

Hoffmann Group

Communication on Progress 2018-2019



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 2017-18 period, CSR management work has again focussed mainly on the operations relating to the production of our products.

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

Hoffmann Group – CSR

Sustainability for us means doing business responsibly, maximizing resource efficiency whilst supporting social wellbeing through various actions, use of acknowledged tools and by collaborating with partners in our value chain.

We work with the Global Compact 10 principles in order to conduct our business responsibly and in doing so, we are contributing to advance the UN Sustainable Development Goals below:

SDG 3 Good health and well-being

SDG 5 Gender equality:

SDG 8 Decent work and economic growth:

SDG 12 Responsible consumption and production:

SDG 13 Climate action.

In this last period, and as a result of a yearly evaluation concerning our production facilities in Poland and Ukraine, an executive decision was taken to introduce a yearly third-party audit. We are therefore looking at the various credible options for this next period such as FTA membership that offers the business Social and Environmental initiatives

Human Rights, Labour and Anti-corruption

Global Compact principles are:

Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights

Principle 2: Make sure that they are not complicit in human rights abuses

Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining

Principle 4: The elimination of all forms of forced and compulsory labour

Principle 5: The effective abolition of child labour

Principle 6: The elimination of discrimination in respect of employment and occupation.

Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.

Policies and goals

Our policies and aims are based on the Global Compact principles stated above and as such we aim to reduce impacts regarding human rights, labour and Corruption issues.

Hoffmann supports the principles contained in the Universal Declaration of Human Rights (UDHR), the United Nations Global Compact and the fundamental principles that protect workers' rights defined in ILOs- International Labour Organisation core conventions. We have a responsibility to seek and protect human rights within our operations, throughout our value chain and in the communities where we operate.

Our main goal concerns the wellbeing of employees throughout our operations and as such, we endeavour to create a stress free and comfortable working environment.

We expect that all our business partners work with human rights issues in a responsible manner, and we expect that all our business partners support the fundamental principles described in UDHR and ILOs core conventions as a minimum.

Our Anti-corruption policy states very clearly that corruption in all its forms including extortion and bribery will not be tolerated.

We make it clear that we do not wish to trade with anyone that does not comply with UDHR and our anti-corruption policy.

Assessment, implementation, and measurement of outcomes

Internal operations

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

The core of our work is based on the compulsory work environment assessment and the action plan that follows the evaluation of the assessment.

We continue to 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.

We participate in various projects that promote social, ethical and environmental principles and support organisations working with various humanitarian causes such as the foundation supporting children without a home and doctors without borders.

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

Business partners

Our strategy is to work very closely with our suppliers in order to align our activities, policies, procedures and requirements according to our own and our customers code of conduct.

The most effective way of assessing our business partners and especially our suppliers is through credible third-party standards, certifications, audits and personal visits. As such 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 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. We continue to work closely with our suppliers concerning our sub-suppliers especially the manufacturers based in "High risk" countries.

Our procedures, requirements and activities are described in core documents that we update regularly.

Our core documents include:

- Personnel Handbook
- Code of conduct
- Human rights and Anti-corruption policies
- Responsible sourcing guidelines
- Questionnaires for our supply chain
- Environmental and chemical requirements

Environment

Global Compact principles:

Principle 7: Businesses should support a precautionary approach to environmental challenges

Principle 8: Undertake initiatives to promote greater environmental responsibility

Principle 9: Encourage the development and diffusion of environmentally friendly technologies

Policies and goals

Our policies and aims are based on the three Global Compact principles stated above and as such the overall objective is to reduce environmental impacts related to products and processes within our operations.

Adverse environmental impact occurs mainly during the production of our products as shown below

Stage	Impacts
Production of natural and man-made fibres	Use of pesticides and herbicides, air and water emissions as well as water and energy use
Spinning/Weaving and Dyeing	Chemical use, wastewater emissions, water/energy use
Packaging and Transportation	Chemical use, air emissions
Use and End of Use	Waste emissions

The aim of our environmental policy is to continuously work to reduce these impacts by focusing either on a specific product group or a specific stage in the life cycle of the products.

This includes our internal operations that relate to offices, warehouses and sewing facilities

Assessment, implementation, and measurement of outcomes

The Higg index 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.

ISO type 1 Ecolabel criteria, as well as Global compact also play an important role in the assessment of impacts, implementation of actions and measurement of outcomes. The assessment results from above tools help us in determining our CSR strategy.

We have procedures in place to help us assess new suppliers through certifications and or standards held and information regarding environmental issues such as wastewater treatment, use of chemicals, dyes, as well as information on biocides, formaldehyde etc.

We continue to participate actively in projects that promote social and environmental improvements with the various stakeholders and partners in our network, such as industry associations, technology institutions.

Such projects act as a catalyst for new "Green opportunities" and provide an excellent platform for meeting business partners that are working with environmental responsibility.

Close dialogue with customers is important and allows us to inform suppliers about our and our customers CSR work and the benefits of various initiatives we are involved or have knowledge about, such as EU/Danish legislation regarding prohibited substances, heavy metals and so on.

Close dialogue also means that our business partners 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 and so on.

A procedure is in place where an executive decision is made on a yearly basis about which environmental impacts and in which area of our operations the focus will be on.

Since 2014 when an executive decision was made to put focus on the “Use and End of Use” stages of our products we have participated various projects and in that context we participated in three projects relating to learning and using tools such as the HIGG tool and also relating to circular economy and recycling,

As a result of the findings from participating in these projects, certain decisions were made about how to proceed. These decisions were made because the problems our customers regarding the incineration of uniforms and workwear, we and others produce. The last decision made in the period of 2017-18 period, was that we need to do more in trying to solve the EOU/recycling problem.

We had 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.

As a result, a consortium was put together consisting of technology experts (The DTI and three universities), contributors of textiles intended for incineration (A laundry company and the defence forces) and potential customers for products produced from the discarded textiles (A major municipality and supermarket chain)

The idea was to build on existing technology which one of the universities developed and produce tailored products for the customers.

The project has now entered the second stage which involves research and application for a suitable funding program.

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