

## STATEMENT OF PRINCIPLES



We are a design and production company specialising in workwear for trade and industry, as well as sportswear, winter clothing and leisurewear. Together with our customers, we develop highly functional clothing concepts tailored to their specific needs. The production of these garments is carried out predominantly in manufacturing facilities in Asia.

We are fully aware of our responsibility towards our employees, our customers, their customers and employees, all workers and each of our stakeholders. Therefore, we have adopted strict ethical principles that guide our business conduct.

We also pass these ethical principles on to our suppliers. We expect all employees of companies that maintain a business relationship with FL Textil GmbH to follow these principles in their actions as well.

FL Textil GmbH complies with all laws applicable to the company. This applies in particular to the following areas:

### **RESPECT FOR HUMAN RIGHTS**

We, FL Textil GmbH, are committed to respecting human rights in accordance with the UN Guiding Principles on Business and Human Rights and the following international agreements and frameworks:

- The International Bill of Human Rights and the ILO Core Labour Standards;
- Internationally recognised environmental frameworks (BAT, Detox, ZDHC);
- Internationally recognised frameworks for managing integrity risks (OECD Guidelines for Multinational Enterprises, Chapter VII, and the OECD Due Diligence Guidance for the Garment and Footwear Sector, Module 11).

### **ENVIRONMENTAL RESPONSIBILITY**

As a company, we recognise our responsibility to minimise environmental impacts and are committed to complying with internationally recognised environmental protection frameworks. These include the standards of Best Available Techniques (BAT), the Detox Programme and the ZDHC Programme (Zero Discharge of Hazardous Chemicals).

By implementing sustainable initiatives (such as BCI, GOTS, etc.), we continuously work to make our production more environmentally friendly. Our commitment includes the careful use of resources, the reduction of waste and the continuous improvement of our environmental practices. We strive for innovations that sustainably reduce the environmental impact of both our supply chain and our overall production. This reflects our objective of assuming ecological responsibility and achieving long-term positive change.

## INTEGRITY AND BUSINESS ETHICS

We hold ourselves and our business partners to current ethical standards and are committed to transparency and integrity in all business relationships. Our company aligns itself with international frameworks for managing integrity risks, including the OECD Guidelines for Multinational Enterprises (Chapter VII) and the OECD Due Diligence Guidance for the Garment and Footwear Sector (Module 11). We actively work to prevent corruption, bribery and other unethical practices throughout our entire value chain.

## RESPONSIBLE SOURCING AND PURCHASING PRACTICES

Our practices are designed to ensure that they do not have negative impacts on human rights, the environment or the integrity of textile supply chains.

- **Due Diligence:** For us, due diligence means acting systematically and responsibly in order to prevent or mitigate negative impacts on human rights, the environment and business integrity as far as possible. This includes the implementation of clearly defined requirements and processes to ensure that all our suppliers and business partners meet our ethical standards. A conscientious purchasing strategy promotes close and trusted cooperation between purchasing and sourcing departments. This responsible approach ensures that all business relationships are fair, transparent and sustainable.
- **Forward-Looking Production Planning:** One of our strategic approaches aims to ensure that the entire supply chain operates efficiently and smoothly. We cooperate closely with suppliers in order to consider their capacities and timelines. The objective is to identify bottlenecks at an early stage and avoid them through joint solutions. This planning provides reliability for both us and our partners and allows flexibility in responding to changes and challenges in the production process. Careful coordination and clear communication help minimise delays and optimise production costs, while ensuring product quality, strengthening sustainable business relationships and conserving resources.
- **Fair and Transparent Price Negotiations:** Through open dialogue and transparent communication, we ensure that pricing is understandable and fair. This not only fosters trust and long-term cooperation with suppliers but also contributes to the stability and sustainability of the entire supply chain. Fair price negotiations also include recognising suppliers' production costs and working conditions, thereby supporting living wages and sustainable practices.
- **Termination of Business Relationships:** The termination of business relationships requires a responsible and well-considered approach in order to uphold ethical standards and long-term partnerships. This includes a thorough assessment of the reasons and consequences of termination. Respectful and reasonable notice periods must be observed to give affected partners sufficient time to adapt. Transparent communication and careful exit planning ensure that all parties are informed about the steps and measures involved.
- **Employee Training:** We extend our due diligence responsibilities by identifying potential knowledge gaps among our employees and closing them through targeted training. This ensures that our teams always have the necessary expertise to act responsibly and to comply with our high quality and compliance standards.
- **Raising Customer Awareness:** As a strongly customer-focused company, we reliably support our business partners with our expertise. In addition to our products and services, we provide professional advice to enable them to fulfil their own due diligence obligations. In this way, we create added value beyond the scope of cooperation and actively contribute to the joint implementation of responsible and sustainable business practices.

## PROMOTING LIVING WAGES

We actively advocate the promotion of living wages throughout our entire supply chain. Our goal is to help ensure that all workers involved in the production of our products receive wages that cover their basic living needs and allow them to live a life in dignity. We believe that living wages not only improve the quality of life of workers but also contribute to a more stable and sustainable supply chain.

## CONTINUOUS INCREASE IN THE USE OF SUSTAINABLE MATERIALS

We are committed to continuously increasing the use of sustainable materials in our products. This includes synthetic fibres predominantly made from recycled raw materials as well as natural fibres from demonstrably responsible production.

We have already successfully implemented initial productions in accordance with the GOTS (Global Organic Textile Standard), thereby adhering to high environmental and social standards in textile production. Furthermore, we use BCI cotton (Better Cotton Initiative) and Cotton made in Africa in additional productions to promote responsible farming practices and integrate more sustainable cotton alternatives.

Our objective is to steadily increase the share of environmentally friendly materials in order to minimise the environmental impact of our production, promote circular economy approaches and take responsibility for future generations.

## EXPECTATIONS OF SUPPLIERS AND COMPLIANCE WITH INTERNATIONAL STANDARDS

Our commitment to responsible business practices extends across the entire supply chain and forms the basis of our corporate culture. We require our suppliers not only to fully comply with our Code of Conduct but also to actively implement its principles in their daily operations.

This Code, which is based, among other things, on the OECD Due Diligence Guidance for Responsible Business Conduct, defines clear ethical principles and social standards that are essential for sustainable and responsible cooperation. These include in particular the protection and promotion of labour rights, compliance with environmental standards, fair and transparent business practices, and the active support of diversity and inclusion.

We consider these values indispensable for building long-term partnerships and expect all our suppliers not only to accept these standards but to proactively integrate and further develop them within their business processes.

Particular attention must be paid to the sector-specific risks identified in the OECD Due Diligence Guidance, including:

- Child labour
- Forced labour
- Discrimination
- Working hours and overtime
- Occupational health and safety
- Freedom of association and collective bargaining
- Non-compliance with minimum wage laws and lack of living wages
- Corruption and bribery
- Chemical management
- Water consumption and water pollution
- Greenhouse gas emissions
- Treatment of home-based workers

We require our suppliers to uphold the same high standards we set for ourselves to ensure respect for human rights, minimisation of environmental impacts and transparency at all stages of production. Continuous monitoring and improvement are integral parts of our cooperation with suppliers.

In addition to our Code of Conduct, suppliers receive the relevant social, environmental, ethics and compliance policies, including the Crisis Management Policy, to ensure that they fully understand and are able to meet all requirements.

## SUBCONTRACTING

Whenever production is outsourced from the main production facility to third parties or subcontractors without the knowledge and explicit approval of the FL Textil CR departments, this contravenes our requirements and constitutes a breach of the agreed standards.

The main production facility is defined as the central production site primarily responsible for manufacturing a specific product or providing a specific service, usually the facility carrying out the final production step. If subcontractors are engaged for specific production steps, this must be reported to FL Textil without delay and approved as soon as it becomes clear that subcontracting is required.

The use of home-based workshops or home-based workers may be permitted in certain cases but requires proactive and complete disclosure by the business partner. Labour providers must be duly registered and licensed in accordance with local laws. The use of service providers posing a high risk of forced labour or other exploitative practices is strictly prohibited. Any disregard of these requirements may lead to serious consequences and jeopardize the continuation of the business relationship.

Subcontracting is clearly regulated in our Code of Conduct, which must be signed as a binding confirmation of compliance.

## IDENTIFICATION AND MITIGATION OF MATERIAL RISKS

FL Textil GmbH is aware of the risks involved and is committed to minimizing them through careful analysis, strict measures, and continuous monitoring. In summary, the following risks can be identified in our production:

At the level of garment manufacturing, the main risks lie primarily in the areas of social standards and integrity risks. These include issues such as working conditions, wages, discrimination, child labor, and occupational safety. Regarding our manufacturing countries, we assess country-specific risks and their likelihood of occurrence.

Within our supply chain, risks exist in the areas of working time regulations, overtime, wage irregularities, and uninterrupted work periods. These can lead to increased workload, health risks, and financial insecurity for employees.

There are also risks regarding compliance with health and safety standards, such as deficiencies in the use of personal protective equipment like masks, gloves, and safety glasses. Despite these challenges, positive developments are evident: no cases of corruption, bribery, child labor, or sexual discrimination have been identified or reported.

Other important aspects include the careful selection of production facilities, long-term cooperation and stability within the supplier portfolio, and on-site support from our CR managers. These measures help ensure and continuously improve social and ethical standards in our supply chain.

The pre-treatment, dyeing, and finishing of textiles are summarized under the term "wet processing." At this production stage, most textiles acquire their final properties, requiring substantial amounts of dyes, chemicals, water, and energy. The resulting wastewater may contain undeclared chemicals from previous processing stages, such as pesticides from cotton cultivation or sizing agents from weaving, as well as unfixed dyes and large amounts of the chemicals used. Such wastewater poses significant risks to human health and the environment.

With the introduction of the BHive and BVE3 systems for chemical inventory tracking in some of our production facilities, we have the ability to monitor the use of chemicals in our production processes in detail. This system enables us to identify potentially harmful substances used in production at an early stage and gradually replace them with more environmentally friendly alternatives. However, we have found it challenging to verify whether the chemicals actually used on-site fully match those entered into the system.

Our goal is to significantly reduce chemical risks for both people and the environment. In addition, this transparent tracking allows us not only to improve our own standards but also to help our suppliers make their chemical processes more sustainable—working together to build a cleaner and more responsible supply chain.

We are a member of AMFORI, a leading global business association that helps companies promote social and environmental responsibility within their supply chains. Through our membership, we make use of tools such as AMFORI BSCI (Business Social Compliance Initiative) to continuously monitor risks in our supply chain and ensure that ethical and sustainable standards are upheld along the entire value chain.

In addition to audits carried out by AMFORI, we also conduct our own internal audits with our main suppliers to verify compliance with our strict policies. These regular audits help us to identify potential shortcomings at an early stage and implement targeted measures for improvement—strengthening our partnerships on a responsible and sustainable basis.

## **VULNERABLE STAKEHOLDER**

The textile industry employs millions of people worldwide, yet many of them work under difficult conditions. Particularly vulnerable groups include children, women, ethnic minorities, migrant workers, general textile workers, and home-based workers. They struggle with poverty, insecure employment, discrimination, and a lack of social protection.

### Child Labor

Child labor is prevalent in the apparel and footwear industry, driven by poverty and economic pressure. Children often work under harsh conditions in unregulated production sites, as laws are frequently not enforced. What is needed are better educational opportunities, financial support for families, and stricter enforcement of labor laws. Awareness campaigns also play an important role in raising consciousness and combating child labor in the long term.

### Women in the Textile Industry

Women make up a large share of textile workers but are exposed to risks such as discrimination, low wages, and sexual harassment. In patriarchal societies especially, they often work under unsafe conditions without legal protection. Key measures include transparent wage systems, protection from violence, stricter anti-harassment laws, and safe grievance mechanisms. Educational programs, awareness campaigns, and strong unions are essential to strengthen their rights and achieve long-term improvements.

### Ethnic Minorities and Migrants

Migrant workers and ethnic minorities are often socially and economically disadvantaged. They work under dangerous conditions, for low wages, and without legal protection. Particularly affected are indigenous groups such as Adivasis and Dalits in India, as well as migrants without formal employment contracts. Stricter labor laws and access to social benefits such as health insurance and pensions are essential to improve their safety and rights.

### Home-Based Workers

Home-based workers are often not officially recognized and work without social protection, contracts, or fair pay. Their invisible status leads to even worse conditions than in factories. To improve their situation, legal recognition is necessary so that they receive the same protection as other employees. In addition, access to social benefits such as health insurance and pensions must be ensured. Binding regulations for fair wages, reasonable working hours, and decent working conditions are essential to strengthen their economic security.

As a responsible company, we recognize these challenges and actively work to improve the conditions of these vulnerable groups in our supply chain. We are committed to specifically protecting and supporting minorities, women, and children by promoting living wages, better working conditions, and protection from exploitation in cooperation with our partners and through the support of relevant initiatives. To ensure that our values are upheld throughout the entire supply chain, we require our partners to sign a Code of Conduct that defines binding social and environmental standards. Furthermore, we have established anonymous grievance mechanisms within our supply chain, allowing workers to safely report grievances without fear of retaliation.

## INTEGRATION OF DUE DILIGENCE PROCESSES

To address and mitigate these risks, we have embedded a solid framework for due diligence processes across all our business areas and supply chains. This includes a continuous cycle of risk identification, impact assessments, and the implementation of preventive and corrective measures.

We conduct regular audits of our suppliers, are committed to transparent reporting, and work closely with external experts to evaluate the effectiveness of our measures. Where necessary, we take immediate action to prevent or remedy violations of human rights, environmental standards, or ethical conduct.

Our commitment to these due diligence processes ensures that we not only address current risks but also anticipate future challenges and mitigate them before they escalate.

## GRIEVANCE MECHANISMS AND SAFEGUARDS

The company takes all incoming complaints seriously and processes them carefully and within a reasonable timeframe. Care is taken to protect complainants, as far as possible, from potential retaliation. In addition, the company is committed to taking appropriate steps toward remediation and remedy in the case of legitimate complaints or indications of potential adverse impacts on human rights, the environment, or integrity caused or contributed to by its own actions.

Where efficient grievance mechanisms are not available locally, we have implemented the Speak for Change initiative together with our CR managers in some of our main production facilities, in order to give workers in our global supply chain a voice and strengthen their rights. With this initiative, we provide a platform that enables especially disadvantaged groups—such as women, minorities, and home-based workers—to openly share their concerns and experiences. Speak for Change fosters dialogue between employees, our company, and other stakeholders to jointly develop solutions for improving working conditions. Our goal is to create transparency, uncover grievances, and take concrete action to ensure fair working conditions sustainably throughout the entire value chain.

In addition, we have introduced our FL Textil Grievance Mechanism in selected production facilities:

- Potentially affected parties can contact us in cases of violations. We are committed to protecting complainants from retaliation within the scope of our possibilities and to safeguarding anonymity.
- In cases of legitimate complaints or indications of adverse impacts on human rights, the environment, or integrity that we have caused or contributed to, we provide or contribute to remedy and redress.

Complaints can be submitted in any language and are treated anonymously and with strict confidentiality.

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## ANCHORING IN THE COMPANY

This policy statement reflects our strong commitment to responsible and sustainable business practices, placing the respect for human rights, the protection of the environment, and the safeguarding of integrity at the core of our activities. The management endorses the social, environmental, ethics, and compliance policies, including the crisis management policy as well as the Code of Conduct, and actively participates in their continuous development.

Every member of our teams is called upon to embody and promote these principles in order to make a positive contribution to society and the environment.

By continuously refining our approach to these complex challenges, we aim to protect vulnerable groups, reduce negative impacts, and foster a culture of integrity and sustainability throughout our supply chain.

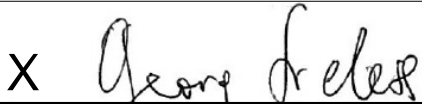
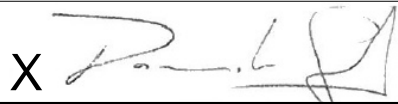
We raise awareness among employees through internal regulations designed to safeguard the rights of those affected. These serve as a binding framework for action.

Key documents alongside this policy statement include:

- Code of Conduct
- Severe risk and crisis management

These documents are available internally on the shared drive and can be accessed by all employees, regardless of the technical device used for work. In addition, they are posted in an easily accessible location.

Revision history of the latest 3 revisions		
Launch date	Change description	Change by (initials)
07.03.2025	Update	SG
01.09.2025	Update	SG, TM, DS
02.04.2026	Update	DS

	
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