



# HOPP KG

## SOCIAL & ENVIRONMENTAL POLICY

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LIEBIGSTR. 13  
40721 HILDEN

# SOCIAL & ENVIRONMENTAL POLICY

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## WHO WE ARE: HOPP

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We are a family business since 1993. Our business conduct is being driven by the values that bind families together, love and respect. The attitude towards our business partners, customers and suppliers alike is based on that spirit.

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## OUR VISION OF BUSINESS AND OUR COMMITMENT TO SUSTAINABLE TRADE

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Since the very first day, our company is striving for excellence in service. Handling international supply chains, we implemented a deep quality management from day one to conduct secure business for our upstream and downstream partners. We involve with our partners directly locally and in foreign countries to ensure a mutual understanding, fair treatment and most important for all parties: Successful business.

Therefore, we see us well prepared for the growing demand of sustainable and fair products. However, we also see the challenges in keeping quality consistently high and scrutinizing the deeper supply chain. It is paramount to increase the environmental performance in the markets and grant fair treatment to all people that are involved in our supply chains.

We declare this document valid for all our decisions, our staff, our suppliers including sub-suppliers and the deeper supply chain. We will support our partners to achieve the terms of this policy. Where concessions are deemed necessary, we will promote our partners to reach their goals within a decent period without watering down our philosophy. We keep our activities fair and will support to mitigate social and environmental risk in our supply chain in order to prevent negative impact from our buying practices.

Successful business must not be an excuse for non-compliance. It must be the key to sustainable trade and vice-versa.

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## OUR OBJECTIVES

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In a world of drastic climatic and cultural change we feel obliged to conduct business in a matter that promotes environmental sustainability and social fairness throughout our whole supply chain. It might be an inevitable path for all mankind if scientific prediction is accurate. However, we strongly believe that lasting business success cannot be reached through depletion and exploitation but requires awareness of the others' needs and a considered spirit.

To align to internationally agreed standards, guidelines and conventions is the best lever to enhance the impact in our supply chain. Therefore, we adhere to certain standards set by international policy makers, organizations and business initiatives.

## UNITED NATIONS - SUSTAINABLE DEVELOPMENT GOALS

In relation to sustainable change we understand the UN-SDGs are paramount when deciding on business strategies. With our business we keep in mind that our actions and decision especially influence these goals:

SDG 1: No Poverty

SDG 3: Good Health and Well-being

SDG 5: Gender equality

SDG 6: Clean Water and Sanitation

SDG 12: Responsible Consumption and Production

SDG 13: Climate Action

SDG 14: Life below Water

SDG 15: Life on Land

SDG 17: Partnerships for the goals

We include these goals when deciding on business development and strategies and we aim to involve our partners in such processes.

#### **GUIDING PRINCIPLES ON BUSINESS AND HUMAN RIGHT, UNITED NATIONS**

“Business enterprises should respect human rights. This means that they should avoid infringing on the human rights of others and should address adverse human rights impacts with which they are involved.” This summarizes the duties that we deem natural obligation. Chapter II. THE CORPORATE RESPONSIBILITY TO RESPECT HUMAN RIGHTS contains the basis of this policy and helped us to find decent initiatives to participate in.

#### **CUSTOMER REQUIREMENTS / LOCAL LEGISLATION**

We have some quite demanding customers and purchase our goods from countries in which laws might apply that contradict or exceed our Policy. In case of stricter requirements of such kind we will apply the stricter regulation. However, we will inevitably adhere to local law even if it contradicts our believes and the resulting policy.

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#### **MEMBERSHIPS**

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To accomplish our objectives, we decided to join as members in the following initiatives. We apply all processes and requirements to our entire supply chain. We deem it inevitable to collaborate only with producers or suppliers that are willing to comply with the duties that come with such memberships. It is our duty to fully support these initiatives beyond a mere membership but aim to actively engage with them.

Currently we are members of:

**AMFORI BSCI, SINCE 2008**

**AMFORI BEPI, SINCE 2016**

**PARTNERSHIP FOR SUSTAINABLE TEXTILES, SINCE 2015**

**VFI, SOCIAL FAIR**

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## PROCUREMENT POLICY

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### SUPPLIER QUALIFICATION

In order to manage our and our customers' requirements, the standards and initiatives we are members of and to keep the risk of negative impact in the supply chain low we concentrate on a limited number of factories. We prefer buying goods from countries in which we can build a decent structure to manage our activities.

We rate countries based on the country risk list provided by amfori. After that, each factory undergoes a qualification process that includes the requirements:

- Face to face meeting, on-boarding including:
  - On site Capacity checks
  - Policy and procedures check (basics of Social Management System)
  - Signature of the Terms of implementation
  - Infrastructure check
- Social and environmental Assessment
  - Availability of documents / audits / certifications required as per own or clients' requirements
  - Internal assessment and/or external Audit (amfori BSCI as Basic requirement)
  - Supply chain mapping
    - Wet facility determination
    - Assessment of wet facilities

### CASCADING OF REQUIREMENTS

Our goal is that our requirements will be applied to the entire supply chain. Therefore, we demand of our direct business partners to cascade these requirements to their previous tiers and their sub-suppliers, if there are any that we have approved.

### NON-COMPLIANCE POLICY

A factory is introduced to our requirements and given the time to react in a decent time frame to adjust factory infrastructure, internal processes and its supply chain. Business will only be conducted if the factory proves performance according to requirements or grants adequate remediation or corrective action in a decent time frame.

If a factory does not comply accordingly or even disguises risks or non-compliances or repeatedly fails to remediate, we will start a process that might lead to termination of business as last resort.

We underline that especially the following incompliances are considered unacceptable and might also lead to business termination:

- Unauthorized subcontracting
  - (In case of subcontracting the business partner must inform us about the subcontracting. He must not produce in facilities that we approved prior to start of production.)
- Child labour
- Bonded labour
- Fatal threat to workers life or limb
- Systematic payment below legal minimum wage or systematically delayed payment;
  - Systematic payment below the living wage (Only applicable in case of a living wage calculation method is officially endorsed by all parties involved before any business agreement is signed mutually.)
- Systematic excessive overtime
- Limitation to Freedom of association or collective bargaining
- Violation of local laws
- Bribery towards our staff or external auditors
- Coercion or harassment of workers
- Discrimination of any kind
- Continual non-transparency
- The violation of local laws
- Violation of environmental performance requirements
- Falsefully reported supply chain mapping
- Consecutive fails to comply with RSL or MRSL
- Irresponsible chemical management that endangers workers' life or the environment
- Irresponsible water consumption or pollution
- Excessive CO<sub>2</sub> emission
- Denied access to premises in focus of mutual agreements

Any of such findings or breach of the buying conditions and mutual business agreements must be reported to our local assistants, to our headquarter or management immediately. In case of failure we will

initiate an investigation to analyze the reason for non-compliance. In case the contract partner is responsible for such incidents we will rate the severity and decide on how to react:

- Warning letter
- Liquidated damages of up to 30% of the order volume or the actual damage we suffered
- Non-acceptance of goods
- Temporary exclusion of factory from business
- Termination of business relation with factory as last resort.

If a local law contradicts our non-compliance policy the local law overrules our policy. Nonetheless, we will promote our business partner in the specific country to comply our policy without infringements, if possible.

I herewith approve that this document has validity with the date of issuance.

Date of Issuance

Daniel A. Hopp

2 September 2019

Managing Director, Hopp KG