

Social Report

Fair Wear Foundation
Membership 2012

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TRIAZ

group

Social Report

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Membership 2012





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“Trading in times of globalisation makes us all responsible for Social Labour Conditions worldwide.

We are glad, that with the support of the Fair Wear Foundation we can continuously and sustainably work on enhancing worker’s lives all over the world.”

Ernst Schütz, CEO Triaz Group

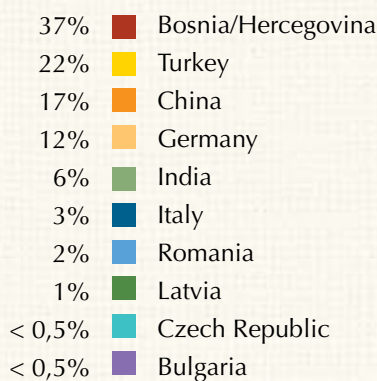
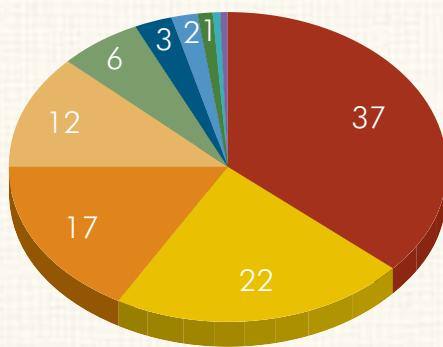
1. Summary: goals & achievements 2012

1.1. Figures of production

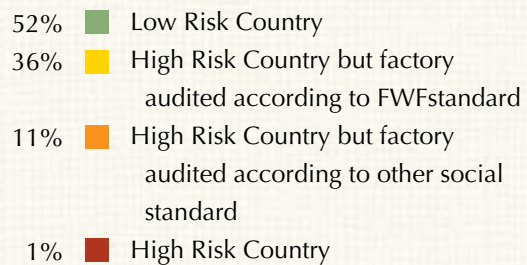
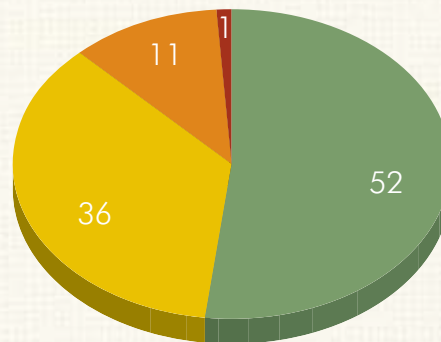
2012 was the first year of Fair Wear Foundation membership for the Triaz Group. The Triaz Group achieves about 40% of the annual turnover with textiles. Triaz Group sells their own labels: Waschbär, Enna, Vivanda and Minibär which comprise approx. 48% per cent of the textile turnover. 52% of textile turnover is achieved with other brands.

During the first year of membership in the Fair Wear Foundation, monitoring concentrated very much on own label suppliers. Triaz sources its own labels mainly from Bosnia, China and Turkey. Further countries of production are: Germany, Italy, Latvia, Romania, Bulgaria, etc. In terms of volume, Triaz sources 52% in so called low-risk countries and 48% in respectively high-risk countries.

Production countries - TRIAZ own labels 2012 (as % of textile purchasing volume)



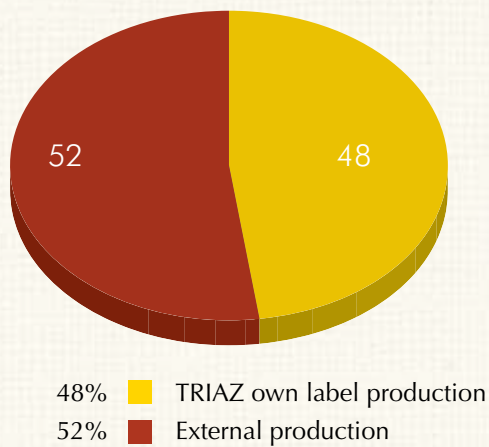
Location of suppliers - TRIAZ own labels 2012 (as % of textile purchasing volume)



Low Risk Countries/High Risk Countries

Low Risk Countries in comparison to High Risk Countries are determined by the presence and proper functioning of institutions such as trade unions, worker committees, labour legislation and labour inspection, which can guarantee compliance with basic standards. All present member states of the EU except Bulgaria and Romania are considered to be "Low Risk Countries".

Proportion of TRIAZ own labels production 2012 (as % of textile purchasing volume)



Own production/External Production

Own production is the production in all factories that manufacture products which are commissioned by Triaz itself. These products are branded as Triaz's own labels. External production is the production of other brands and where the products are sold under other brand labels.

1.2. Triaz own ecological and social specifications

Triaz Group has its own ecological as well as social product specifications for all its brands. These specifications also include the ILO Social Labour Standards. All suppliers have to commit themselves to producing according to these specifications and sign these for each product they deliver. In addition, the Triaz Group is GOTS certified and the number of GOTS certified tex-

tiles increases steadily. Triaz has a clear position and written agreement with suppliers to not use sandblasting in jeans production. Not using the technique of sandblasting is checked with the article pass. Additionally, every jeans manufacturer handed in a written confirmation.

1.3. Introducing the Fair Wear Foundation Membership

During the first year of Fair Wear Foundation Membership Triaz Group has focused on clear communication of their affiliation to the Fair Wear Foundation. Triaz introduced the FWF Code of Labour Practice to all their suppliers. They were informed about the Membership with an official letter followed up by a detailed questionnaire all of them had to fill out and sign. In so doing the suppliers confirmed that they accept the Labour Standards and that they are prepared to work together with Triaz Group towards implementation. The questionnaire is also a good tool for self-assessment. It asks for existing social audit reports and helps monitoring.

Questionnaire

Before cooperation, every supplier has to fill in and sign the FWF questionnaire. Through this document Triaz receives basic contact data as well as information on the size, capacity and structure of the company. Furthermore it gives information on production facilities, certifications, existing audits and the endorsement with the Code of Labour Practices.

1.4. Information sheet for workers

In order to inform workers about labour standards and the process of monitoring and remediation, an information sheet must be displayed in the factories. Triaz has sent copies of the information sheet in the relevant language to all the factories with the request to make it public for workers and makes sure that the sheet is displayed. The information sheet informs the workers not only about social standards but also about their possibilities to complain about problems with working conditions and gives them contact details.

1.5. Communication

Informing the suppliers about the membership involves intense communication with all of them about Social Labour Practices. Introducing and discussing the Code of Labour Practice has already improved the awareness of these important topics.

Besides the suppliers, Triaz has also informed customers and competitors in several ways about its commitment to decent working conditions. Triaz communicates its FWF membership within its own companies and externally on the homepage, with press releases, newsletters, fairs and in their mail order catalogues.

Triaz has trained purchasing staff and employees in customer relation about the FWF Code of Labour Practice. The employees at Triaz Group regularly receive the latest news about the progress of FWF Code of Conduct implementation through personal meetings and via intranet.

1.6. Audits/Workplace Education Programme

Together with a Fair Wear Foundation audit team, Triaz conducted a first audit in Turkey and is now working on the resulting Corrective Action Plan. As one first result, the company will take part in the Fair Wear Foundation Workplace Education Programme. This programme aims to raise awareness and to inform workers as well as management about Social Labour Standards.

A verification audit on behalf of Fair Wear Foundation was done at a production site in China with 15% of Triaz's own label production. Triaz shares this production site among others with another FWF affiliate. Together with the other FWF affiliate, first steps with regard to implementation have been taken.

After an audit the Corrective Action Plan (CAP) is used as a controlling instrument between Triaz and the manufacturer. The CAP of our Turkish supplier will be worked on for the next while as well as the CAP of the Chinese supplier. When Triaz works with agents, they jointly work on the CAP of the factory.

Both production sites – Chinese and Turkish - participate in the FWF workplace education programme.

Corrective Action Plan (CAP)

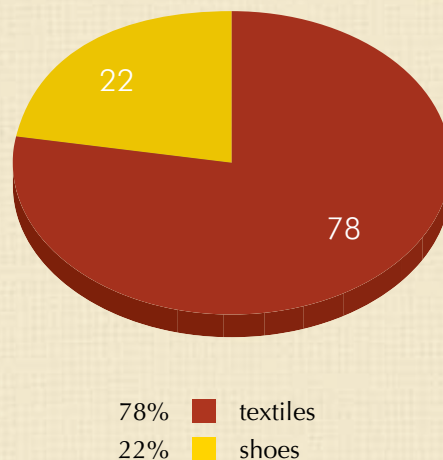
A Corrective Action Plan is a list that specifies the outcomes of an audit. All issues which must be worked on are scheduled with deadlines.

1.7. Workplan for 2013

At the end of 2012 Triaz has included all their shoe suppliers in the process of implementing and monitoring Social Labour Practices. Triaz sources shoes almost exclusively from Low Risk Countries.

After implementing the FWF procedures and communicating the Code of Conduct to suppliers as well as to its own employees, Triaz will increasingly focus on its own audits and on evaluating existing social reports in 2013.

Purchasing volume of shoes 2012
(as % of purchasing volume textile and shoes)





2. About Triaz Group and Brands

TRIAZ | group

The Triaz Group, situated in Freiburg, southern Germany includes the mail order companies Waschbär der Umweltversand, Minibär, Vivanda and PranaHaus. Triaz has 300 employees. It is a leading company within the natural and ethical trading business. Triaz stands for the harmony of ecological, economic and social responsibility. Core Competence is trading with products that support sustainable living within the everyday lives of the customers. The catalogues are sent to customers in Germany, Switzerland, Austria and The Netherlands.



With its range of 4000 products, a twice yearly published catalogue and a highly frequented online shop, Waschbär der Umweltversand is one of Europe's largest distributors of ecological products. The company is represented in Germany, Switzerland, Austria and The Netherlands. It was founded in 1987 and is renowned as a pioneer in ecological trading. The product range includes eco fashion made of natural fibres, shoes, natural cosmetics, wooden furniture, home textiles and household products. All our activities have a basis in ethical and ecological principles.



Minibär was founded 2009 and sells its products in Germany, Switzerland, Austria and The Netherlands. This mail order company offers a range of about 1000 products for babies and children. Everything needed for a natural start in life including organic fashion, natural skin care, pedagogic and durable toys as well as wooden furniture.



„Only the best for our customers.“ With this principle, the former Panda mail order company became one of the leading eco traders in Germany. While maintaining and further developing its principles, the company was renamed Vivanda in December 2010. The products designed for all areas of life are of outstanding and long lasting quality and are produced preferably according to ecological standards. The twice yearly published catalogues offer a range of about 4000 products on 300 pages. The product range includes trendy and combinable fashion made of natural and functional/synthetic fibres, outdoor and sportswear, cosmetics, household products and furniture.

PRANAHAUS®

The purchasing team selects mainly books but also a variety of products from all over the world which are good for body, spirit and soul. All of the staff members have considerable experience and comprehensive knowledge within esoterics, astrology and spirituality. PranaHaus developed from the former publisher Hermann Bauer, which was the oldest and most established publishing house for esoterics, spirituality and art of living in Europe. With great enthusiasm a new catalogue is published four times a year, including products that give customers the opportunity to discover and experience the whole world with all their senses. The range of products supports shaping life actively.

3. Sourcing Strategy

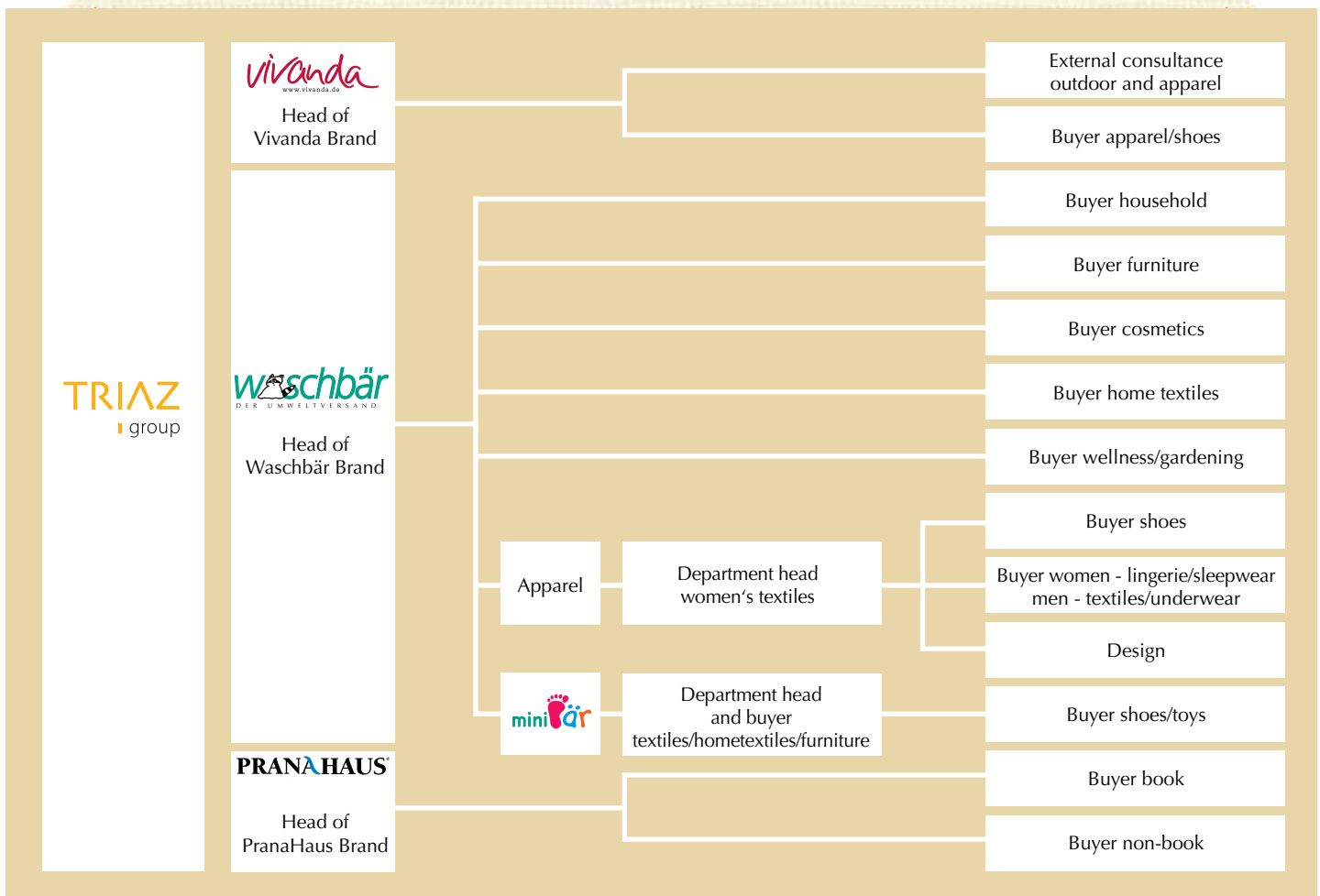
3.1. Sourcing strategy & pricing

Each brand of the Triaz Group has its own Sourcing Department. Sourcing new suppliers is the responsibility of the buyers, supported by the Sustainability Department within the Group.

The central criteria when choosing a new supplier are: Commitment to ecological and social specifications and to the FWF Code of Labour Practice, availability of required technologies/machines, capability of the supplier to produce the product, quality standards, capacity for the forecasted quantities, ability to fulfil benchmarks and deadlines, and target prices. Prices are discussed individually with the suppliers.

New Suppliers must commit themselves to the specifications and sign them. At the conclusion of each contract the supplier has to sign three sheets: the purchasing conditions, product specifications and the FWF requirements (questionnaire). Triaz works mainly with agents or intermediaries. New agents/intermediaries are selected by the head of the Sourcing Department in cooperation with the Sustainability Department. The factories are then selected by the agents/intermediaries according to Triaz specifications. Changes of factories have to be discussed with Triaz.

3.2. Organisation of the sourcing department



Organisational Chart

3.3. Production cycle

As a group mail order house, Triaz produces a main catalogue for each brand twice yearly with a new collection. One for spring/summer and one for autumn/winter. Eight months before catalogue delivery the buyers begin visiting the suppliers and building up the new collection. Three months before catalogue delivery the suppliers receive their first order. For established products Triaz plans long term. This allows the suppliers to buy the yarns and fabrics well in advance. In some cases Triaz even prefinances this. Triaz does not have fixed lead times.

3.4. Supplier relations

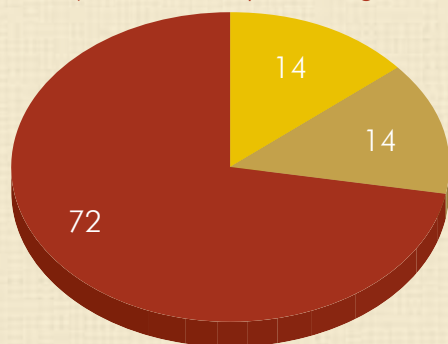
Visits between Triaz and its suppliers take place at least twice a year. Besides discussing new collections, ecological as well as social topics and Fair Wear Foundation membership are important issues during these visits. Triaz maintains long term relationships with its suppliers. This is especially necessary and common within the fair and eco fashion business. There are not that many opportunities to find suppliers willing to accept these strict specifications.



3.5. Integration monitoring activities and sourcing decisions

If a manufacturer does not accept the FWF standards, Triaz Group does not start working with the factory. Triaz will discontinue placing orders when the supplier strictly and after several attempts to convince him, will still not accept the FWF standards. If major issues are found during an audit or major issues are reported within the complaint procedure, Triaz will urge the garment maker to take immediate action. Triaz would stop placing orders immediately in case of non-performance or unwillingness to improve labour conditions. As a first warning Triaz would also consider to reduce the order to bring the supplier into action. The suppliers have to follow the continuous improvement process concept of FWF as to the CAP.

Duration of relationships with suppliers 2012
(as % of textile purchasing volume)



- 14% Within last 3 years
- 14% 3-5 years
- 72% > 5 years

4. Coherent system for monitoring and remediation

During the first year of membership Triaz focused on their factories in China and Turkey beginning with monitoring and evaluating existing audits, and conducting it's own audits in cooperation with the Fair Wear Foundation.

When conducting an audit, the Labour Standards which are monitored are:

- Employment is freely chosen
- No discrimination in employment
- No exploitation of child labour
- Freedom of association and the right of collective bargaining
- Payment of a living wage
- Reasonable hours of work
- Safe and healthy working conditions
- A legally binding employment relationship

4.1. China

China has a very long tradition in producing silk and hemp. That is why Triaz works with producers of textiles made specifically from these fibres in China. Triaz has worked with one of these factories for more than 10 years and cooperates closely with it. They specialise in silk and introduced the first organic silk production worldwide.

Number of factories manufacturing for Triaz's own labels in 2012: 2
Thereof audited by FWF: 2
Thereof certified according to Global Organic Textile Standard: 2
Both factories take part within the FWF Workplace Education Programme.

The Corrective Action Plans resulting from of the audits in China point out mainly three topics where deficiencies need to be worked on: Wages, Overtime and Health and Safety.



4.2. Turkey

Turkey is an important supplier of textiles for Triaz Group and for Germany in general. One big advantage is its position, which makes visiting suppliers much easier and allows close cooperation.

Number of factories manufacturing for Triaz's own labels in 2012:	7
Thereof audited by FWF:	2
Thereof audited by other social auditing organisations:	4
Thereof certified according to Global Organic Textile Standard:	2
Number of factories where Triaz won't continue placing orders:	1

Three of the factories will take part within the FWF Workplace Education Programme in 2013.

The FWF Corrective Action Plans resulting out of the audits in Turkey showed similar results to the ones in China. The main labour standards where deficiencies need improvement are: Wages, Over-time and Health and Safety.

The Corrective Action Plans are the basis on which Triaz Group begins improving labour conditions in cooperation with its suppliers. Deadlines for improvements are set and must be monitored.

4.3. External production

Triaz informed all existing suppliers of external productions (other than own brands) that the group has adopted the FWF Code of Labour Practices and the implications of this step for them. Triaz has done this with a letter and a copy of the Code of Labour Practices. Triaz also sent all external suppliers the questionnaire and asked them to endorse the Code of Labour Practices. In 2013 Triaz will start increasing focus on their external production and send out an even more detailed questionnaire to get the latest data and a better overview. If a supplier of external production refuses to sign the questionnaire, Triaz will contact them to ensure everything is well understood. In the final instance, if the supplier persists in their refusal, Triaz will disengage from this supplier. Triaz collects and evaluates results of any audits that have already been carried out at the factory and in cooperation with the supplier will formulate a Corrective Action Plan based on reports of previous audits.



5. Complaints procedure

Triaz checks and ensures that the information sheet for workers containing the complaints handler phone number is posted in the factories when visiting the production site. Only one complaint (concerning social insurance/payment) had to be handled so far coming from a worker at a production site in Turkey with 14% per cent of Triaz' own production. Since this site is shared with two other FWF affiliates, Triaz cooperated in complaints handling. Successful steps with the production site have been taken and the complaint will be solved shortly. The production site participates in the FWF Workplace Education Programme.

6. Training and capacity building

6.1. Activities to inform staff members

All members of staff will be informed through our Intranet about FWF membership and latest news. New staff members involved in the execution of monitoring activities will be trained in a workshop about FWF and the Code of Labour Practices. Reports within sales meetings will inform about the latest news.

In addition, employees at Triaz Group are trained every season about the latest collection and its specifics. Employees are also trained about the ecological and social principles of the company. "Triaz Cinema" is open to every employee and shows documentaries about ecological and social topics.

6.2. Activities to inform agents

Working with agents is a common practice within the garment industry in many countries. The filling out of the questionnaire and the following discussions were very useful as a first self-assessment for them. The Triaz Group sourcing department visits their agents (often accompanied by the sustainability department) at least twice a year. Social Standards are an important subject during these visits. Agents jointly work with Triaz Group on

the implementation of the FWF Code of Labour Practices. Audits are planned together and reports are jointly worked on.

6.3. Activities to inform manufacturers and workers

All manufacturers are informed about the Code and FWF membership through a letter and questionnaire, followed by detailed talks. Triaz makes sure that an information sheet for workers including the Code of Labour Practice and the contact details of the complaints handler is posted in all the supplying factories and handed out to the workers during audits. Triaz encourages their suppliers to be part of the Workplace Education Programme and also to become a member of the FWF.

7. Transparency & communication

Triaz informs the public about its FWF membership on its websites, with press releases, through the catalogues and with the annual social report. The Fair Wear Foundation Membership is a topic at all public events.

8. Corporate Social Responsibility

The Triaz Group originated as an Eco Business. It started with products to improve the ecological impact on our environment and still stands to this basic philosophy when sourcing its products. Not only the environmental impact matters within textile production but also the improvement of social standards. That is the reason why Triaz joined the FWF. The membership is an active involvement in further improvements. The Triaz Group is GOTS certified. Triaz uses only energy from renewable sources in all their offices. The whole company is carbon neutral (certified through Carbon Neutral/London).

Triaz Group	Wöhlerstraße 4, 79108 Freiburg im Breisgau
Brands	Triaz GmbH Waschbär der Umweltversand (founded 1987) Vivanda GmbH Minibär PranaHaus
Homepage	www.waschbaer.de , www.vivanda.de , www.minbaer.com www.pranahaus.de
Product Range	Fashion, shoes, cosmetics, furniture, home textiles, bedding, household, goods, toys, books, food.
Sales Markets	Germany, Switzerland, Austria, The Netherlands
Distribution Channels	Mail Order, E-Commerce, Shops
Shops (Outlet Stores)	Stuttgart, Freiburg, Karlsruhe, Göttingen
CEO and Owner	Ernst Schütz
Employees	308
Trainees	25
Turnover	€ 70 million 2012 (Turnover Textiles: € 33 million)

Responsible for Social Standards and the cooperation with the Fair Wear Foundation is the Sustainability Department at Triaz Group. The compliance to the ecological specifications and the GOTS certification is their responsibility as well.



Hannah Leicht, Barbara Engel (Head of Department),
Linda Enghauser

