined by collective agreements apply.

• **Occupational Health and Safety**

Business partners observe this principle when they respect the right to healthy working and living conditions of workers and local commu-

nities, without prejudice to the specific expectations set out hereunder. Vulnerable individuals such as - but not limited to - young workers, new and expecting mothers and persons with disabilities, shall receive special protection.

Business partners shall comply with occupational health and safety regulations, or with international standards where domestic legislation is weak or poorly enforced.

The active co-operation between management and workers, and/or their representatives is essential in order to develop and implement systems towards ensuring a safe and healthy work environment. This may be achieved through the establishment of Occupational Health and Safety Committees.

Business partners shall ensure that there are systems in place to detect, assess, avoid and respond to potential threats to health and safety of workers. They shall take effective measures to prevent workers having accidents, injuries or illnesses, arising from, associated with, or occurring during work. These measures should aim at minimizing so far as is reasonable the causes of hazards inherent within the workplace.

Business partners will seek improving workers protection in case of accident including through compulsory insurance schemes.

Business partners shall take all appropriate measures within their sphere of influence, to see to the stability and safety of the equipment and buildings they use, including residential facilities to workers when they are provided by the employer as well as to protect against any foreseeable emergency. Business partners shall respect the workers' right to remove from imminent danger without seeking permission.

Business partners shall ensure adequate occupational medical assistance and related facilities.

Business partners shall ensure access to drinking water, safe and clean eating and resting areas as well as clean and safe cooking and food storage areas. Furthermore, business partners shall always provide effective Personal Protective Equipment (PPE) to all workers free of charge.

• **No Child Labour**

Business partners observe this principle when they do not employ directly or indirectly, children below the minimum age of completion of compulsory schooling as defined by law, which shall not be less than 15 years, unless the exceptions recognised 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. Special care is to be taken on the occasion of the dismissal of children, as they can move into more hazardous employment, such as prostitution or drug trafficking. In removing children from the workplace, business partners should identify in a proactive manner, measures to ensure the protection of affected children. When appropriate, they shall pursue the possibility to provide decent work for adult household members of the affected children's family.

• **Special protection for young workers**

Business partners observe this principle when they ensure that young persons do not work at night and that they are protected against conditions of work which are prejudicial to their health, safety, morals and development, without prejudice to the specific expectations set out in this principle.

Where young workers are employed, business partners should ensure that (a) the kind of work is not likely to be harmful to their health or development; (b) their working hours do not prejudice their attendance at school, their participa-

tion in vocational orientation approved by the competent authority or their capacity to benefit from training or instruction programs.

Business partners shall set the necessary mechanisms to prevent, identify and mitigate harm to young workers; with special attention to the access young workers shall have to effective grievance mechanisms and to Occupational Health and Safety trainings schemes and programmes.

• **No Precarious Employment**

Business partners observe this principle when, without prejudice to the specific expectations set out in this chapter, (a) they ensure that their employment relationships do not cause insecurity and social or economic vulnerability for their workers; (b) work is performed on the basis of a recognized and documented employment relationship, established in compliance with national legislation, custom or practice and international labour standards, whichever provides greater protection.

Before entering into employment, business partners are to provide workers with understandable information about their rights, responsibilities and employment conditions, including working hours, remuneration and terms of payment.

Business partners should aim at providing decent working conditions that also support workers, both women and men, in their roles as parents or caregivers, especially with regard to migrant and seasonal workers whose children may be left in the migrants' home towns.

Business partners shall not use employment arrangements in a way that deliberately does not correspond to the genuine purpose of the law. This includes - but is not limited to - (a) apprenticeship schemes where there is no intent to impart skills or provide regular employment, (b) seasonality or contingency work when used to undermine workers' protection, and (c) labouronly contracting. Furthermore, the use of

sub-contracting may not serve to undermine the rights of workers.

• **No bonded labour**

Business partners shall not engage in any form of servitude, forced, bonded, indentured, trafficked or non-voluntary labour.

Business partners will risk allegations of complicity if they benefit from the use of such forms of labour by their business partners.

Business partners shall act with special diligence when engaging and recruiting migrant workers both directly or indirectly.

Business partners shall allow their workers the right to leave work and freely terminate their employment provided that workers give reasonable notice to the employer.

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

All disciplinary procedures must be established in writing, and are to be explained verbally to workers in clear and understandable terms.

• **Protection of the Environment**

Business partners observe this principle when they take the necessary measures to avoid environmental degradation, without prejudice to the specific expectations set out in this chapter.

Business partners should assess significant environmental impact of operations, and establish effective policies and procedures that reflect their environmental responsibility. They will see to implement adequate measures to prevent or minimise adverse effects on the community, natural resources and the overall environment.

• **Ethical Business behaviour**

Business partners observe this principle when, and without prejudice to the goals and expectations set out in this chapter, they are not involved in any act of corruption, extortion or embezzlement, nor in any form of bribery -including but not limited to - the promising, offering, giving or accepting any improper monetary or other incentives.

Business partners are expected to keep accurate information regarding their activities, structure and performance, and should disclose these in accordance with applicable regulations and industry benchmark practices.

Business partners should neither participate in falsifying such information, nor in any act of misrepresentation in the supply chain.

Furthermore, they should collect, use and otherwise process personal information (including that from workers, business partners, customers and consumers in their sphere of influence) with reasonable care. The collection, use and other processing of personal information is to comply with privacy and information security laws and regulatory requirements.

In addition to the quoted principles of the BSCI Code of Conduct in § V CWS-boco Supply Chain Management GmbH is certified DIN ISO 14001 and commits itself to high environmental standards. We therefore want to work with our business partners to set and respect responsible sourcing policies (§ VI).

VI. Additional environmental requirements

Our commitment to the environment is a long term priority. That's why we expect our Business partners to maintain effective policies, processes and procedures to manage their environmental impact.

Comply with all applicable laws and regulations and take necessary preparations for future developments. Business partners must obtain,

maintain and keep current all required environmental permits and registrations and follow the requirements of such permits.

Furthermore, we encourage our Business Partners to strive for continuous improvement in the following areas:

- **Hazardous substances**

Chemical and other materials posing a hazard if released to the environment are to be identified and managed to ensure their safe handling, movement, storage, use, recycling or re-use and disposal.

- **Water and Wastewater treatment**

Water is a scarce resource in many parts of the world and should be used as efficiently as possible. We therefore encourage our Business partners to save resources wherever possible and monitor actively their use of water. If possible, water should be re-used or recycled in production. All outgoing wastewater must meet the requirements in local legislation.

- **Waste management**

Endeavor to reduce the waste generated from all areas in production and administration. Any waste must be taken care of in a responsible manner and in accordance with local law.

- **Use of raw materials**

CbSCM strives to reduce the amount of natural resources and raw materials used within its own operations as well as the entire supply chain. We therefore encourage a careful use of resources and expect our Business partners to reduce the use of natural resources and make use of recycled materials wherever possible.

Furthermore, a regular review of all relevant processes and improvements needs to be ensured and documented in writing.

- **Use of Energy**

CbSCM wants to minimize its contribution to climate change and obtain insight in the greenhouse gas emissions in its supply chain. We

therefore expect our Business partners to save and monitor the entire energy consumption within their processes. Combustion generated from operations are to be characterized, monitored, controlled and treated as required prior to discharge.

- **Environmental trainings**

Continuous improvement of our environmental performance is important to us. People are key to this process. We therefore encourage our Business partners to provide relevant trainings and information about environmental concerns to all employees.

The following annexes are integral part of this Code of Conduct:

1. BSCI Terms of Implementation

Date

Name of company

Signature, Company Stamp/Seal

Name

Address

This document must be signed by a duly authorized representative of the company and returned to CWS-boco Supply Chain Management GmbH.

Terms of Implementation for Business Partners to be involved in the BSCI monitoring process (Producers)

Terms of Implementation for Business Partners to be involved in the BSCI monitoring process (Producers)

1. Introduction

For the purpose of this document, **“Producers”** refers to the business partner in the supply chain of a BSCI Participant that manufactures goods (food or non-food) or produces raw materials and that, as a result of the **BSCI Participant or Business Partner’s due diligence**, has been included in the BSCI monitoring process.

This decision may come directly from the BSCI Participant or indirectly through a BSCI Participant’s business partner.

BSCI Participants reserve the right to include or exclude the producer in the monitoring process at any time, as a result of their own definitions of risks.

By signing these Terms of Implementation, **producers** endorse the values and principles of the BSCI Code of Conduct and commit to take the appropriate measures to observe the principles of the BSCI Code of Conduct at their own facilities.

In addition, they will involve their significant business partner to act in a responsible way.

2. Commitment to socially responsible business

2.1. In undertaking the responsibilities set out in the BSCI Code of Conduct, **producers** work together with BSCI Participants and pursue a constructive and open dialogue with their stakeholders towards the application of the BSCI Code of Conduct.

2.2. Producers **actively communicate** their endorsement of the BSCI Code of Conduct through their company organization

and to their business partners. Producers shall **display the BSCI Code of Conduct** in the local language in an openly accessible location.

2.3. Producers confirm **having read and understood** the BSCI Code of Conduct and relevant Terms of Implementation and they commit to work towards full observance thereof, within their sphere of influence.

2.4. Producers have the **procedures and sufficient resources in place** to meet their responsibilities related to the BSCI Code of Conduct and ensure that there is continuous improvement in its implementation.

2.5. Producers require their significant business partners to work towards full observance of the BSCI Code of Conduct and take, within their sphere of influence, the reasonable measures necessary to make the BSCI Code of Conduct applicable to their own business partners.

2.6. Producers **acknowledge that neglecting the values and principles of the BSCI Code of Conduct and/or violating any of these Terms of implementation** are sufficient grounds for BSCI Participants or relevant business partners to terminate their business relations with a signatory producer. The burden of proof in this respect shall lie with BSCI Participants or business partners as applicable.

3. Embedding social responsibility into the business enterprise culture

3.1. Producers should establish good management practices that **involve workers and their representatives** in sound information exchanges on the workplace issues.

Terms of Implementation for Business Partners to be involved in the BSCI monitoring process (Producers)

- 3.2. Producers should set **policies and procedures in place** to ensure the observance of the principles of the BSCI Code of Conduct and appropriate protection of workers.
- 3.3. Producers should take specific steps to make **workers aware of their rights** and responsibilities, in particular to the most disadvantaged groups (e.g. migrant workers).
- 3.4. Producers should **build sufficient competence** among the managers and workers in order to embed the BSCI Code of Conduct in their business enterprise culture.
- 3.5. Production, Human Resources and other relevant departments (or individuals) should be **trained and incentivised** in a manner that allows them to contribute to the integration of the principles of responsible business in the business enterprise culture.
4. **Cooperation and empowerment of their own facilities and supply chain**
 - 4.1. Producers **engage in training and support their own staff** in order to build the necessary capacities to achieve and uphold the principles of the BSCI Code of Conduct.
 - 4.2. Producers seek a constructive and open dialogue with their workers and workers representatives over their responsibility to observe the principles of the BSCI Code of Conduct.
 - 4.3. Producers seek a constructive and open dialogue with significant business partners over their ability to observe the **BSCI Code of Conduct** and assist them in order to help them meet these expectations.
5. **Due diligence in their own facilities and in their supply chain**
 - 5.1. Producers **commit to act diligently** in (a) assessing actual and potential adverse impacts of their business against the values and principles of the BSCI Code of Conduct; (b) identifying in their own facilities and their supply chain where the most significant risks for these adverse impacts may occur and (c) acting upon them with the aim of preventing and/or addressing them in line with the BSCI Code of Conduct.
 - 5.2. Producers **gather and assess reliable information about their** own business and business partners' responsible behaviour and **keep the necessary documentary evidence that they have acted diligently**. They seek further detail on the **root causes** of any discrepancy with the principles of the BSCI Code of Conduct and take the necessary corrective actions.
 - 5.3. Producers require that **their business partners regularly report** to them on their progress in implementing and/or upholding the BSCI Code of Conduct as well as the effectiveness of their responses to adverse impact to the values and principles of the BSCI Code of Conduct in which they may have been involved.
 - 5.4. Producers should set up or engage in – to the extent possible – an effective **operational level grievance mechanism** to respond to individuals (particularly their workers) and communities adversely impacted by their activities.

Terms of Implementation for Business Partners to be involved in the BSCI monitoring process (Producers)

6. Information management

- 6.1. Producers **report accurately to BSCI Participants** on their implementation plan and continuous improvement of their own business, as well as the effectiveness of any response to adverse impact to values and principles of the BSCI Code of Conduct in which they may have been involved.
- 6.2. Producers **seek to understand** the concerns of potentially affected stakeholders, from which they may need to seek advice, and consult externally with credible, independent experts. This includes governments, civil society and workers representatives to verify the effectiveness of their implementation process.
- 6.3. Producers commit **to immediately inform the BSCI Participant** -to the extent possible- of any misconduct of themselves and/ or their business partners, particularly sub-contractors, of which they become aware and that may result in an adverse impact to the values and principles of the BSCI Code of Conduct.

7. Monitoring toward improvements

- 7.1. Producers **monitor** that the BSCI Code of Conduct is observed by **them and their business partners** involved in the production process based on a development-oriented approach.
- 7.2. Producers acknowledge the **importance of having trustful relationships** and will not be involved in falsifying any information, particularly documentary evidence relevant for the monitoring of their performance towards observance of the BSCI Code of Conduct.

7.3. Producers agree that the individual auditors working on behalf of or otherwise representing an Auditing Company conducting BSCI audits may **gather the necessary documentary evidence**. This includes – but is not limited to – pictures of their production site(s) as well as copies of business documents **relevant for the audit**.

7.4. Producers agree that **confidential interviews** with workers representatives and workers freely chosen by the auditors are conducted, without any influence from the producer side.

7.5. Producers agree that **all audit information will be recorded in the BSCI Platform**. This Platform allows sharing of the audit reports among BSCI Participants.

7.6. Producers agree that the information gathered in their facilities during the BSCI Audit **can be shared with third parties** (i) insofar as this occurs within the framework of the BSCI; (ii) insofar as such transfer is necessary for the provisions by or on behalf of FTA/BSCI-related activities, and/or (iii) the third parties agree to treat the information provided with utmost respect and for the only purpose relevant for the case.

7.7. Producers agree that the BSCI Auditors can be subject to a Witness Audit when conducting the BSCI audit in their facility. Witness Audits aim at ensuring the quality of Auditors / Auditing Companies performing BSCI audits. Therefore, they have no incidence on producers' performance or audit results and has no additional cost for the producer. Producers agree that if requested, their BSCI social audit will include a Witness Audit and the additional Auditors will be allowed access to the facility.

Terms of Implementation for Business Partners to be involved in the BSCI monitoring process (Producers)

- 7.8.** Producers agree that their facility and production sites can be subjected to investigation measures in the frame of the **BSCI Integrity Program**, - such as but not limited - to Witness Audits, Duplicate Audits and Random Unannounced Checks (RUC). Where RUC results will negatively differ from the previous audit result, the Producer will bear the full cost of the RUC.

Date

Name of company

Signature, Company Stamp/Seal

Name

Address

This document must be signed by a duly authorized representative of the company and returned to CWS-boco Supply Chain Management GmbH.

Terms of Implementation for Business Partners

Terms of Implementation for Business Partners

1. Introduction

For the purpose of this document, **“Business Partner”** refers to the commercial entity, such as importers or agents, with which the BSCI participant has a commercial relation, and through which the BSCI Participants intend to cascade the principles of the BSCI Code towards the producers that may be eventually monitored.

It may also mean the commercial entity, such as subcontractors or sub-suppliers, with which a producer has a commercial relation and through which the producer intends to cascade the principles of the BSCI Code.

By signing these Terms of Implementation, **business partners** endorse the values and principles of the **BSCI Code of Conduct or equivalent** and commit to take, within their sphere of influence, all reasonable and appropriate measures to observe them.

The reference this document makes to the BSCI Code of Conduct includes any other equivalent code of conduct and respectively related system.

Third-party partners, as mentioned in this document, refer to Business partners of the one who signs these Terms of Implementation.

Business partners that have signed these Terms of Implementation **are not subject-ed to the BSCI monitoring process**. However, the BSCI Participant reserves the right to include them, when deemed relevant as result of the BSCI participant’s due diligence process, in which case the business partner will need to sign the Terms of Implementation for **Producers**.

2. Commitment to socially responsible business

2.1. In undertaking the responsibilities set out in the BSCI Code of Conduct, **business partners** work together with BSCI Participants and their third party-partners and pursue a constructive and open dialogue with their stakeholders towards the application of the BSCI Code of Conduct.

2.2. Business partners actively communicate their endorsement of the BSCI Code of Conduct through their company organization and to their third-party partners.

2.3. Business partners require their third-party partners **to work toward full observance of the BSCI Code of Conduct**.

2.4. Business partners have **the procedures and sufficient resources in place** to meet their responsibilities related to the BSCI Code of Conduct.

2.5. Business partners require their **third party-partners** to work towards full observance of the BSCI Code of Conduct and take, within their sphere of influence, the reasonable measures necessary to make the BSCI Code of Conduct applicable to their third party partners.

2.6. Business partners **acknowledge that neglecting the values and principles of the BSCI Code of Conduct and/or violating any of these Terms of implementation** are sufficient grounds for BSCI Participants to terminate their business relations with signatory business partners. The burden of proof in this respect shall lie with BSCI Participants or third-party partners as applicable.

Terms of Implementation for Business Partners

3. Embedding social responsibility into the business enterprise culture

3.1. Business partners (e.g. through their buying practice such as price and/or delivering time) should not put their third party-partners in a position that prevents them from adhering to the BSCI Code of Conduct.

3.2. Purchasing and other relevant departments (or individuals) should be **trained and incentivised** in a manner that allows them to contribute to the integration of the principles of responsible business in the company culture.

4. Cooperation and empowerment in the supply chain

4.1. Business partners **engage in training and support their own staff** in order to build the necessary capacities to achieve and uphold the principles of the BSCI Code of Conduct.

4.2. Business partners **seek a constructive and open dialogue with their respective third-party partners over their ability to observe the BSCI Code of Conduct** and assist them in order to help them meet these expectations

4.3. Business partners **encourage the active co-operation between management and workers, and/or their representatives**, in the development and implementation of systems and procedures that result in the successful implementation of the BSCI Code of Conduct.

5. Due diligence in the supply chain

5.1. Business partners **commit to act diligently** in (a) assessing actual and potential adverse impacts of their business against the values and principles of the BSCI Code of Conduct; (b) identifying in the supply chain where the most significant risks for these adverse impacts may occur and (c) acting upon them with the aim of preventing and/or addressing them in line with the BSCI Code of Conduct.

5.2. Business partners gather and assess reliable information about their **own business and third-party partners'** responsible behaviour and keep the **necessary documentary evidence** that they have acted diligently.

5.3. Business partners require that **their third-party partners regularly report** to them on their progress in implementing and/or upholding the BSCI Code of Conduct as well as the effectiveness of their responses to adverse impact to the values and principles of the BSCI Code of Conduct in which they may have been involved.

5.4. Business partners should set up or engage in – to the extent possible – an effective **operational level grievance mechanism** to respond to individuals and communities adversely impacted by their activities.

Terms of Implementation for Business Partners

6 Information management

6.1. Business partners **report accurately to BSCI Participants**, as per request, on their **implementation plan and continuous improvement** of their third-party partners, as well as the effectiveness of any response to adverse impact to values and principles of the BSCI Code of Conduct, in which they may have been involved.

6.2. Business partners **seek to understand the concerns of potentially affected stakeholders**, from which they may need to seek advice, and consult externally with credible, independent experts. This includes governments, civil society and workers representatives to verify the effectiveness of their implementation process.

6.3. Business partners **commit to immediately inform the BSCI Participant** on any misconduct of their third-party partners of which they may become aware and that may result in an adverse impact to the values and principles of the BSCI Code of Conduct.

Date

Name of company

Signature, Company Stamp/Seal

Name

Address

This document must be signed by a duly authorized representative of the company and returned to CWS-boco Supply Chain Management GmbH.