

/ ENTERPRISE DOCUMENTATION

# COMPASS OF VALUES

/ PART 1 / MISSION STATEMENT AND  
GUIDING PRINCIPLES

**HAKRO**   
HÄLT. SEIT 1969

## HAKRO HÄLT. SEIT 1969

In May 1969 entrepreneur Harry Kroll founded a retail company for textiles out of which arose in 1987 the present day HAKRO limited company in Schrozberg in the German state of Baden-Württemberg. Since 2003 the family-owned company has been in the hands of the second generation.

HAKRO is specialised in well-manufactured, durable apparel for corporate fashion, workplace, leisure and sport. Sales are effected through authorised, specialist dealers throughout Europe. HAKRO obtains its garments from manufacturing partners overseas. The entire collection is certified in accordance with OEKO-TEX® Standard 100 and Quality Management in the company is certified according to ISO 9001:2015.

HAKRO is oriented to sustainability; it has been a member of UN Global Compact since 2009 and a member of the Partnership for Sustainable Textiles since 2015. This Compass of Values documents our sustainability objectives and the guiding principles for our activities.

Dear members of staff and customers,  
dear readers,

When someone holds a compass in their hands, they know whether the chosen course is going in the right direction. HAKRO has chosen the course to sustainability. In order to stay on track on this long journey, it is helpful to create a set of rules containing fundamental objectives, values and principles of operation in written form.

The „HAKRO Compass of Values“ summarises all the pivotal documents that we have created for our sustainability management:

- Our Sustainability Statement of June 2016 describes concisely the overall objectives that we have set ourselves in respect of sustainability.
- Guiding principles give substance to our mission statement by setting out the essential basic principles, instruments and procedures which company activities will satisfy. We concluded the statement of these principles in August 2017 and with that, fulfilled our stated intention, announced in our first Sustainability Report, to formulate so-called Managerial Principles. In addition, we affirm through them our commitment to the „Agenda for Sustainable Development“ of the United Nations and to the sustainability objectives formulated therein (Global Goals and Sustainable Development Goals).
- For very specialised topics – for example, human rights and donations in kind – we have developed detailed guidelines to facilitate implementation.
- Our Code of Conduct is formulated as the rules of behaviour which derive from our Mission Statement in combination with our Guiding Principles and which govern the everyday interaction of team members with each other, with our customers and with our production partners.

This is the first part of the „HAKRO Compass of Values“ and documents our sustainability objectives and guiding principles; the second part will present our Code of Conduct.

Our compass facilitates the step-by-step implementation of our stated objectives. It also enables interested third parties to gain a more detailed appreciation of the values to which we have committed ourselves and how we achieve them in the everyday working environment.



Carmen Kroll  
Director



Thomas Müller  
Director

*Post Scriptum: In view of the size of the document, we have decided not to present our guidelines in printed form. They are available as a PDF file on our website (Tab: „Download“).*

# SUSTAINABILITY MISSION STATEMENT

„With our hearts, minds and energies for a future worth living“  
HAKRO's sustainability motto



# SUSTAINABILITY MISSION STATEMENT.

WITH OUR HEARTS, MINDS AND ENERGIES FOR A FUTURE WORTH LIVING.



HAKRO bears responsibility – for its products and production conditions, its staff and customers and for the environment and society.

In the long term we can only be successful when we shoulder these responsibilities.

As a family-run business, we have been conscious of this fact for a long time.

Thus, we combine our business objectives with the aspiration to operate in a socially and environmentally responsible manner.

This is not always easy in a complex world, but it indicates the way forward that we pursue consistently – with our hearts, minds and energies.

Schrozberg, 1st June, 2016

## PRODUCTS

### HAKRO STANDS FOR DURABLE, HIGH-QUALITY APPAREL.

Unsere Produkte zeichnen sich aus durch Premiumqualität. Die Verwendung hochwertiger und strapazierfähiger Materialien, präzise Verarbeitung sowie ein klassisches Design verleihen ihnen eine lange Lebensdauer. Für den damit verbundenen ökologischen Aspekt sensibilisieren wir unsere Kunden.

## PRODUCTION

### HAKRO OUTSOURCES PRODUCTION RESPONSIBLY.

In the production of our garments, we cooperate with carefully selected suppliers and production partners. Through long-term business relationships we are a reliable partner for them. They, on the other hand, commit themselves to adhere to our strict ecological and social standards and to maintain fair working conditions.

## EMPLOYEES

### HAKRO VALUES PEOPLE.

We offer our staff attractive, permanent jobs and equal opportunity – regardless of age, sex, nationality or other differentiating characteristics. We value character and encourage diversity and the reconciliation of family and working life. Learning new things from one another is important to us – and is prerequisite to our success.

## ENVIRONMENT

### HAKRO CONSERVES NATURAL RESOURCES.

We want to keep our ecological footprint as small as possible – in our own facilities as well as in the production chain for our garments. In order to reduce resource and energy requirements, we analyse our processes and give due attention to efficiency. We practise material recycling wherever possible.

## SOCIETY

### HAKRO LIVES UP TO ITS SOCIAL RESPONSIBILITIES.

We feel a responsibility towards our home town. We pay taxes there, create jobs there and award contracts to local partners. In addition, we are active locally in a variety of ways for the common good. By way of a private foundation, we support children and adolescents in need, both in the region and in the overseas countries where our production is based.

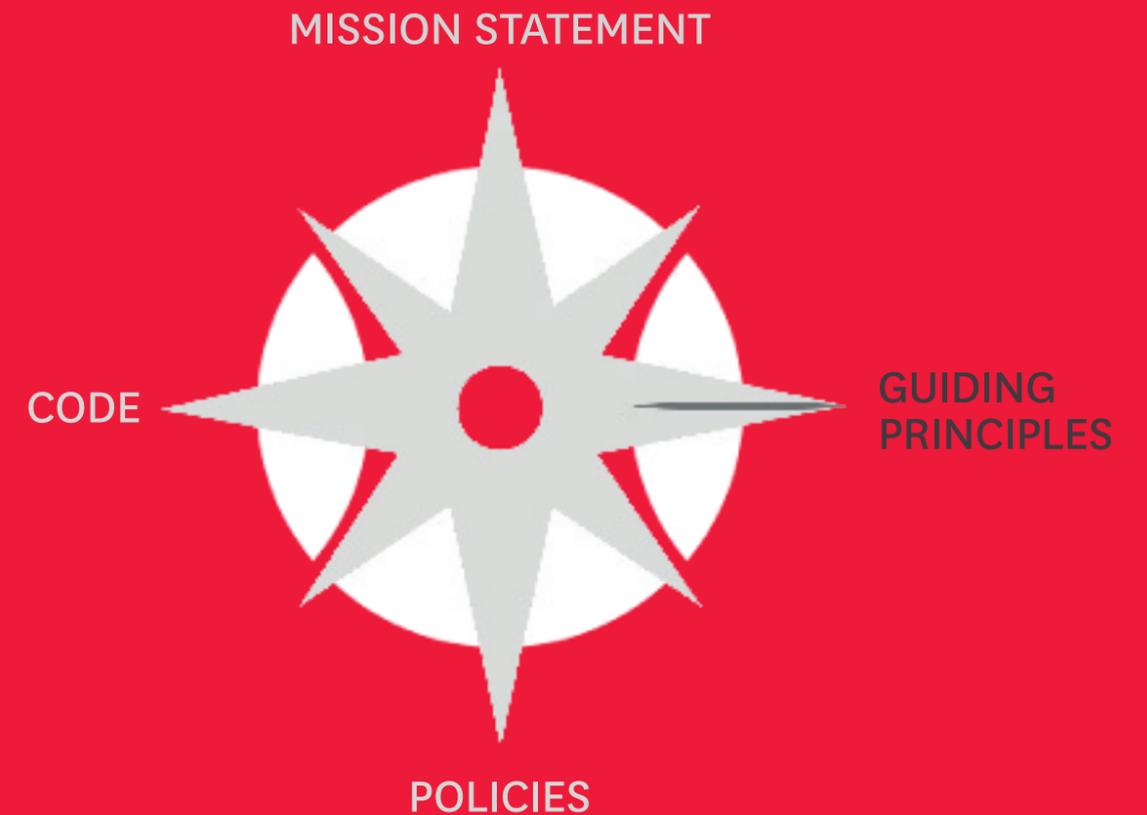
## CORPORATE GOVERNANCE

### HAKRO OPERATES IN A VALUE-ORIENTED MANNER.

We believe in values such as decency, fairness and loyalty and we live these values in our dealings with customers, partners and employees. As signatory to the UN Global Compact, we adhere to its ten principles for responsible entrepreneurship. We extend our activities step by step towards holistic sustainability management.

# GUIDING PRINCIPLES.

- ENTERPRISE – GUIDING PRINCIPLES 8 - 13
- PRODUCTS – GUIDING PRINCIPLES 14 - 19
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# ENTERPRISE – GUIDING PRINCIPLES

THESE GUIDING PRINCIPLES FORMULATE THE FUNDAMENTALS OF THE SUSTAINABILITY MANAGEMENT IN THE HAKRO COMPANY.

THEY FURTHER CLARIFY OUR SUSTAINABILITY MISSION STATEMENT.

## 01 | VISION AND MISSION

Our vision is that all enterprises in the clothing industry will contribute, to the extent possible, to bring to fruition the objectives set out in „Transforming our world: the 2030 Agenda for Sustainable Development“ by the United Nations.

Our mission is to foster consistent and credible sustainability management and to improve it continuously in order to become one of the most sustainable suppliers in our market sector (Corporate fashion and apparel for work, sport and leisure).

## 02 | FUNDAMENTALS AND OBJECTIVES

HAKRO has a comprehensive understanding of the responsibility of the enterprise for sustainable development of business and community: This applies to all fields and topics of the business activity, to economic and legal, social and ecological aspects and to mandatory as well as voluntary measures.

Our fundamental, overall corporate principles – HAKRO:

- is an enterprise managed responsibly in every sense,
- offers high-quality products produced in a socially and ecologically responsible manner,
- is an attractive, socially aware employer,
- behaves in an environmentally conscious manner, reduces its energy and resource consumption and
- involves itself voluntarily in a wide range of activities to advance the common good.

We do not consider sustainability management to be a „nice-to-have“ issue with the sole intention of looking „green“. On the contrary, we regard it as indispensable for success and recognition in the long term.

We are nevertheless conscious of the fact that sustainability is not easily achieved but rather, is an ongoing, sometimes even strenuous process. In this sense we want to get a little better every day. We always have an open ear for constructive criticism, suggestions and ideas from our stakeholders.

We do not strive for isolated added value for selected stakeholders (shareholder value) but rather common added value (shared value) for all groups involved:

- for the owners (e.g. favourable corporate development)
- for employees (e.g. attractive, secure jobs, good remuneration)
- for customers and consumers (e.g. practical and durable products, high product-quality, customer orientation)
- for production partners and suppliers (e.g. reliable purchaser, long-term business relationships)
- for society at large (e.g. reliable taxpayer and donor)
- for the environment (e.g. ecologically conscious use of resources, compensatory measures)

Our motto for this is: „With our hearts, minds and energies for a future worth living.“

### 03 | COMPASS OF VALUES

The „HAKRO Compass of Values“ documents the values, rules and objectives to which we are committed. It comprises our vision, our guiding principles and a code of conduct.

**HAKRO Sustainability Mission Statement:** It describes in compact form our understanding of sustainable development and our contribution to it. It is with this vision that we approach all our stakeholders.

**HAKRO Guiding Principles:** These concretise our vision by elucidating the essential principles, instruments and procedures for our areas of operation (Managerial concepts). For very special topics, we formulate supplementary guidelines. The guiding principles are first and foremost a frame of reference for our sustainability activities.

**HAKRO Code of Conduct:** Reflecting our company spirit of many years and deriving from our vision and guiding principles, this code formulates the rules of conduct for our management personnel and employees as well as for the cooperation with our production partners and service providers.

The Compass of Values is subject to comprehensive review at least every three years in respect of appropriate or necessary modification in the light of circumstances (initially in 2020)

The codes and declarations we have signed constitute important external reference documents for our sustainability management, together with:

- „Transforming our world: the 2030 Agenda for Sustainable Development“, UN, 2015
- the „Paris Agreement“, UNFCCC, 2015
- the objectives of the „Partnership for Sustainable Textiles“, 2016
- the „UN Guiding Principles on Business and Human Rights“, UN, 2011

We have incorporated the essential substantive objectives in these external documents into our Compass of Values.

### 04 | INTEGRATED MANAGEMENT

HAKRO will foster, step by step in all fields of activity and processes, a holistic „integrated“ management form which will always give due consideration to all aspects of sustainability simultaneously. Of particular importance in this regard is ongoing in-service training.

To this end, we also make use of external tools such as „ISO 26000:2010 - Guidance on social responsibility“ whereby, however, it is not our intention to be conformist in its application but rather to develop our own individual signature appropriate to the spirit of our enterprise and our company practices.

### 05 | AREAS OF ACTIVITY

HAKRO defines five areas of activity for the organisation of its operations and for the presentation of its sustainability performance:

- **Management** – Issues related to values, strategy and control (Governance and organisation, compliance, finance, controlling, quality management, innovation and digitalisation, information and dialogue, etc.)
- **Products** – Issues related to our value-added chain are viewed by us holistically considering economic, legal, social and ecological aspects (Design, quality, raw materials, production and working conditions, product ecology, logistics and sales, product use, etc.)
- **Employees** – Issues related to personnel policies at our sites (Diversity and inclusion, employee involvement, education and training, industrial health and safety, reconciliation of work and family, etc.)
- **Environment** – Issues related to in-house environmental protection at our sites (Energy consumption, mobility, resources and recycling, water consumption and biodiversity, etc.)
- **Social commitment** – Issues related to voluntary charitable initiatives for the common good (Support through donations by the company, projects of the Harry Kroll-Foundation, etc.)

The issues within the areas of activity which are of fundamental importance to us are stated in our sustainability strategy.

### 06 | STAKEHOLDERS

In all areas of activity, HAKRO takes into consideration the interests, perspectives and points of view of our stakeholders – only in this way are we able to achieve a common added value (Shared value) for everyone (See above).

The „inner circle“ of stakeholders consists of the people and institutions with whom we have regular, intensive contact (e.g. employees and customers). The „outer circle“ comprises the groups with whom we have contact less frequently either directly or via the members of the inner circle.

We seek a substantive exchange with all stakeholders in a fair, open and honest manner. We do not see this dialogue as a one-way street: we do not want to just solicit and then address the opinions and suggestions of our stakeholders but also to convey to them our experiences and assessments.

INNER CIRCLE	OUTER CIRCLE
Employees	Family circle of staff
Production partners and service providers	Staff of production partners and service providers
Specialist dealers	Consumers
Brand partners	Cooperation partners
Governmental and supervisory	Regional organisations and fellow citizens
Networks and certifying agencies	<a href="#">Non-governmental organisations and the</a>

**07| NETWORKS**

HAKRO participates in the exchange of experience with other companies – the networks and associations of which we are members offer a forum for this. Of particular relevance for our sustainability management are our memberships in the:

- United Nations Global Compact (UNGC), since 2009
- Business Social Compliance Initiative (BSCI), since 2012
- Partnership for Sustainable Textiles (BnT), since 2015
- Industry Initiative Sustainability (WIN), since 2015

Within the framework of our capabilities, we participate in the work of the networks and associations of which we are members.

**08| PERFORMANCE INDICES AND PROGRAMME**

In its annual sustainability report, HAKRO reports on the evolution of important performance indices. Significant new measures are contained in our annual action plan (Sustainability programme) published in our Sustainability Report.

On the basis of indicators and performance indices, we establish the status achieved in our areas of activity (Sustainability controlling).

**09| ORGANISATION**

HAKRO has an in-house sustainability organisation which encompasses all levels and all departments.

The fundamental principles and objectives of sustainability management together with the annual sustainability programme are determined by company management. In doing this, it has particular regard to the precautionary principle of risk provisioning. Company management also undertakes the annual assessment of sustainability management and authorises public statements.

Our team „Quality, Values & Sustainability“ advises management in respect of all aspects of sustainability; it coordinates the implementation of measures and communications. Our sustainability officer is the point of contact, both internally and externally, in all technical matters. He documents the indicators and the values of performance indices, directs the annual internal audits and drafts the sustainability programme. The responsible officer reports regularly to company management and cooperates closely with other designated officers in-house (e.g. for industrial health and safety).

Company management, the sustainability officer and the leadership of the Harry Kroll-Foundation together constitute the HAKRO Sustainability Team, which discusses and coordinates all efforts on a continuous basis. Furthermore, the departmental heads and other designated officers are members of an extended sustainability team.

**10| INFORMATION AND DIALOGUE**

HAKRO informs its staff, customers and other stakeholders regularly and comprehensively about the current state of affairs: internally by way of assemblies, discussions, the notice board and email circulars as well as the staff magazine „Lesestoff“ and externally through our website blog, our social media postings, press releases and the annual HAKRO Sustainability Report.

Our sustainability reports serve to document the fulfilment of our documentation responsibilities deriving from our participation in initiatives or through our membership of conventions (e.g. UN Global Compact, Industry Initiative Sustainability). In preparing the reports, we orient ourselves on the basis of the „G4 Sustainability Reporting Guidelines“ or, as of 2018, on the basis of the „GRI Sustainability Reporting Standards“, whereby however, we also want to place our own emphases in the reporting.

We seek a constructive dialogue with our stakeholders because it is our aspiration to improve continuously – in the sense of our vision and mission.

## / DOCUMENTS

# PRODUCTS – GUIDING PRINCIPLES

THESE GUIDELINES FORMULATE THE FUNDAMENTAL PRINCIPLES OF THE HAKRO COMPANY CONCERNING PRODUCT QUALITY AS WELL AS THE COOPERATION WITH PRODUCTION PARTNERS AND CUSTOMERS.

THEY FURTHER CLARIFY OUR SUSTAINABILITY MISSION

## 01 | VISION AND MISSION

Our vision is that manufacturers and consumers will (once again) develop an appreciation for the value of apparel rather than view it as a short-lived throwaway item. Sustainable production and consumption patterns are the objectives – in the sense of the UN 2030 Agenda for Sustainable Development.

Our mission is to offer well-made apparel characterised by exceptional longevity in service and by socially and ecologically responsible production.

## 02 | FUNDAMENTAL PRINCIPLES AND OBJECTIVES

HAKRO is a supplier of well-manufactured apparel for corporate fashion, workplace, leisure and sport – for men, women and children. We supply apparel that we can stand behind with pride in the knowledge that we have satisfied our qualitative and economic, ecological and social obligations.

For this reason, we do not sell short-lived, mass-produced goods of lesser quality: our garments can be worn for a long time without loss of style, comfort or quality – HAKRO hält! (HAKRO keeps on keeping on)

The key elements of our promise of quality:

- **High-quality materials.** HAKRO uses combed cotton with a staple length of 30mm–36mm exclusively. MikraLinar, a high-performance yarn especially developed by us for industrial washing, combines the advantages of pure cotton with those of high-quality artificial fibres. This makes the material particularly hard-wearing, durable and pleasant to wear. For haberdashery items, we use products from well-known manufacturers exclusively – e.g. high-quality LYCRA, particularly long-lasting YKK zippers and unbreakable buttons.
- **Perfect workmanship.** Elaborate tailoring with side seams, doubly sewn seams, branded sewing thread, necklines, LYCRA®-reinforced cuffs, pre-shrinking treatment and many additional details ensure the exceptional quality, long service life and shape retention of our products.
- **Best fit.** Our collections cater to the fact that not everyone has a „standard“ weight or size. We therefore offer sizes from XS to 6XL.
- **Exclusive colours.** We attach particular importance to our colours. Every shade is unique and was developed exclusively for HAKRO to offer the best in colour brilliance and fastness. On account of our exclusive colour management and modern, environmentally friendly dyeing techniques, our designs in around 50 exclusive shades can be reordered in the same tones years later.
- **Comprehensive testing for hazardous substances.** In the context of precautionary consumer protection, all HAKRO-apparel is certified in accordance with OEKO-TEX® Standard 100, which is to say, it is tested for hazardous substances.

- **Ideal for finishing.** Given the perfect workmanship during its manufacture together with the use of best-quality raw materials and haberdashery accessories, our clothing offers a surface finish ideally suited to the application of every sort of logo.

These quality attributes are a contribution by us towards a more conscious, sustainable attitude to clothing. Our very low complaint rate of less than 0.1% is confirmation of this to us; we want to maintain this quota in the future.

Quality management at HAKRO is certified according to ISO 9001:2015.

### 03 | PRODUCTION AND PRODUCTION PARTNERS

We conserve natural resources and we have our clothing manufactured in a socially responsible manner.

HAKRO does not maintain production facilities in its own right but rather cooperates with production partners to have its garments manufactured to our exact specifications. We work with our partners to implement the objectives of the Partnership for Sustainable Textiles (BnT) step by step.

In connection with the cooperation, we heed the following core principles:

- **Manageable partner pool.** We collaborate with a modest number of production partners. This facilitates coordination on our side and adherence to our standards in the partner companies.
- **No subcontractors.** Manufacturing takes place only in the facilities of our direct contractual partner. We do not place orders with companies who pass our orders on to third parties.
- **Year-round utilisation.** We do not place orders on a short-term basis but rather so as to utilise the production capacity of our partner companies uniformly throughout the year with monthly quantities agreed in advance. This continuous ordering guarantees a constant production process and ensures secure employment for the workers in the factories.
- **Long-term business relationships.** We cultivate long-term business relationships with our production partners – the longer a business relationship exists, the greater the mutual trust. As a reliable customer of long standing, we can also exert greater influence on the working conditions locally.

We consider it very important that our production partners not only fulfil our requirements in regard to quality but also that they are convincing as far as their social and ecological commitment and company ethics are concerned.

All partners must be in compliance with the fundamental principles and values set out in the current version of the code of conduct of the Business Social Compliance Initiative (BSCI); the partners must demonstrate this, either through a valid certification at the beginning of the cooperation or by way of an audit in the first year of the cooperation.

In addition, we obtain a personal estimation of the situation at our partners' premises during regular, on-site visits whereby we give particular attention to working conditions and ecological aspects.

By way of our solidarity fund – HAKRO FriendsShare – we support voluntarily measures to further improve the working and living conditions of the male and female employees of our production partners in Bangladesh.

Our clothing consists of natural and artificial fibres. Growing, producing and processing of these raw materials constitutes the largest proportion of our ecological footprint. In the coming years, we want to reduce this product-related footprint by continuously increasing the proportion of natural fibres produced according to recognised sustainability standards (e.g. GOTS, CmiA, Fairtrade Cotton).

### 04 | EMPLOYEES

HAKRO Spirit: We count on the character, motivation and excellent qualifications of our employees. We can only achieve our high standards for quality, if all employees are committed to meeting HAKRO's quality objectives – be it in Sales and Customer Service, in Logistics or in Administration.

### 05 | SPECIALIST DEALERS

100 % passion for textiles: We know our customers and our aim is always to captivate them. Our high product quality in combination with our high social and environmental standards are the basis for 100% customer satisfaction.

As a producer of first-class premium products, we place particularly high demands on our sales and customer service functions. For this reason, we proceed carefully during dealer selection for the various customer groupings and we work exclusively with comprehensively trained dealers authorised by us since only they are able to provide the expertise we demand. By electing not to sell directly but only through specialist dealers, we also make a contribution in support of the wholesale/retail industry.

We ship our goods in a carbon-neutral manner and within 24 hours since our products are „never out of stock“ (NOS).

We foster an ongoing, constructive dialogue with customers, including on sustainability issues. We handle customer data with due care. We solicit input from our key customers annually on how satisfied they are with us.

## 06 | CONSUMERS

In respect of textile labelling, HAKRO exceeds the statutory requirements: on the labels, we specify not only the material composition of the garments but also, voluntarily, the country of manufacture („Made in ...“).

We inform and motivate consumers towards responsible and sparing consumption of energy and resources during the use phase, e.g. when washing („Think Green – Wash at 30°C“).

We also encourage consumers to give their used clothing a second life (Clothing exchange or donation, upcycling) or, at the very least, to commit it to proper recycling.

## 07 | MARKETING

Our advertising and marketing measures conform to accepted ethical principles and are based in fact. We do not make objectively false or exaggerated statements nor any other which we can(could) not substantiate in practice.

In the selection of the models for our catalogues, we do not propagate stereotypical body images. In particular, we do not use underweight models (Body-Mass-Index less than 18.5).

In the production of our advertising material, we pay due regard to ecological aspects; we strive to reduce resource consumption. We have our paper advertising material (e.g. the catalogue) printed in a carbon-neutral manner.

As a supplier of apparel for leisure and sport, HAKRO supports sporting clubs and organisers as brand ambassadors through financial and material sponsorings. In selecting partners, we also give due regard to their reputation and integrity.

## 08 | PERFORMANCE INDICES AND PROGRAMME

In its annual sustainability report, HAKRO reports on the evolution of important, product-related performance indices. Substantive new measures for our products and production are formulated in our annual action plan (Sustainability programme), which is published in our sustainability report.

## 09 | ORGANISATION

Fundamental principles and objectives of product policy are determined by company management. The primary contact persons for our customers are the regional field sales representatives and our customer service in Administration.

Staff from the Design team and the Quality, Values & Sustainability team advise management in respect of social and ecological aspects of production and products.

## 10 | INFORMATION AND DIALOGUE

HAKRO informs its staff, customers and other stakeholders regularly and comprehensively about the current state of affairs: internally by way of assemblies, discussions, the notice board and email circulars as well as the staff magazine „Lesestoff“ and externally through catalogues, advertisements, our website blog, our social media postings, press releases and the annual HAKRO Sustainability Report.

We seek a constructive dialogue with our stakeholders because it is our aspiration to improve continuously – in the sense of our vision and mission.

## / DOKUMENTS

# EMPLOYEES – GUIDING PRINCIPLES

THESE GUIDELINES FORMULATE THE FUNDAMENTAL PRINCIPLES OF THE HAKRO COMPANY CONCERNING ITS EMPLOYEES. THEY FURTHER CLARIFY OUR SUSTAINABILITY MISSION STATEMENT.

## 01 | VISION AND MISSION

Our vision is a world in which all members of the labour force have decent work and earn enough to be able to live a dignified life – in the sense of the UN 2030 Agenda for Sustainable Development.

Our mission is to make our contribution to this objective by offering our employees secure jobs in a pleasant working environment characterised by fairness, candour and equal opportunity for all – because we can only be economically successful with satisfied staff.

## 02 | FUNDAMENTAL PRINCIPLES AND OBJECTIVES

**Staff selection.** We do not select new employees solely on the basis of their technical qualifications. The social competence of the candidates is at least equally important to us – what is the situation as far as their motivation, capacity for teamwork and empathy as well as personal initiative and responsibility are concerned – because we see ourselves as a team where team spirit is alive and well.

What we do not have is contract labour: To hire people just to meet peak loads and then to discharge them into an uncertain future does not correspond to our understanding of responsible personnel policy.

**Diversity.** All employees of the company stand in equal esteem – irrespective of sex, nationality, ethnic origin, religion or ideology, handicap, age, sexual orientation and identity. We offer handicapped people the opportunity to join the workforce (again).

HAKRO is committed to the protection of human rights. The fundamental principles of our policy on human rights are described in our Human Rights Guidelines.

**Vocational training.** Our company is an authorised training organisation under the Vocational Training Act. We do not train people to then be unemployed: everyone who completes their vocational training successfully will receive a job offer from us. In addition, we offer the possibility to combine theory and practice in so-called dual (work/study) bachelor degree programmes.

**Training.** It is essential to continuously enhance professional qualifications in this rapidly changing business world. Our offerings for training in the workplace, available to all staff, are bundled in our HAKRO Academy, which prepares a programme each year.

**Industrial health and safety.** In the interests of worker's health, we equip all workplaces having due regard to ergonomic criteria, serving also to prevent accidents as well as to facilitate concentration while working. By way of a variety of measures, we support preventative healthcare for our staff – these include courses on health issues, annual „health“-days as well as courses on various types of sport.

**Reconciliation of family and working life.** Our flexible work time models make it easier for our staff to reconcile work well with the demands of their private and family lives. This includes flexitime in Administration, working in a home office or individual working times, e.g. after maternity leave.

**Remuneration.** HAKRO pays at least the standard tariff wage rate; women and men receive equal pay for equal work. In addition to the basic wage, various special benefits are paid.

### 03 | INTERACTION AND VALUES

An honest, open and friendly interaction with each other is essential for us to be able to function as a team. Our values and company-internal fundamental principles are described in the „HAKRO COMPASS OF VALUES“. In the event of conflicts, we resolve these always in a business-like and courteous manner – because loyalty and a respectful interaction with one another are integral parts of our company spirit.

### 04 | EMPLOYEE INVOLVEMENT

„To be a little better every day“ is our ambition. To achieve this goal of continuous improvement, ideas and constructive suggestions for improvement, brought forward in an unbureaucratic way by our employees to their superiors, division heads or in team meetings, are indispensable.

In regular staff questionnaires, we collect suggestions and requests from our staff and enquire how satisfied they are with the company environment and their work.

### 05 | SPECIAL BENEFITS

HAKRO employees participate in our economic success. Our employees receive an annual bonus, if we achieve our objectives for the year.

In addition, we offer many special benefits voluntarily. These include subsidies for private pension schemes, extra payments for service anniversaries and at retirement as well as special holidays for particular private events.

### 06 | PRODUCTION PARTNERS

HAKRO also has an eye to the well-being of the employees of its production partners- In signing up to the Business Social Compliance Initiative (BSCI) Code of Conduct, the partners commit to adhering to minimum standards, amongst others the Core Labour Standards of the International Labour Organisation (ILO). We also monitor this during regular visits to partners' premises.

Further details are contained in our Human Rights Guideline.

### 07 | NETWORKS

HAKRO participates in exchanges of experience with other enterprises – such as through membership in the Industry Initiative Sustainability (WIN) in the state of Baden-Württemberg. We motivate other enterprises to foster forward-looking and employee-centric personnel policies.

### 08 | PERFORMANCE INDICES AND PROGRAMME

In its annual sustainability report, HAKRO reports on the trends of important personnel-related indices. Substantive new measures for our staff are formulated in our annual action plan (Sustainability programme), which is published in our sustainability report.

### 09 | ORGANISATION

Fundamental principles and objectives of personnel policy are determined by company management. The primary contact persons for our employees are their superiors, i.e. the division head and team leader, together with the personnel department.

### 10 | INFORMATION AND DIALOGUE

HAKRO informs its employees on a continuous basis about all events and new developments relevant to the staff at large by way of assemblies and discussions, on the notice board and by email circulars as well as in the staff-produced newsletter „Lesestoff“.

We seek a constructive dialogue with our staff and with external stakeholders because it is our aspiration to improve continuously – in the sense of our vision and mission.

## / DOCUMENTS

# ENVIRONMENT — GUIDING PRINCIPLES

THESE GUIDELINES FORMULATE THE FUNDAMENTAL PRINCIPLES OF ENVIRONMENTAL PROTECTION OF THE HAKRO COMPANY.

## 01 | VISION AND MISSION

Our vision is a world worth living in and where people use natural resources in a manner sustainable in the long term and limit climate change in the sense of the „UN 2030 Agenda for Sustainable Development“.

Our mission is to maintain the ecological footprint of our value-added chain as small as possible. We are cognisant of the fact that this is an ongoing process.

## 02 | FUNDAMENTAL PRINCIPLES AND OBJECTIVES

HAKRO follows three core principles in its ecological management:

- We reduce resource and energy use wherever possible.
- We select resources and energy sources according to ecological criteria and use them as efficiently as possible.
- We foster closed material cycles wherever possible, be it through reusage and recycling or be it through compensatory measures.

In this regard we take into consideration not only the direct ecological effects of our activities on the immediate vicinity of our facilities but also the indirect effects, in particular, in the upstream and downstream portions of our value-added chain.

We comply not only with all statutory and regulatory requirements but also go beyond them voluntarily. This is also a contribution to risk provisioning.

We strive for climate neutrality before 2020 for our facilities in Schrozberg as well as for shipping and business travel. We are, thereby, cognisant of the fact that compensatory measures (through certificates) can always only be the second-best solution.

## 03 | PRODUCTS

HAKRO offers apparel for corporate fashion, workplace, leisure and sport in premium quality. Our textiles consist of natural and artificial fibres. Growing, producing and processing of these raw materials constitutes the largest proportion of our ecological footprint.

In the coming years, we want to reduce this product-related footprint by continuously increasing the proportion of natural fibres produced according to recognised sustainability standards (e.g. GOTS, CmiA, Fairtrade Cotton).

#### 04 | PRODUCTION PARTNERS AND SERVICE PROVIDERS

HAKRO does not have production facilities in its own right but rather cooperates with independent production partners. We select these partners, inter alia, on the basis of their attitude to environmental protection and monitor this for ourselves through regular on-site visits.

We motivate our partners to reduce the energy and resource consumption in their businesses and support them in this endeavour through our long-term supply relationships as well as our own experience.

During the selection of our service providers, we also consider, in addition to the quality and price aspects, their own ecological commitment and the environmental impact of their work.

#### 05 | EMPLOYEES

HAKRO informs and motivates its employees towards environmental protection in the workplace and, in particular, to responsible, sparing consumption of energy and resources at our own two facilities.

We know that we can count on our team in this regard – including their ideas and suggestions as to how we can improve further.

#### 06 | CUSTOMERS AND CONSUMERS

HAKRO supplies its customers (Specialist dealers) with high-quality, durable apparel produced responsibly, including in an ecological sense.

In the context of preventative consumer protection, our textiles are certified according to „OEKO-TEX® Standard 100“.

Responsibility for our products does not end with their sale. For this reason, we inform and motivate our customers and consumers towards a responsible, sparing consumption of energy and resources during the use phase, e.g. when washing our products.

#### 07 | NETWORKS

HAKRO participates in exchanges of experience with other enterprises, particularly in our local area – for example, through our membership in the „Partnership for Sustainable Textiles“, in the network „Modell Hohenlohe“ or in B.A.U.M (German working group for environmentally conscious management).

WE MOTIVATE OTHER ENTERPRISES TO ALSO INVOLVE THEMSELVES IN VOLUNTARY MEASURES FOR ENVIRONMENTAL PROTECTION, AMONGST OTHERS, THROUGH SIGNING PUBLIC DECLARATIONS SUCH AS THE „PARIS PLEDGE“.

#### 08 | PERFORMANCE INDICES AND PROGRAMME

HAKRO determines its progress on the basis of environmental indicators and indices. We report on at least the core indices indicated in the EU regulation EMAS III (Eco-Management and Audit Scheme).

We measure the environment indices annually in the context of our internal environmental assessment. Based on the results, we produce an environmental action plan annually, as part of our sustainability programme, detailing the measures and objectives for the following year.

#### 09 | ORGANISATION

HAKRO has an in-house environmental protection organisation which encompasses all levels and all departments.

Fundamental principles and objectives of environmental protection policy are determined by company management. In this, it takes into consideration both possible risks and opportunities. Company management performs the annual assessment of environmental protection management and authorises public declarations.

Our designated officer for environmental protection (UMB) documents the performance indices and the status of indicators, directs the annual internal environmental protection audit and drafts the environmental protection action plan. The responsible officer reports directly to company management.

#### 10 | INFORMATION AND DIALOGUE

HAKRO informs its staff, customers and other stakeholders regularly and comprehensively about the current state of affairs: internally by way of assemblies, discussions, the notice board and email circulars as well as the staff magazine „Lesestoff“ and externally through our website blog, our social media postings, press releases and most importantly, the annual HAKRO Sustainability Report.

We seek a constructive dialogue with our stakeholders because it is our aspiration to improve continuously – in the sense of our vision and mission.

## / DOCUMENTS

# SOCIAL COMMITMENT — GUIDING PRINCIPLES

THESE GUIDELINES FORMULATE THE FUNDAMENTALS OF CHARITABLE CONTRIBUTIONS TO THE COMMON GOOD BY THE HAKRO COMPANY.  
THEY FURTHER CLARIFY OUR SUSTAINABILITY MISSION

## 01 | VISION AND MISSION

Our vision is a world which makes the struggle against the poverty and the discrimination of so many people an issue of common concern – in the sense of the „UN 2030 Agenda for Sustainable Development“.

Our mission is to make our contribution towards this goal by involving ourselves voluntarily in a variety of ways to advance the common good and in particular, to help those in need to improve their living conditions and to enhance their opportunity to participate in society – in particular, but not exclusively, in our local area.

## 02 | FUNDAMENTAL PRINCIPLES AND OBJECTIVES

HAKRO promotes the common good not only through the creation of attractive jobs and payment of taxes but also through its charitable commitment.

We define this charitable commitment as voluntary contributions by the enterprise to advancing the working and living conditions of staff, fellow citizens and partners – in the sense of sustainable improvement. Our motto for this: „HAKRO cares“.

Our projects and instruments in this are:

- **for our staff:** We not only promote the health of our employees (Fun day, health day) but also encourage them to contribute to the common good themselves. Our means to this end is the volunteer service HAKRO TeamShare. This „Corporate volunteering“ is a link between the enterprise and its employees on the one hand and the enterprise and society (Our fellow citizens) on the other.
- **for our fellow citizens:** In addition to donations of clothing by the company, we contribute to the common good by supporting projects through our company trust – the Harry Kroll-Foundation.
- **for our production partners:** We bundle our voluntary contributions towards improving the working and living conditions of the workers of our production partners in Bangladesh in our solidarity fund HAKRO FriendsShare.

These three cornerstones are interlinked in order to achieve maximum synergies. Additionally, there is a wide range of voluntary measures for the benefit of staff and fellow citizens in our hometown and region.

Our donations are selfless:

- **Monetary donations** by the HAKRO company to initiatives and most importantly to the Harry Kroll-Foundation.
- **Donations in kind** (Clothing) by the HAKRO company to people in need.
- **Donations of time** (Volunteer service) by the HAKRO company and its staff for voluntary work assignments to the benefit of people and nature.

Details concerning the allocation of donations of clothing are defined in the Donations in kind guideline of the HAKRO company.

### 03 | HARRY KROLL-FOUNDATION

In 2010, HAKRO established a trust fund – the Harry Kroll-Foundation (HKF) – to extend its scope of action. The HKF is a member of the Association of German Foundations.

The foundation acts in accordance with its statutes and the „Fundamentals of good practice for foundations“ (Association of German Foundations). It concerns itself primarily with assistance for young people and the elderly and here, in particular, for children and adolescents abandoned and in distress. The support is effected primarily through donations to projects and institutions.

Its budget is made available annually by the HAKRO company. Furthermore, the HKF solicits donations of its own accord. Irrespective of this, the administration and personnel costs of the foundation are borne by the HAKRO company.

The disposition of funds is decided by the administrative trustee of the foundation in coordination with the foundation board. The disposition of donations is effected in accordance with the funding guidelines of the HKF.

The assets of the foundation are invested according to criteria which are not in contradiction of the objectives of the foundation.

The work of the foundation is reported on in the annual HAKRO Sustainability Report.

### 04 | SPHERE OF ACTIVITY

With our charitable activity, we concentrate on the home region of the enterprise in order to be as close as possible to those receiving the assistance; this is also better in terms of transparency and for monitoring success.

Moreover, we also support individual projects overseas, for example, in those countries where our production partners are located. Particularly close to our hearts is the orphanage supported by the HKF in Bangladesh.

### 05 | EMPLOYEES

HAKRO considers itself very fortunate to have employees who volunteer time and again in a variety of ways to address social concerns. The company welcomes this involvement explicitly and supports it – for example, through the volunteer service HAKRO TeamShare.

Through their actions, the impact of our charitable measures is further enhanced; for this reason also, the team is closely integrated into our activities.

### 06 | CUSTOMERS AND THE GENERAL PUBLIC

HAKRO expressly welcomes participation by our customers and members of the public in projects, for example, through donations to the Harry Kroll-Foundation.

### 07 | NETWORKS

HAKRO participates in exchanges of experience with other enterprises – such as through membership in the Industry Initiative Sustainability (WIN) in the state of Baden-Württemberg.

In addition, our attendance at public promotions such as the annual sustainability days in Baden-Württemberg are a part of our commitment.

We motivate other companies to also be active for the common good through voluntary measures as well as through signing up to public declarations such as the WIN-Charta.

## 08| PERFORMANCE INDICES AND PROGRAMME

Through its charitable activities HAKRO wants to have an effect. We therefore establish important indices (Monetary donations, donations in kind and time donations) each year and assess the effectiveness of our efforts and of the disposition of the resources.

Following the „IOOI-procedure“ for analysis of effectiveness, we enquire at least once yearly from the recipients of our donations as to the results of the projects we have supported.

Based on the results of the annual evaluation, we derive – within the context of our sustainability programme – our yearly charitable activities programme, which enunciates the measures and objectives for the following year.

## 09| ORGANISATION

Fundamental principles and objectives of social commitment as well as the annual programme of charitable activities are determined by company management. It also approves the annual performance review and authorises public statements.

Planning and execution of measures taken by the HAKRO company and the Harry Kroll-Foundation is the responsibility of the Quality, Values & Sustainability team, which also drafts the annual charitable activities programme.

## 10| INFORMATION AND DIALOGUE

HAKRO informs its staff, customers and other stakeholders regularly and comprehensively about its charitable activities: internally by way of assemblies, discussions, the notice board and email circulars as well as the staff magazine „Lesestoff“ and externally through our website blog, our social media postings, press releases and the annual HAKRO Sustainability Report.

We seek a constructive dialogue with our stakeholders and with the initiatives supported by us because it is our aspiration to improve continuously – in the sense of our vision and mission.

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