

Weberei Pahl

*Code of Conduct*

## 1 Letter of Contents

1	Letter of Contents .....	2
2	Prologue .....	3
3	Our mission statements .....	5
4	We & our partners.....	6
5	Our neighbourhood & environment .....	10
6	Implementation and contact person .....	11
7	Updating the document .....	11
8	Sources .....	12

## 2 Prologue

We have been accepting it for many years: the multi-layered responsibility of our entrepreneurial actions. Because for us, "sustainability", "social responsibility" and "quality" are not just words. Years ago, we have written down our values that we share in our mission statement "Sustainable Responsibility" and act and work on it day by day.

Each of our partners every day can trust in our values, such as personal responsibility, openness and transparency as well as a legally compliant and ethically correct behaviour – as an entrepreneur and person at all times.

This is also what "KARMA – we make the future" stands for: Every action and every action has an impact on the future. We want to leave our children and grandchildren a world worth living in. That is our drive and our commitment. Because we only have this one world.

Now, for the first time, this Code of Conduct brings together in detail our important basic rules and principles for a responsible behaviour together and towards the public in one document, which are already binding for us today and in the future.

It offers us an orientation framework and applies equally to each of us – management, managers, every single employee and direct business partner.

The misconduct of each single person can cause enormous damage to all of us. Therefore, we ask you, dear colleagues, dear business partners, to read this Code of Conduct carefully and use it together with us as a guideline for our daily behaviour.

Parts of this document (chapter 4-9) are also sent directly and emphatically to our direct business partners - in connection with the request that they confirm their self-obligation to comply with the standards set out here.

In addition to this policy statement, we also want to

- describe the most serious risks to human rights, the environment and integrity in our own textile supply chain and what due diligence processes we have in place to avoid or mitigate these risks.
- report on particularly vulnerable stakeholders or groups and explain how their needs are taken into account in the implementation of our own due diligence processes.
- report on measures how potentially affected parties can contact the company in case of violations.

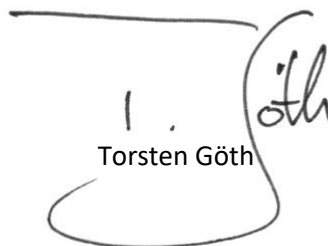
On our website at [www.weberei-pahl.de/verantwortung](http://www.weberei-pahl.de/verantwortung) we show our aspirations and objectives (see "Excerpts from our policy statement") and report regularly on our proactive actions (see "Our actions").

It claims on ourselves, and at the same time it is a promise to the outside world for responsible behaviour together and towards the public. Together we bear the responsibility.

The management of Weberei Pahl GmbH



Ibrahim Kilicoglu



Torsten Göth

### 3 Our mission statements

#### **WE & OUR PARTNERS**

Our workplace is not just a job – it is our passion. Together, we embrace diversity to create a work environment where we can all thrive as we are. We always treat each other with respect and dignity. It is our mutually obligation to comply with this high standard.

We also practice the "WE" together with our customers and suppliers in close partnerships. Together we build a team to achieve common economic and emotional goals. We respond to each other.

Customers are also the users of our products in everyday life - whether at home, as a guest or patient. The spirit of our work should be positively perceptible in every second - in the bathroom, while sleeping and at lunch or dinner.

#### **OUR NEIGHBOURS**

We are part of a larger community. And we seriously take our responsibility to be good neighbours. Where we operate, we would like to be welcomed. We can make a positive difference by encouraging our partners and the community to do good. But our responsibility – and our potential to do good – is even greater. Weberei Pahl also stands for new standards. We will go ahead.

## 4 We & our partners

### **Equal treatment and non-discrimination**

A culture of equal opportunities, mutual trust and mutual respect is of great importance to us. We support equal opportunities and prevent discrimination in the recruitment of employees as well as in the promotion or in granting of training and further education measures. We treat all employees equally, regardless of gender, age, skin colour, culture, ethnic origin, sexual identity, disability, religion or belief.

### **Human and labour rights**

We are guided by the internationally recognised principles for the protection of human and labour rights, as expressed in the United Nations Universal Declaration of Human Rights, the ILO Core Labour Standards, the UN Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinational Enterprises. In addition, the Code is aligned with the objectives of relevant national initiatives such as the Partnership for Sustainable Textiles or the National Action Plan for Business and Human Rights as well as international agreements for the protection of the environment. In principle, these international agreements bind states – not companies; their enforcement is a state task. We, a company in the textile and fashion industry, support the goal of enforcing human rights, labour, social and ecological standards in economic value creation processes.

We recognize the rights of all employees. We strictly reject any form of forced and child labor, as well as the hindrance of legitimate employee representation and excessive working hours without compensation for overtime. The right to equitable remuneration is recognised for all employees. Remuneration and other services correspond at least to the respective national and local legal standards or the level of the national economic sectors and regions. In addition, we are working with our partners to enable the payment of living wages. In this context, the production plants affiliated with us through family ties have also imposed corresponding self-binding principles (so-called "policies") as internal guidelines.

For us, a trustful and close cooperation with all employees is an important ingredient and proven key of business policy. The basis of mutual trust and cooperation is an open and constructive dialogue characterized by shared respect.

The same standards as to our employees apply to employees of suppliers and subcontractors. This is taken into account in the selection and cooperation.

### **Occupational health and safety**

In addition to the quality of our products and economic success, the safety and health of our employees are an equally important corporate goal.

Occupational health and safety are an integral part of all operational processes and are included from the beginning in all technical, economic and social considerations. Each of our employees promotes safety and health in their working environment and adheres to occupational health and safety regulations. Every manager is obliged to instruct and support his employees in the exercise of this responsibility. Employees of subcontractors on behalf of our house are subject to the same safety standards as our employees. This is taken into account in the selection and cooperation with such partners.

### **Compliance with law**

For us, following laws and regulations is an essential basic principle of economically responsible action. We observe the applicable legal prohibitions and obligations at all times, even if this entails short-term economic disadvantages or difficulties for the company or individual persons. If national laws have more restrictive regulations than the regulations applicable at our company, national law takes precedence.

Furthermore, we do not tolerate any form of bribery, corruption, cartel agreements, discrimination or any other form of violation of our fundamental values. However, should there be a violation of these basic rules, we will pursue and punish this with all severity.

### **Responsible sourcing and purchasing practices**

As already outlined, our actions should not lead to negative impacts on human rights, the environment and integrity in textile supply chains. A core element of this is our responsible acting together with our partners. Openness and transparency as well as discussions at eye level characterize our interaction. We try to maintain a sense of local concerns.

We also try to maintain similar partnership-based and, above all, long-term contact with our other direct and indirect business partners by adopting the same approach and behavior.

### **Avoidance of conflicts of interest**

Business decisions are made exclusively in the best interests of the company. Conflicts of interest with private interests or other economic or other activities, including those of relatives or other related parties or organisations, should be avoided right from the beginning. If they nevertheless occur, they must be resolved in compliance with the law and the applicable company guidelines. Prerequisite for this is the transparent disclosure of the conflict.

### **Subcontracting**

We do not allow subcontracting without its prior written consent. Without exception, all sales sample and production orders must be produced in facilities approved by Pahl. All suppliers are obliged to continuously review approved subcontractors for their social and ecological responsibility by using standards that meet or exceed this declaration of principle and contain agreed audits and certifications.

The contractor has obliged direct suppliers to implement the relevant parts of this policy agreement and to pass it on to upstream suppliers. If German is not the business language, the agreement will be provided in English.

### **Fair competition**

The compliance commitment made by the management of our company is basis for our actions in the competition: We stand for technological competence, innovative strength, customer orientation and motivated, responsible employees. This is the base of our high reputation and the company's sustainable economic success in global competition. Corruption and antitrust violations threaten these guarantors of success and are not tolerated (zero tolerance). Bribes (including gifts and invitations) or cartel agreements are no means for us to obtain an order. We'd rather give up a business and the achieving of internal goals than violate the law.

Violations are not tolerated and lead to sanctions against the persons concerned.

Violations will not be tolerated and will result in sanctions against the persons concerned.

All managing directors, all executives and all other employees must be aware of the extraordinary risks that a corruption or cartel case can entail for us, but also for them personally. Every employee is encouraged to actively participate in the implementation of the Compliance Commitment in his or her area of responsibility.

#### **Prevention of money laundering**

We comply with our legal obligations to prevent money laundering and does not participate in money laundering activities. Every employee is requested to have unusual financial transactions, in particular including cash, which may give rise to a suspicion of money laundering, checked by the Finance Department in case of doubt.

#### **Corporate property and resources**

We use the company's property and resources properly and sparingly, protecting it from loss, theft or misuse. The intellectual property of our company represents a competitive advantage for Pahl and thus a good worth protecting, which we defend against any unauthorized access by third parties. This also applies to any kind of information which we receive from our business partners in the course of our cooperation.

We use tangible and intangible property of the company exclusively for corporate purposes and not for personal purposes, unless expressly permitted.

Our employees, together with their superiors, are responsible for ensuring that the type and scope of business trips are always in reasonable proportion to the purpose of the trip in question and are planned and carried out economically, taking into account time and cost aspects.

#### **Grievance management**

Despite all efforts to deal with each other in an open and fair manner, different issues can be assessed differently by different people in everyday life. Unlawful or perceived unlawful issues can be named or reported by anyone at any time.

All reports can also be handled anonymously by us if you wish, in order to protect complainants or whistleblowers from any retaliatory measures within the scope of our possibilities.

In the case of legitimate complaints or whistleblowing about negative impacts on human rights, the environment and integrity that have been caused as part of our actions or to which our actions have contributed, we are committed to providing or cooperating in remediation and redress to the extent of our ability.

We offer direct contact options at <https://weberei-pahl.de/verantwortung/beschwerdeverfahren/> to inform us of your comments, criticisms and complaints. We would like to call upon and encourage all parties involved or affected to make use of this possibility.



### **Reporting**

Our Company is built on strong values: reliability and honesty, credibility and integrity. Thus, we attach great importance to open and truthful reporting and communication on the business processes of the company towards shareholders, employees, customers, business partners, the public in general and state institutions. Each employee ensures that both internal and external reports, records and other documents of the company are in accordance with the applicable legal rules and standards and are therefore always complete and correct and are timely and system-compliant.

### **Confidential company information / insider information**

We take the necessary steps to protect confidential information and business records from access and insight by non-involved colleagues and other third parties in an appropriate manner. Employees of the Company who possess specific information about circumstances that are not publicly known may not disclose this information, regardless of whether the disclosure of the inside information is done intentionally or with gross disregard of due diligence.

### **Data protection and information security**

The protection of personal data, especially of employees, customers and suppliers, is of particular importance to us. No personal data may be collected or processed without legal admissibility or the consent of the data subject.

## 5 Our neighbourhood & environment

### **Sustainable environmental and climate protection**

Sustainable environmental and climate protection as well as resource efficiency are important corporate goals for us. Both, in the development of new products and services and in the operation of production facilities, we make sure that all resulting effects on the environment and climate are kept as low as possible and that our products make a positive contribution to environmental and climate protection for our customers. Every employee has a responsibility to treat natural resources sparingly and to contribute to the protection of the environment and climate through their individual behaviour. In doing so, we are guided in particular by applicable EU directives and thus also by the internationally recognized BAT.

As a consequence, we not only strive to continuously increase the use of individual sustainable materials.

Our commitment also looks at the mix of materials, as well as their production and use, and the risky effects they may have on our environment.

In addition to our efforts to avoid unnecessary water consumption and potential water pollution, we are working to continuously reduce our carbon footprint. In doing so, we look beyond our own processes to the entire life cycle of our products. Keywords such as durability, dimensional stability, color stability, and recyclability are just some of the influencing factors that we also push in cooperation with our customers.

### **Donations**

We see ourselves as an active member of society and are therefore involved in different ways. We provide donations and other forms of social commitment exclusively in the interests of the company. We do not make any financial contributions, in particular donations and sponsoring measures to political parties national and international, party-affiliated or party-like organizations, individual elected representatives or to candidates for political offices.

### **Political advocacy**

We represent political interests centrally, openly and transparently. We follow the legal requirements for lobbying and avoid unfair influence on politics and legislation under all circumstances. We observe the EU Code of Conduct and, if necessary, voluntarily join the German or EU lobby register.

### **Appearance and communication in public**

We respect the right of free expression as well as the protection of personal rights and privacy. Every employee should be aware that he or she can also be perceived in the private sector as a part and representative of our company and is therefore required to preserve the reputation and reputation of the company through his behaviour and appearance in public, especially towards the media. In the case of private expressions of opinion, we take care not to place the respective function or activity within our company in connection with the private statement.

## 6 Implementation and contact person

Pahl actively promotes the communication of the guidelines on which this Code of Conduct is based. The company ensures their implementation and ensures that no employee is disadvantaged by compliance with the guidelines.

Our managers have a special role model function and can be measured in their actions to a particular extent by the Code of Conduct. They are the first contact for questions regarding the understanding of the regulations and ensure that all employees know and understand the Code of Conduct. They prevent unacceptable behaviour within the scope of their management tasks or take appropriate measures to prevent violations of rules in their area of responsibility. Trust and good cooperation between employees and managers is reflected in honest and open information and mutual support.

For further questions about this Code of Conduct, all employees and third parties (customers, suppliers, etc.) also have access to the central e-mail address [responsibility@weberei-pahl.de](mailto:responsibility@weberei-pahl.de).

All information will be treated as strictly confidential.

## 7 Updating the document

This policy statement is reviewed at least once a year to ensure that it is up to date. In addition, events (e.g. political changes in the country of production or internal incidents) trigger a revision during the year.

Changes to this policy statement are made in change mode only and are saved as "DRAFT" in the data repository. Final versions are indicated on the last document page with the year and version number in the lower right-hand area of the page.

In addition, the document update is recorded in the following table with brief comments on the changes made.

Date of publication of the document update	Version number of the document update	Contents of the document update (keywords)
21.02.2023	2023_V1.3_FINAL	<ul style="list-style-type: none"><li>- Versions 1.0 to 1.4 were internal versions that accompanied the policy statement while being developed.</li><li>- Version 2023_1.3 was the first final version that was available online and certified by an audit.</li></ul>
10.07.2023	2023_V1.4_FINAL	<ul style="list-style-type: none"><li>- Minor additions as a result of the Green Button audit</li><li>- Living wages added under point 4</li><li>- Grievance management added under point 4</li></ul>

09.09.2023	2023_V1.5_FINAL	<ul style="list-style-type: none"> <li>- Change of Managing Director on September 1st, 2023.</li> <li>- Adoption and commitment to the declaration of principles by the new Managing Director by signing the prologue.</li> </ul>
19.06.2024	EN_2024_V1.0_FINAL	<ul style="list-style-type: none"> <li>- Check for up-to-dateness as an annual standard procedure.</li> <li>- No changes made to the content!</li> <li>- Update of the version number to EN_2024_V1.0_FINAL</li> </ul>
14.05.2025	EN_2025_V1.0_FINAL	<ul style="list-style-type: none"> <li>- Check for up-to-dateness as an annual standard procedure.</li> <li>- Addition on page 6 under "Human and Employee Rights" to further voluntary commitment to company-specific policies in our production plants.</li> <li>- Update of the version number to EN_2025_V1.0_FINAL</li> </ul>

## 8 Sources

- CODE OF CONDUCT der deutschen Textil- und Modeindustrie (09.11.2018) (German version)
- [www.business-wissen.de/artikel/compliance-beispiele-fuer-einen-code-of-conduct/](http://www.business-wissen.de/artikel/compliance-beispiele-fuer-einen-code-of-conduct/) (30.01.2021) (German version)
- Muster-Verhaltenskodex des Markenverbandes (Oktober 2011) (German version)
- ILO-Kernarbeitsnormen (German version)
- UN-Leitprinzipien für Wirtschaft und Menschenrechte (German version)
- OECD-Leitsätzen für multinationale Unternehmen (German version)

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