

**HAKRO**<sup>®</sup>  
HÄLT. SEIT 1969

# CORPORATE COMPASS

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Management agenda:

# WE CARE ABOUT THE BIG PICTURE

Sustainability has guided HAKRO's corporate actions since its founding in 1969. And it still does. We take our responsibility as a company toward our employees, partners and suppliers, workers in international supply chains, and the environment and society seriously by doing business in a value-oriented and sustainable way. We are firmly convinced that corporate actions can only remain forward-looking and competitive over the long term if based on value-oriented, sustainable decisions. Only then will they strengthen social cohesion and make a significant contribution to social development.

Today we face existential challenges like never before. The globalisation of the economy is directly connected with environmental damage, climate change, the loss of biodiversity, and vanishing resources as a consequence of the unchecked consumption of natural resources. An additional aspect is a wide range of sector-specific risks around precarious working conditions in international supply chains. Amongst the most prevalent risks are a restricted freedom of association and collective bargaining, discrimination, excessive overtime and low wages. We also apply the gender lens to our supply chain management, as fostering gender equality is very important to us.

Where things will go from here is ultimately in the hands of every individual. We at HAKRO decided a long time ago – as part of our business activity as a whole, and especially in procuring our products, we do our part to protect the climate, conserve resources, and improve social conditions in our supply chains:

- Based on our annual analysis of sector-specific risks according to the ‘OECD Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector’, which we have supplemented to include country-, partner-, and product-specific risks.
- By preventing and mitigating risks and making amends for those that have arisen, especially (though not exclusively) toward people and vulnerable groups who are particularly at risk, among them (young) women, children, members of indigenous populations, minorities, migrants, and the disabled.
- Together with our suppliers and production partners, including in their spatial environment.
- With respect and fairness toward people and the environment.
- Through our responsible purchasing practices, which we continuously adjust to the results of our risk assessments, and which enables us to have equal production partnerships, and, through continuous dialogue with our partners, jointly engage in product development, production planning, and pricing.
- Through a consistent monitoring and evaluation of our programmes and measures.

Therefore, sustainability is and remains an indispensable part of our core values.

How do we put this claim into action?

In 2005, we began integrating sustainability into our structures at HAKRO. In 2015, we set up a sustainability management system.

In 2017, we launched our sustainability strategy known as 'Wirkstoff' and our 'Compass of Value', with which we created a binding framework for a value-oriented management of sustainable actions at HAKRO and formulated our visions, missions, and objectives regarding sustainability up to 2022. The most important fields of action needing adjustments today are company management & dialogue, supply chains & products, team & diversity, and site & resources.

Since 2016 we have published our sustainability reports and regularly disclose the risks in our supply chains as well as our progress made in corrective and preventive measures.

When it comes to carrying out our objectives in recent years, we have achieved a lot. But we've also reached our limits here and there.

We've made great progress in climate management at the site, during transport processes, and with the products themselves in particular. The same applies to the recyclability of our products. To continually improve the working conditions of our direct production partners, we've established a programme that meets the demanding specifications of the Fair Wear Foundation, of which we are also a member.

We've made great strides in switching from conventional cotton to sustainable cotton, and we've already had promising experiences in our product development by using recycled material in synthetic fibres.

We're especially pleased that our employees are enthusiastic about sustainability and contribute to it in diverse ways.

In other fields, such as company management & dialogue and supply chains & products, we still see a need for improvement.

In those areas, we're striving for integrated management and collaboration among our traditional departments at the sustainability management contact points.

We want to make the most of digitalisation opportunities to better link our supply chains and our authorised retailers with us. We wish to design our purchasing and

distribution processes as a whole to be much more networked, service-oriented, and fast while making sure our sustainability requirements are taken into consideration.

There is also room for improvement in managing our sustainable actions and monitoring their success. We wish to use our managerial controlling tools better than before, including to (further) develop and check our key sustainability indicators.

In the area of product development, we've considered our ecological requirements in the past from the outset. However, the yarns available mostly failed to meet our high quality requirements, which is why we've had to forego large-scale use of organic cotton and recycled polyester so far.

Therefore, we wish to invest more than before in consistently building know-how – especially in our supply chains – even if that will take time. This includes product and process innovation and setting up innovation management without taking anything away from our premium quality standard.

## From this, we derive our **agenda for 2022–2030**:

→ **Family manifesto:**

This confirms our basic attitude and corporate values. It serves all current and future employees as a benchmark and guide for their actions.

→ **Integrated Sustainable Business Strategy 2022–2030:**

We are transferring our previous sustainability strategy 2017–2022 into a forward-looking business strategy. Thereby, we embed our value-orientation and sustainability is already established in product development, as well as along the supply chains, in marketing and sales activities, services, digital networking with our business partners, and planning for revenue and growth.

→ **Clear corporate vision:**

We're defining a comprehensive, ground-breaking vision for the entire company. Interdepartmental missions related to four fields of action mark the milestones on the path to its fulfilment.

→ **Specific objectives for 2022–2030:**

We're defining goals that are specific, measurable, ambitious, realistic and time bound.

→ **Adjusting the organisational structures:**

- Management level networking of all department managers for the preparation of management decisions that are strategically crucial and relevant to interfaces.
- Networking of team leaders and team members: Implementing the resolutions through sustainability officers in the departments.
- Working method of our department "Impact, Responsibility & Innovation (NVI)": This will carry knowledge about environmental protection and social responsibility into the teams. NVI will support them in implementing the decisions, or will implement them themselves if specialist knowledge is required to do so.

- HAKRO's Code of Conduct for our team: how employees should interact responsibly with each other. This code of conduct also contains HAKRO's binding expectations of all employees to guarantee they will conduct themselves with integrity when dealing with external stakeholders. Support and necessity in equal measure – the demands on verified compliance (meaning legal conformity, ethics, and integrity) are increasing. The HAKRO Code of Conduct offers assistance and orientation in those areas.

By implementing our agenda, we will make our corporate vision a reality by 2030 at the latest:

**Always one step ahead.**

**We preserve and live by our values. Exemplary. Leading in our sector. Inspiring everyone who works for and with us and wears our clothing.**

Schrozberg, 22 February 2022

Our management team



**Carmen Kroll**  
Managing Partner/  
Managing Director



**Thomas Müller**  
Managing Director



**Danny Jüngling**  
Authorised Signatory



References:

# WHAT WE ARE REFERRING TO

Our Corporate Compass is based on value concepts that we feel are fundamental and pioneering in the global, European, national and regional context of our business activity. Our values are non-negotiable for us when interacting with each other and with our business partners and are documented in appropriate policies. They particularly include:

- The UN Universal Declaration of Human Rights of 1948
- The UN International Covenant on Civil and Political Rights of 1966
- The UN International Covenant on Economic, Social and Cultural Rights of 1966
- The UN Convention on the Rights of the Child 1989
- The UN Guiding Principles on Business and Human Rights of 2011
- The UN 2030 Agenda for Sustainable Development of 2015
- The Ten Principles of the UN Global Compact for Corporate Responsibility of 1999
- Management Principles for Small and Medium-Sized Businesses for Combatting Corruption of Transparency International (TI) Germany of 2014

- Core labour standards of the International Labour Organisation (ILO) of 1998 and accompanying ILO conventions on labour and social standards
- The Guiding Principle of the Organisation for Economic Collaboration and Development (OECD) for Multinational Businesses of 1976 and 1998
- The OECD 'Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector' from 2017
- The Council of Europe's European Convention of Human Rights of 1950
- European Social Charter of 1961
- Paris Climate Agreement of 2015
- The Code of Labour Practices (CoLP) of the Fair Wear Foundation (FWF) of 1999/2000
- The Common Framework for Responsible Purchasing Practices issued by the Multi-Stakeholder-Initiative Working Group on Responsible Purchasing Practices of 2022
- The WIN Charta of the State of Baden-Württemberg (economic initiative on sustainability) of 2014
- The Principles of Good Values for Foundations from 2006 and 2019, the Principles of Good Management of Trust Foundations of 2012, The Ten Recommendations for Charitable Corporate Foundations of 2010 of the Association of German Foundations (for the Harry Kroll-Foundation)

Schrozberg, 22 February 2022

Our management team



**Carmen Kroll**  
Managing Partner/  
Managing Director



**Thomas Müller**  
Managing Director



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Authorised Signatory

Our family manifesto:

# WHAT MAKES US HAKRO

The Kroll family began trading in textiles 60 years ago. Initially at weekly markets, sometimes directly from the boot of the family car. After a few years, we opened our first clothing retail store in Schrozberg in 1969, and it quickly developed into a small branch network in Baden-Württemberg and Bavaria.

Today we look back with pride, gratitude, and a sense of regional loyalty at our company's healthy, continual development into a significant brand for corporate wear. In our key sales market of Germany, as well as in Austria and Switzerland, we currently generate annual sales of around 90 million euros with a staff of 180 employees.

Our attitude helped shape us from the beginning: Then and now, it is HAKRO's foundation and the basis for our decisions.

## HAKRO hält. Seit 1969

We keep our brand promise with no ifs, ands, or buts: toward those who interact with us, those who work for or with us, those who trust us and our products, and those who count on us.

We do this by offering premium corporate wear that's durable and long-lasting and produced in a way that is ecologically and socially responsible. And our production partners with whom we've worked closely for many years commit to do the same. We make sure our products can be reintroduced into the fabric and material cycles after long-term use. Fast fashion is not what we do.

We show this by working together in solidarity with our employees. We see ourselves as a community and support each other. Our interactions are marked by empathy, respect, trust, loyalty, and a team spirit. Our clothing is colourful. We believe diversity is an asset in every respect.

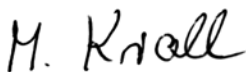
We show this by being honest, loyal, and reliable toward retailers, production partners, and business partners. We keep our promises.

We do this by sticking to the 'Principles of the honorable Merchant' – toward everyone who makes demands on our company: We listen to our conscience and stand up for compliance with human rights, for the climate, and for protecting the environment, nature, and animals. We act in compliance with the law and reject any form of unfair competition, including cartels, corruption, or granting or accepting advantages. We respect others' intellectual and material property, we act in a solution-oriented manner in cases of conflict, we maintain dialogue, and our word is our bond.


We do this by accepting our responsibility for society. We believe it is right for our company to serve people, not the other way around. This goes for our Schrozberg site and our partner networks, including international supply chains. Sustainability is more than a business department: It pervades all business processes.

This helps us promote cooperation with people in society, serve social development as a whole, and permanently secure our competitiveness and future viability.

Schrozberg, 22 February 2022



**Marianne Kroll**  
Founder



**Harry Kroll**  
Founder



**Carmen Kroll**  
Managing Partner/  
Managing Director



**Thomas Müller**  
Managing Director

Our Integrated Sustainable Business Strategy 2022–2030:

# HOW WE PROCEEDED AND WHAT WE HAVE PLANNED

Our Integrated Sustainable Business Strategy 2022 to 2030 lays down the framework for us to act responsibly, with an eye on the future. It consists of a primary corporate vision and interdepartmental missions derived from it that relate to areas of action, and corresponding goals that are specific, measurable, ambitious, realistic, and time bound.

Based on the family manifesto and the results analysis of our sustainability management, which has been advanced since 2005 and systematically since 2015, we developed our Integrated Sustainable Business Strategy from August 2020 to December 2021. In this process, we incorporated all employees, regardless of role or hierarchy, and the knowledge and advice of external stakeholders including all our production partners and selected authorised retailers, in this process. With their respective areas of responsibility and activity, all our company employees contribute to implementing our Integrated Sustainable Business Strategy and enhancing it if needed.

With our first Integrated Sustainable Management Report in 2022, we report on the fiscal years 2019, 2020 and 2021 and also inform our internal and external stakeholders about the status of our strategy's implementation. The current version is available for download on our website [www.hakro.com](http://www.hakro.com).

## OUR VISION

**Always one step ahead.**

**We preserve and live by our values. Exemplary.  
Leading in our sector. Inspiring everyone who works  
for and with us and wears our clothing.**

## OUR MISSIONS

We will achieve this specifically

- by growing our business in a way that is organic, promotes social cohesion, and serves social development as a whole, thereby securing our competitiveness and future viability for the long term,
- with products that are developed and manufactured by a few selected production partners across all stages of the supply chains in durable, (and therefore long lasting) premium quality and certified according to the most demanding international sustainability standards,
- through business activity
  - that is based strictly on our corporate due diligence obligation,
  - that promotes the development and implementation of innovations,
  - that is at least climate-neutral both at the Schrozberg site and in the international supply chains,
  - that conserves resources, promotes the use of innovative materials, as well as alternative packaging solutions, and in particular supports the circular economy,
  - that enables the reduction and replacement of hazardous chemicals in upstream production processes,

- that protects biodiversity, the environment, nature, and animals,
  - that respects human and workers rights and takes social responsibility for all employees our upstream partner businesses,
- through the digital transformation of our processes and structures and a service quality that enthuses our retailers and secures trust and loyalty,
- through our supportive and development-focused HR Management, with which we take social responsibility for all our company employees and put diversity and equal opportunity into practice,
- through our local, regional, and international social commitment to not-for-profit purposes (social and charitable) that goes beyond our business activity,
- through our dialogue-oriented, authentic, honest, transparent, and increasingly digitalised communication about our brand and our company in targeted, contemporary, attention-grabbing channels directed both internally and externally, and by promoting stakeholder dialogue.

# OUR KEY OBJECTIVES 2022–2030 IN EACH FIELD OF ACTION

For all our key objectives, we demonstrate the contribution of implementing the United Nations Sustainable Development Goals (SDG).

To that end, we distinguish between **essential contributions** (large icons) and **accompanying contributions** (small icons).

The full catalogue of all missions and objectives in each field of action is available for download in the download section at [hakro.com](https://www.hakro.com).



Objectives in each field of action	Attainment	SDG
<b>COMPANY MANAGEMENT &amp; DIALOGUE</b>		
Implementing a respectful system for target agreements, target agreements with each department	2022	
Applying ethically sustainable or eco-social selection criteria to 100% of our financial investments	2022	
Holding over 100 valuable appointments between our sales department and retailers at the Schrozberg site, partially as a substitute for taking part in trade fairs	2022	 
Promoting co-creation through at least two development projects a year together with external participants and affected parties	2022	
100% of our communication content is sustainability content across communication channels we use	2022	 
Transferring our compliance requirements into a compliance management system certified according to ISO 37301	2023	 
Annual award of a HAKRO sustainability prize to authorised retailers	2023	
Needs-based publication of our supply chain on tier 1	2023	 
Promoting co-opetition through at least one joint project a year with market companions, especially regarding sector-specific risks	2024	

Objectives in each field of action	Attainment	SDG
Integrating innovation management into the organisation	2025	
Opening our HAKRO Academy to external stakeholders, up to 10% of the Academy programme	2026	
Doubling the donation volume to the Harry Kroll-Foundation for charitable purposes compared with 2022	2027	 
Doubling the volume of donations in cash and kind for nonprofit purposes (social and charitable) compared with 2022	2027	 
Collaborating exclusively with ethically sustainable financial service providers	2030	
Multiplying our values and sustainability goals and integrating them into the sales activities of commercial and industrial end customers through our authorised retailers (at least 90%)	2030	 
Carrying out a potential analysis for opening up new (integrated and sustainable) business areas	2030	
Digitalising our internal and external services, 100% disruption rate of the defined processes compared with 2022	2030	
Attaining the maximum reasonable degree of digitalisation in all departments	2030	
Needs-based publication of our supply chains on tiers 1–4	2030	

Objectives in each field of action

Attainment

SDG

## SUPPLY CHAINS & PRODUCTS

Evaluating and prioritising all sector-, country-, supplier-, and raw-material-specific potential and actual risks along the OECD Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector at least once a year and deriving appropriate measures

2022



Inviting our production partners (tier 1) to evaluate HAKRO's purchasing practices, cooperation, communication, and integrated sustainable management each year

2022



At least every 3 years, auditing all of HAKRO's direct production partners (tier 1) in accordance with the criteria of the IMPACT Program as part of our membership in the Fair Wear Foundation

2022



Offer support in selecting needs-based and suitable training programmes for all factories audited in accordance with the IMPACT Program

2022



Together with our direct production partners (tier 1), support all political, systemic, and individual measures that pursue the objective of promoting a living wage over the medium and long terms

2022



Objectives in each field of action	Attainment	SDG
Material composition of new shipping cartons: at least FSC mix (Forest Stewardship Council)	2022	
100% compensation for (still) not avoidable or reduceable CO2e emissions in accordance with the GHG Protocol in textile processing and upstream goods transport (long distance) via certified climate protection projects to maintain at least the climate-neutrality of our products	2022	
100% of the animal fibres processed in HAKRO products certified as sustainable and mulesing free (status as of 2022: Responsible Wool Standard (RWS))	2023	
Testing innovative materials for sustainability according to recognised evaluation standards (such as the HIGG Index) and for industrial washing suitability in accordance with ISO 15797/ISO 30023, at least one innovation a year	2023	
Recyclability of all new products we develop	2023	
Testing all our products and materials for recyclability	2023	
Achieve leader status as a member of the Fair Wear Foundation for supply chain management on tier 1	2024	

Objectives in each field of action

Attainment

SDG

Certified sustainability for 100% of the viscose fibres processed in our products (status as of 2022: Lenzing profiles)

2024



Ensuring traceability of our supply chain, including all upstream operations along the direct production stages – from manufacturing back to raw material extraction

2025



Measuring microplastic abrasion in 100% of our textiles that contain PET (polyethylene terephthalate)

2025



At least every three years, auditing of all upstream wet processing operations to analyse and reduce the ecological and human rights risks, unless they are already ensured through chain certification standards

2025



Balancing all Scope 1 and Scope 2 CO2e emissions of our direct production partners (tier 1) in accordance with the GHG Protocol (Greenhouse Gas Protocol)

2025



Acknowledging and signing the ZDHC MRSL (Zero Discharge of Hazardous Chemicals/ Manufacturing Restricted Substances List) by all upstream wet process operations

2025



Objectives in each field of action	Attainment	SDG
Sustainable material for all unavoidable repackaging used by HAKRO (recycled post-consumer material or sustainable material innovations)	2025	
Consumption reduction of 20% (by weight) for new cardboard packaging, relative to units sent, compared with 2022	2025	
100% PFC-freedom (per- and polyfluorinated chemicals) in the textile finishing of our products	2025	
Building a cooperation network with recyclers (covering all material compositions in the HAKRO product portfolio by at least one recycler) / including textile recycling in the service offers for our retailers and their end customers	2025	
Ensuring the traceability of all suppliers (ingredients, materials, and services) in the supply chain	2027	
Relative to incoming goods per year, 50% weight reduction of our polybags in repackaging	2027	

Objectives in each field of action

Attainment

SDG

At least every three years, auditing of all indirect production partners to analyse and reduce the ecological and human rights risks, unless they are already ensured through chain certification standards

2030



Based on political, systemic, and individual measures, ensuring that workers at 100% of our direct production partners (tier 1) earn living wages (according to the Anchor method)

2030



(Further) reduction of CO2e emissions in accordance with the GHG Protocol in textile processing and in upstream goods transport (long distance) relative to the total produced quantity in units by 30%

2030



Certified sustainability for 100% of the cotton processed in our products (status as of 2022: GOTS (Global Organic Textile Standard), CmiA (Cotton made in Africa), Fairtrade cotton, recycled cotton)

2030







Certified sustainability for 100% of the synthetic materials processed in our products (status as of 2022: GRS – Global Recycled Standard)

2030










Objectives in each field of action	Attainment	SDG
<b>TEAM &amp; DIVERSITY</b>		
Integration of the topic of sustainability into the interview guide for application interviews	2023	
For each trainee, work shadowing in social projects, integration in our training programme	2023	
Exceedance of the respective tariff for wholesale and foreign trade in the wage and salary structure	2024	
Share of 20% e-learning courses in the entire offerings of the HAKRO Academy	2024	
Offer a sabbatical for employees in permanent positions	2024	
Offer flexible working time to 100% of our employees	2025	
Offer of holiday programmes for children (5–15 years) for 100% of the parents among our employees	2025	
Doubling the offer for our employees to participate in shared projects with people with disabilities outside their working time in comparison with 2022	2025	
Transparency and comprehensibility of our wage and salary structure in wage and salary groups for all employees	2026	
Daycare offer for the children (3 months – 7 years) of 100% of the parents among our employees	2027	



Objectives in each field of action	Attainment	SDG
50% more claimed special leave days than in the base year 2022 as part of our TeamShare project	2030	
Use of our company pension plan by all employees in permanent positions	2030	
Increasing the percentage of people with disabilities in the HAKRO team to 15%	2030	
Offers for external professional development (such as stipends) taken advantage of by 15% of our employees	2030	

## SITE & RESOURCES

Compensation for all (still) not avoidable or reduceable direct and indirect CO2e emissions on site (Scope 1+2) through certified climate protection projects	2022	
Keeping our own bee colonies in the insect-friendly HAKRO wildflower meadows and manufacturing honey (partly to make our employees aware of biodiversity)	2022	
Dispensing with the use of herbicides and pesticides during the extensive maintenance of our other green spaces	2022	

Objectives in each field of action	Attainment	SDG
Basing all new construction and remodelling on the criteria of the German Sustainable Building Council (DGNB)	2023	
Illustrating the digitalisation effects in our climate footprint	2023	
Reducing the CO2e emissions from our employees' trips to work by 20% compared to the base year 2022	2026	
Excluding vehicles with a combustion engine from our vehicle fleet	2030	

Schrozberg, 22 February 2022

Our management team



**Carmen Kroll**  
 Managing Partner/  
 Managing Director



**Thomas Müller**  
 Managing Director



**Danny Jüngling**  
 Authorised Signatory

HAKRO Code of Conduct:

# HOW WE CONDUCT OURSELVES WHEN INTERACTING WITH EACH OTHER AND WITH OUR BUSINESS PARTNERS

## PREAMBLE

With the HAKRO Code of Conduct, we describe the basic code of conduct for all employees in dealing with each other and with external stakeholders, such as our business partners, politics and the authorities, science, NGOs, and trade unions. Equally, we state our expectations to our business partners, especially our suppliers and production partners.

We're making no new regulations, but are summarising existing and tried-and-tested rules once more in this document in a clearly arranged manner.

The HAKRO Code of Conduct is used to maintain (and if necessary, strengthen) trust among each other and from external stakeholders in our company.

In times of social transformation, increasing legal regulations (including but not limited to the business processes of internationally active companies) and increased expectations of companies regarding verified legal compliance, ethics, integrity, and responsibility put into practice, we feel a documented code of conduct is needed. Mostly, however, we wish to give our current and future employees additional guidance and assistance beyond the spoken word. For our external stakeholders, it's a matter of transparency and – in the case of our suppliers and production partners – the foundation of our business relationship.

Our employees are obligated to their consciences and our company; in borderline cases and cases of doubt, they turn to the management. With any personal matter and at all times, they have the right to turn to their immediate supervisor or directly to the management, and to trust them without fear of reprisals. Our internal grievance mechanism is freely accessible to all our employees at all times. Whether posted in person or anonymously, all grievances are accepted, treated as confidential, and - if possible - solved in dialogue with the complainant.

For matters connected with the HAKRO Code of Conduct, a whistle-blower system will be set up no later than 1 December 2023 that will protect anonymity and be available to all our company employees and external stakeholders. All our suppliers and production partners accept the HAKRO Code of Conduct as the foundation of our business relationship.

Our employees, business partners, and external stakeholders are not made responsible for any economic disadvantages that have arisen or could arise from their contribution to compliance with the HAKRO Code of Conduct.

All employees are regularly trained in our HAKRO Academy regarding the HAKRO Code of Conduct as amended. Our business partners are informed separately about the HAKRO Code of Conduct as amended.

## INTERACTING WITH EACH OTHER

We treat each other with esteem in every respect: congenial, frank, respectful and fair, honest, courageously and confidently, cooperatively, loyal, and with integrity and solidarity.

We comply with all legal and other in-house specifications regarding safety and health at our location and when dealing with our business partners.

Social responsibility, social commitment, and protecting the environment, the climate, nature, and animals are elementary components of our business activity. It is our wish that all our business partners, in particular our suppliers and production partners, as well as our employees, together in the HAKRO team and in their respective areas of responsibilities and tasks, contribute to implementing and further developing our Integrated Sustainable Business Strategy 2022–2030.

We view diversity as an asset. This also applies to the diversity of opinions and points of view unless they question our basic liberal democratic principles, including its ethical values. We emphatically reject any form of discrimination against personal characteristics that has no objective basis. We highly value equality of opportunity, regardless of age, ethnic background and nationality, gender and gender identity, physical or mental ability, religion and worldview, sexual orientation and social background.

We solve differences of opinion in dialogue while considering the shared interests of the company and of our business partners. In addition to the respective internal grievance mechanism at our production partners' sites, all production workers have access to the Fair Wear Foundation grievance mechanism as external backup mechanism.

As an ambassador for our company, we do not carry internal differences of opinion to the outside and we support the positive perception of our company according the principle 'one team, one company, one word'!

## COMPLIANCE WITH LEGAL PROVISIONS

We comply with the legal requirements in every country in which we do business, without exception.

We do not permit as an exception any practices in our global supply chains that deviate from legal regulations. In cases of doubt, the strictest legal regulation will apply.

The Code of Labour Practices (CoLP) of the Fair Wear Foundation (FWF), of which we are a member, will also prevail against weaker legal regulations regarding human and labour rights. It stipulates the following labour practices for the manufacturing of all HAKRO textiles at our production partners' sites:

1. Employment is freely chosen
2. Freedom of association and collective bargaining
3. No discrimination in employment
4. No exploitation of child labour
5. Payment of living wage
6. Reasonable hours of work
7. Safe and healthy working conditions
8. Legally binding employment relationship

All HAKRO garments are exclusively manufactured by authorised production partners. We do not place orders to suppliers who pass them on to third parties. Our suppliers and production partners do not pass our orders on to subcontractors without explicit prior authorisation by HAKRO.

## **DATA PROTECTION**

We protect the personal data of our employees and business partners. We use our security standards to prevent unauthorised use by third parties.

We've regulated the details on a statutory basis in our data privacy statement and data privacy guidelines. The current versions are available for download on our homepage, [www.hakro.com](http://www.hakro.com).

## **COMPLETE, TRUTHFUL ACCOUNTING AND TAXES**

We keep proper records of how assets and funds are used in our company. All bookings and other accounting entries comply with general accounting rules and are true, complete, and exact. Payments and payment requests match the corresponding documents. Tax honesty is also a civic duty for our company. This applies to all countries in which we do business.

## **FAIR COMPETITION: NO CARTELS, NO CORRUPTION, NO GRANTING OR ACCEPTING ADVANTAGES**

We do not discuss the following with competitors, either in formal or informal conversations: prices or upcoming price changes, splitting up territories, relationships with production partners (including production quantities) or with retailers and their commercial or industrial customers. And if relevant, we do not abuse our dominant position.

We do not demand, offer, grant, or accept any personal material or immaterial advantages in connection with or through our business activity with HAKRO business partners.

This includes gifts and invitations that deliberately or presumably pursue the goal of influencing business decisions due to their value, frequency, or disproportionateness.

In cases of doubt, the management will decide.

## PROTECTING INTELLECTUAL PROPERTY RIGHTS

We protect our company's intellectual property, such as patents, utility models, industrial designs, trademarks, brands, and knowledge, thereby protecting the value of our HAKRO brand from unjustified attacks from third parties or undesired loss to third parties.

Likewise, we do not encroach on the intellectual property of third parties.

## PROTECTION OF COMPANY PROPERTY AND BUSINESS SECRETS

We do not use company property for private purposes without the consent of the management, and we protect it from every form of damage by and loss to third parties.

We treat business secrets and other sensitive information about our company or business partners as confidential. This also applies to our family and friends. We do not personally capitalise on this information.

## SECONDARY EMPLOYMENT/AVOIDING CONFLICTS OF INTEREST

Any secondary employment, for a fee or at no charge, requires a written request from our employees and the prior written consent of HAKRO GmbH. That consent must be granted unless the secondary employment would hinder the performance of official duties more than minimally in terms of time or impair other legitimate interests of HAKRO GmbH. If the request is not denied within four weeks after being received, it is deemed approved.

Schrozberg, 22 February 2022

Our management team



**Carmen Kroll**  
Managing Partner/  
Managing Director



**Thomas Müller**  
Managing Director



**Danny Jüngling**  
Authorised Signatory

**PUBLISHED BY**

HAKRO GmbH

Oberstettener Str. 41

74575 Schrozberg

Telephone: +49 (0) 7935 9118-100

Fax: +49 (0) 7935 9118-200

Email: [info@hakro.com](mailto:info@hakro.com)

[www.hakro.com](http://www.hakro.com)

**PERSON RESPONSIBLE**

**Carmen Kroll**, *Managing Partner and Managing Director*

**Thomas Müller**, *Managing Director*

**Danny Jüngling**, *Executive Management | Authorised Signatory*

We are happy to answer any questions you may have about our Corporate Compass:

**Danny Jüngling**

Telephone: +49 (0) 7935 9118-677

Fax: +49 (0) 7935 9118-8600

Email: [danny.juengling@hakro.com](mailto:danny.juengling@hakro.com)

Professional consultation:

**Achim Lohrie**, *Sustainability Expert*

Published in February 2022

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