

Hoffmann Group

Communication on Progress 2016-2017



Statement of continued support by the chief executive officer

To our stakeholders

I am pleased to confirm that Hoffmann reaffirms its support of the Ten Principles of the United Nations Global Compact in the areas of Human Rights, Labour, Environment and Anti-Corruption.

In this annual Communication on Progress, we describe our actions to continually improve the integration of the Global Compact and its principles into our business strategy, culture and daily operations. We also commit to share this information with our stakeholders using our primary channels of communication.

During the 2016-17 period, CSR management work has focussed on the End of Used stage of our products which has resulted in the establishment of a sorting facility for uniforms at our production site

Due to the nature of our business and the external influences, it can be rather difficult to control and monitor the activities in the daily operations linked to our value chain. Our procedures are therefore based on due diligence and monitoring through accredited certifications, audits and company initiatives.

In the coming year, we will continue to work with the Global compact ten principles throughout our daily operations and thereby continue to contribute to the UN Sustainable development goals.

Locally, Hoffmann is a member of the Danish fashion and textile associations and actively participates in CSR networking and other relevant events.

Sincerely yours

Finn Hoffmann
Managing Director

Introduction

Sustainable solutions go hand in hand with doing business responsibly. We believe that business is a strong force to instigate change and an essential part in solving the climatic and human related challenges.

The Hoffmann group has formulated a corporate sustainable strategy with the aim of delivering long-term value in financial, environmental, social and ethical terms.

Corporate sustainability for us means doing business responsibly, maximizing resource efficiency whilst supporting social wellbeing through concrete tools and by collaborating with partners in our value chain.

We use and work with the Global Compact 10 principles in order to conduct our business responsibly and in doing so, we are contributing to the UN Sustainable Development Goals (SDGs).

Taking into account the environmental and social impacts relating to our operations, our approach to our CSR work is based on:

1. Clearly measuring our risks and defining our policies, sustainable goals and measures needed.
2. A close collaboration and alignment with customers quality, ethical, social and environmental requirements
3. A close cooperation with the stakeholders in the supply chain so that guidelines, requirements and verification procedures are clear to all
4. A commitment for a constant and transparent improvement of our own and our suppliers sustainable performance and utilisation of new technologies and information to contribute to better, more sustainable products.
5. Use of credible tools such as standards, certifications, Ecolabels and audits will serve as the platform and set the benchmarks in verifying and documenting compliance.
6. Prioritising identified challenges in an area of our operations and pursuing

Human Rights, Labour and Anti-corruption

Policies and goals

Hoffmann's stand on human rights is clear; compliance with the universal declaration of human rights is a must throughout all of our operations.

Our goal is to provide a pleasant work environment with very good work conditions, which take into account both the physical and psychological needs of our employees.

We expect that our suppliers and sub-suppliers work with labour issues as specified in our code of conduct and our workers rights document.

We expect as a minimum that suppliers uphold the country's rules and legislation covering labour issues.

Corruption in all its forms including extortion and bribery are not tolerated.

We do not trade with suppliers that break the corruption principles and with any suppliers that do not comply with the universal declaration of human rights.

Assessment, implementation, and measurement of outcomes

Business partners

We work very closely with our suppliers in aligning our activities, policies and procedures according to our own and our customers code of conduct.

We continue to assess our suppliers through our responsible sourcing procedures regarding human rights, anti-corruption, labour and environment.

We urge our suppliers to adopt accredited third party certifications/standards such as SA 8000, Fair trade, BSCI, Sedex, etc. in order to show compliance documentation regarding our requirements.

We continue to work closely with our suppliers concerning our sub-suppliers that are typically the manufacturers based in “High risk” countries.

We evaluate the supplier’s situation according to answers they provide either to our questionnaire or through the audits performed and revert with input in any areas that we deem to be either unacceptable or “grey” areas. We also inform our suppliers of the various tools and resources available that can help them in their sustainability work.

We make a point of visiting all our suppliers and take the opportunity to discuss social and environmental issues and the continuous improvement of these.

Internally, we continue to work with our established procedures and activities to tackle any human rights and anti-corruption issues.

We work with the compulsory “APV” – work environment assessment and action plan and we provide benefits in the form of services and procedures designed to improve the work-quality of our employees. Such benefits include complimentary fruit for employees, an end of year bonus to our workers based on the company’s performance, a committee for handling employee grievances. Moreover, we participate in various projects that promote social, ethical and environmental principles. Support organisations working with various humanitarian causes such as supporting the foundation supporting children that have cancer.

Upgrading of Hoffmann’s facilities and working conditions is a continuous task and we work with any labour issues identified by our work environment group.

We monitor the work environment in all our sites and take action to keep the working conditions as pleasant as possible.

Workers are encouraged to discuss any work conditions topics at the weekly meetings and their input is noted and taken into consideration in future planning.

Our procedures and activities are described in core documents that we update regularly. Our core documents include:

- Code of conduct
- Human rights and Anti-corruption policies
- Responsible sourcing guidelines
- Self-assessment questionnaire for our suppliers.

An important outcome during the last period has been the establishment of a partnership between our production company (Mammut workwear A/S) and a socio-economic company (Incita A/S) which has results in the establishment of a sorting facility for uniforms and will employ persons with various disabilities.

Environment

Policies and goals

Adverse environmental impact occurs mainly during the production of the raw materials, the production of fabric, during transport and at the End of Use (EOU) stage. We are therefore continuously working to address these impacts by focusing either on a specific product group or a specific stage in the life cycle of the products.

In the last COP, we reported that we achieved a Nordic Swan licence for a specific product group and we focussed on the EOU stage for this last period.

Our overall environmental objective is to reduce environmental impacts throughout the life of our products and our processes within our operations. This includes our internal operations (relating to offices, warehouses and sewing facilities) as well as our supply chain that includes the manufacturing of materials and products.

Assessment, implementation, and measurement of outcomes

We have undertaken a number of projects relating to environmental issues and in particular our products performance

It is our ultimate goal to finally end up with business partners that fulfil the criteria of accredited third party schemes and or are actively participating in initiatives that work continuously and promote environmental improvement.

As such, Ecolabelling criteria and Ecolabel licences, as well as initiative like the HIGG index, play an important role both in the assessment and establishment of possible long term relationships with suppliers.

We continue to participate actively in projects that promote environmental improvement such as the use of the Higg index together with the Danish Fashion Institute and the European Sustainable Apparel Coalition. The Higg tool has been an excellent way of analysing environmental impacts in materials, Manufacturing, packaging, transport, use and end of use as well as in internal workplace standards, employee orientation and development, documentation of social/labour performance, mapping and risk assessment and so on. It also provided us an opportunity to involve some selected suppliers to participate and hence receive information we could use.

Such projects provide an excellent platform for meeting business partners that are working with social and environmental responsibility. It also acts as a catalyst for new “Green opportunities” and it certainly is the case for the Hoffmann Group.

We have procedures in place is our mapping of suppliers (Due diligence) that shows us the current environmental state of the companies. We have information about whether a particular company holds any certifications and which, we are also informed of other environmental issues such as waste water treatment, use of chemicals, dyes, as well as information on biocides, formaldehyde etc.

We engage into close dialogue with suppliers that are not aware about the EU and Nordic Ecolabels and inform them about the benefits of these official Ecolabels, we inform them about EU and Danish legislation regarding prohibited substances, heavy metals and so on.

Mapping and evaluating of business partners is an ongoing process and we have the view that business partners should have the opportunity to change “bad environmental practices”. We

therefore have a procedure where business partners with critical environmental issues are asked to correct these by a certain date depending on the specific issue.

Businesses with very critical environmental issues are confronted and consequences include the termination of current business activities. This occurs for example when a producer is violating National laws, non-treatment of waste- water or engage in other environmentally hazardous practices.

[Environmental Focus and implementation 2016-2017](#)

The objective is to continuously improve our environmental performance.

During the period of 2015–2016 and as a result of the findings from participating in both the HIGG and the ECAP projects, we instigated a feasibility study regarding the setting up of a recycling facility at our Mammut headquarters. The purpose of the study was to investigate various key areas such as the introduction of cost effective collection system, the economic aspects of the daily operations, the social aspects and the possibilities of producing and marketing innovative raw materials.

As a result of that study, an executive decision was made to initiate a project and the first phase concerned the establishment of a take back/collection/sorting system for uniforms which are otherwise burned for security reasons. As such, we partnered with a socio-economic company (Incita) and together we established a secure sorting facility that became operational in August of 2017. Uniforms are stripped of any logos, zippers, buttons etc. so that the sorted item no longer can be identified as a uniform. The socio-economic partner is responsible of taking care of practicalities, training and other solutions so that workers with disabilities can perform the sorting tasks.

The second phase involves the sorted textiles and here we are faced with certain challenges. The sorted textiles are usually blends made of technical materials and as such they cannot be processed into recycled fibres with present technology. Established recycling facilities are not interested in receiving these textiles which could be used for producing traditional materials used in car seat covers, one- time use cloths etc. There are a few emerging companies involved in developing various innovative materials made from textile waste but they are fairly new and therefore restricted in what and how much textile waste they can process.

We have therefore partnered with the Danish technological institute to try and bring stakeholders together in a consortium for the purpose of finding solutions for textiles that would otherwise be burned.

This initiative will be the focus for this next period in the Hoffmann group.

We are continuing to actively monitor the market for better environmental solutions.