



TRIAZ

group

Social Report

Fair Wear Foundation Membership 2016

www.triaz-group.com

Social Report

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Contents

1. Summary: goals & achievements 2016	4
2. About Triaz Group and Brands	8
3. Sourcing strategy	9
3.1. Sourcing strategy & pricing	9
3.2. Production cycle	9
3.3. Supplier relations	9
3.4. Integration of monitoring activities and sourcing decisions	10
3.5. Organisation of the sourcing department	10
4. Coherent system for monitoring and remediation	12
4.1. China	12
4.2. Turkey	13
4.3. Bosnia	14
4.4. India	14
4.5. Tunisia	15
4.6. Macedonia	15
4.7. Bulgaria	16
4.8. Ukraine	16
4.. External production	17
5. Complaints procedure	18
6. Training and capacity building	18
6.1. Activities to inform staff members	18
6.2. Activities to inform agents	18
6.3. Activities to inform manufacturers and workers	18
7. Transparency & communication	19
8. Corporate Social Responsibility	19

“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 workers’ lives all over the world.”

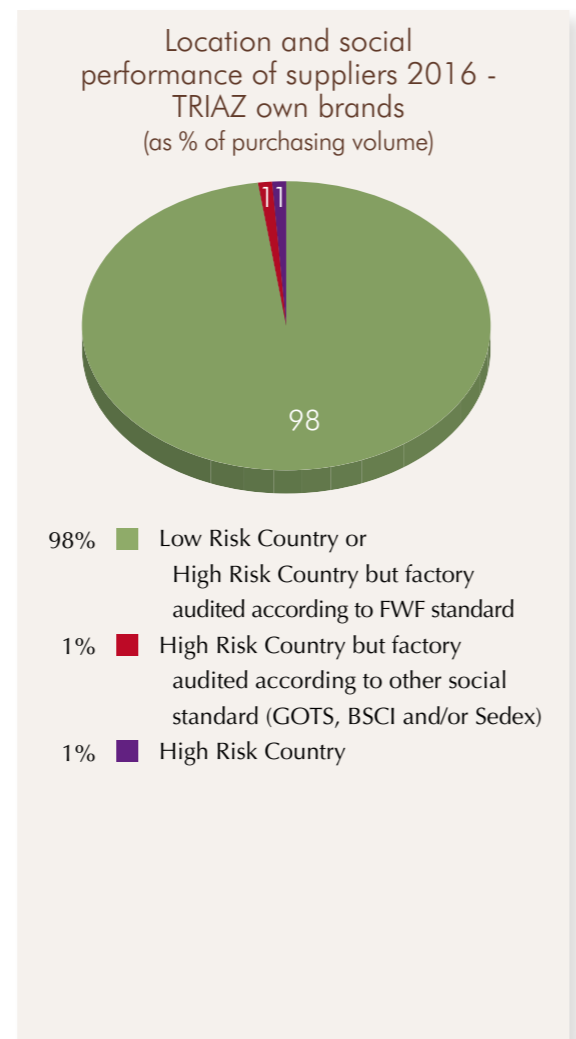
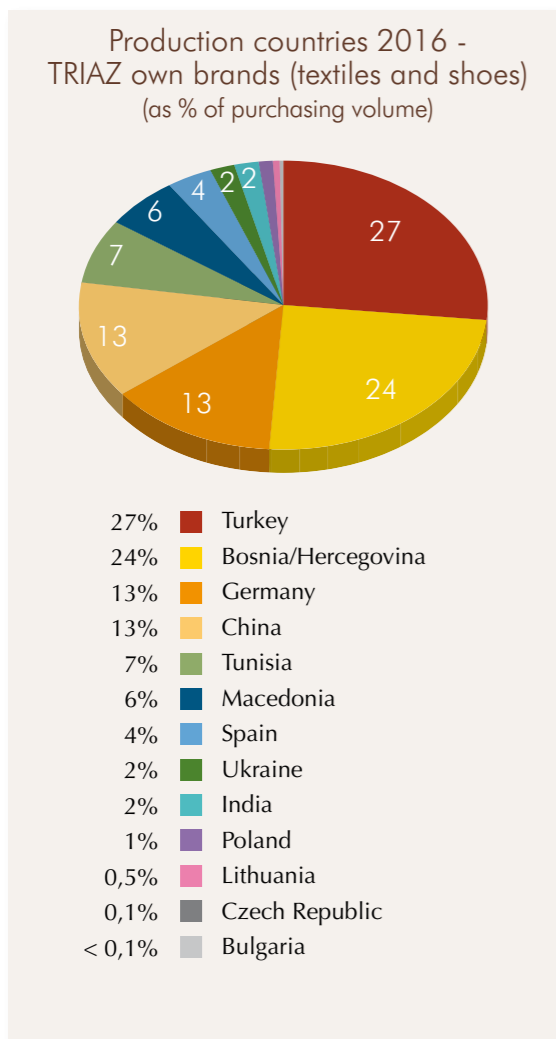
Ernst Schütz, CEO Triaz Group

1. Summary: goals & achievements 2016

1.1. Figures of production

2016 was the fifth year of Fair Wear Foundation membership for the Triaz Group. In 2016 the Triaz Group achieved about 60% of its annual turnover with textiles and shoes. Triaz Group sells their own labels: Waschbär, Enna (Triaz’s own fashion brands), Vivanda, Grünheld and Minibär which comprise approximately 53% of the textile pur-

chasing volume. The remaining 47% of the textile purchasing volume is achieved with other brands. In 2016 Triaz sourced textiles for their own brands from 26 suppliers at 30 factories. The focus of monitoring lies very much on own label suppliers. But of course external brands also have to commit themselves to the Fair Wear



Foundation Code of Conduct and indicate at which production sites the textiles for Triaz are produced. On top of that, Triaz is auditing external brands. Triaz sources its own labels mainly from Bosnia, Turkey, Germany and China. Further countries of production are: Spain, Tunisia, Macedonia, Poland, Ukraine, Lithuania, India, Bulgaria, and the Czech Republic.

In terms of volume, Triaz sources 98% of its own brand products in so called Low-Risk Countries and factories in High-Risk Countries audited to FWF standard. 2% comes from High Risk Countries. Thereof half comes from factories audited according to the BSCI, SEDEX or Global Organic Textile Standard (GOTS).

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”.

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 (article pass) for all its brands. The social specifications are based upon the ILO Social Labour Standards and the UN Declaration of Human Rights. All suppliers have to commit themselves to producing according to these specifications and sign the article pass for each product they deliver. In addition, the Triaz Group is GOTS certified and the number of GOTS certified textiles 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 also checked with the article pass. Additionally, every jeans manufacturer has handed in a written confirmation.



1.3. Introducing the Fair Wear Foundation Membership

When Triaz became a member of the FWF, the company informed all of its existing suppliers of this step and asked them to endorse the FWF Code of Labour Practice. A detailed questionnaire had to be filled out and signed. In so doing the suppliers confirmed that they accepted the Labour Standards and that they were prepared to work according to them together with Triaz Group. Possible new suppliers have to do this before starting a co-operation.

Questionnaire

Before co-operating with Triaz, every supplier fills out and signs the FWF questionnaire. Via this document Triaz receives basic contact data as well as information on the size, capacity and structure of the company. Furthermore, the document gives information on production facilities, certifications, existing social audits, the endorsement with the Code of Labour Practices and other efforts with regards to sustainability. The questionnaire is a good self-assessment tool for suppliers and helps monitor the social performance.

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 sent copies of the information sheet in the relevant language to all the factories with the request to make it public for workers and made 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. Audits/Workplace Education Programme

In 2016 social audits were conducted at three production facilities (one own brands factory/two external brands factories): two in Serbia, one in Ukraine. On the resulting Corrective Action Plans Triaz is working jointly with its agents. One further re-audit was conducted at a production site in Bosnia. On top of that the Fair Wear Foundation conducted one verification audit at factory in Turkey. Workplace Education programmes were conducted at three production sites (one in Turkey, one in India and one in Macedonia).

Workplace Education Programme

This programme of the Fair Wear Foundation is presently available in Turkey, India, Bangladesh, China, Romania and Tunisia. It is a workshop for factories to raise awareness and to inform workers as well as management about Social

Labour Standards. It offers a very good preparation for conducting an audit and aims to help build awareness of labour practices in general, effective communication and grievance mechanism between workers and management.

Corrective Action Plan (CAP)

After an audit, the Corrective Action Plan (CAP) is used as a controlling instrument between Triaz and the manufacturer. A Corrective Action Plan is a list that specifies the outcomes of an audit. In it, all issues which must be worked on are scheduled with deadlines.

1.6. Workplan for 2017

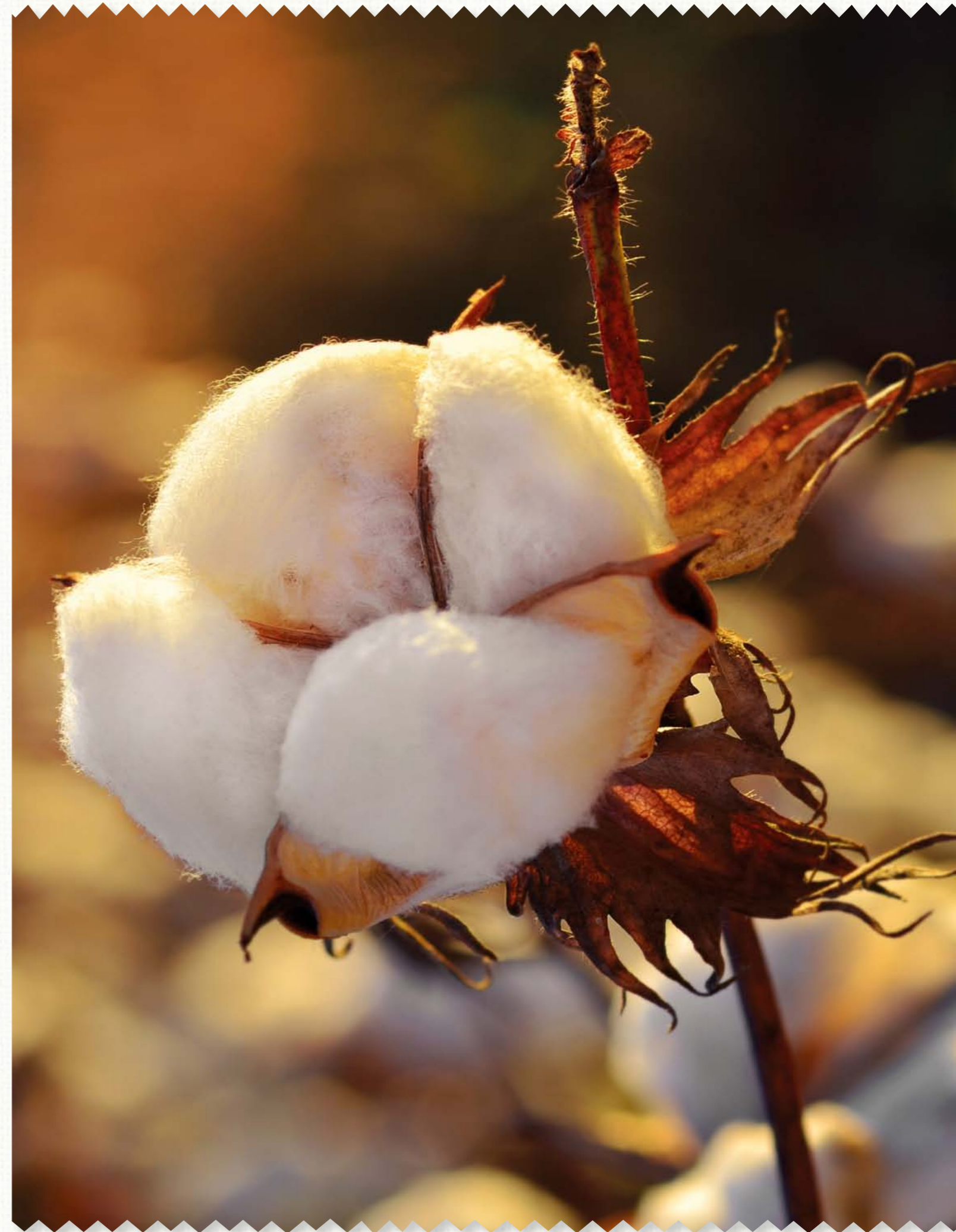
Triaz will continuously be working on existing Corrective Action Plans. The progress of workplace education programmes and other factory programmes will be followed up on. Triaz plans to involve more and more suppliers in these programmes and will continue to implement the FWF procedures with new suppliers. With existing suppliers the progress is being monitored. This includes sending out FWF questionnaires to new and existing suppliers to ensure up-to-date data, asking for existing audit reports, etc. Triaz will continue having a closer look at their external brands with a detailed questionnaire, checking improvements on the basis of existing reports from other organisations and of course conducting more audits at their factories. About 6 social audits will be conducted at own and external brand's factories during 2017: One verification audit in Turkey, two re-audits in China and Tunisia, one in India, one in Macedonia and one in Bosnia. The audits will be conducted either with the help of Fair Wear Foundation Audit teams, or other especially trained audit teams.

Verification Audit

Verification Audits are conducted on behalf of FWF itself as a tool to verify the progress of implementing social standard of its members.

Re-Audit

After a first audit a factory is visited and audited at least every third year. In case of major corrections to be done, re-audits, of course, take place in shorter intervals.



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 around 350 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 Triaz Group operates in Germany, Switzerland, Austria and The Netherlands.



With its huge range of 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. 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. This mail order company offers 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.



The former Panda mail order company is another eco-trader within the Group. Like Waschbär, Vivanda offers products designed for all areas of life of outstanding and long lasting quality. They are produced according to sustainable standards. The twice yearly published catalogues offer a range of products including trendy and combinable fashion made of natural and functional/synthetic fibres, outdoor and sportswear, cosmetics, household products and furniture.



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 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 actively shaping life.

3. Sourcing Strategy

3.1. Sourcing strategy & pricing

Sourcing

Each brand of the Triaz Group has its own Textile Sourcing Department. Triaz works mainly with agents or intermediaries. New agents/intermediaries are selected by 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. The central criteria when choosing a new supplier are: commitment to ecological and social specifications and to the FWF Code of Labour Practice. New Suppliers must commit themselves to the specifications and sign them. At the conclusion of each contract the supplier has to sign three forms: the purchasing conditions, product specifications (article pass) and the FWF requirements (questionnaire).

Pricing

Retail prices support a sound and sustainable economy within Triaz GmbH. In order to achieve maximum profit and growth they are not fixed. All purchase prices are negotiated co-operatively with the suppliers. Inviting tenders to get lowest-price-offers is strictly against Triaz company policy. The purchasing price is never the main criterium for the selection of products. Instead, important selection criteria are:

- Social working conditions
- Ecological production
- Efficient production machinery
- Lead times
- Product quality
- Long lasting and co-operative partnerships

There is no pricing pressure on suppliers. Instead corporate solutions are discussed.

Also, there is no strategical increase of profit margins. It is not considered in the supplier rating nor connected to buyers wages.

Country studies with information on legal minimum wages and living wages are available for all our buyers.

There are no monetary penalties for delivery delays. (Monetary penalties in general are an exception.) Rather root cause analysis is done and corporate solutions are sought.

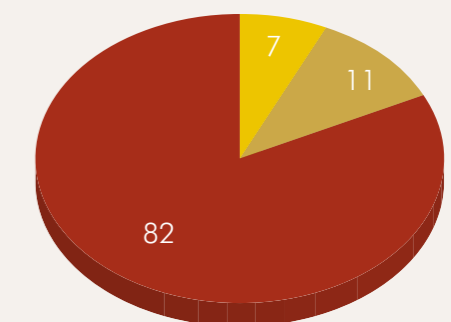
3.2. Production cycle

As a group mail order house, Triaz produces catalogues with a new collection for each brand at least twice a year: one for spring/summer and one for autumn/winter. Eight months before catalogue delivery, the buyers start 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 purchase the yarns and fabrics well in advance. In some cases, Triaz even prefinances this step. Triaz does not have fixed lead times.

3.3. Supplier relations

Visits between Triaz and its suppliers take place at least twice a year. Triaz maintains long term relationships with its suppliers. This is especially necessary and common within the fair and eco fashion business. There are not all that many opportunities to find suppliers willing to accept the strict specifications.

Duration of relationships with all textile and shoe suppliers 2016 (as % of purchasing volume)



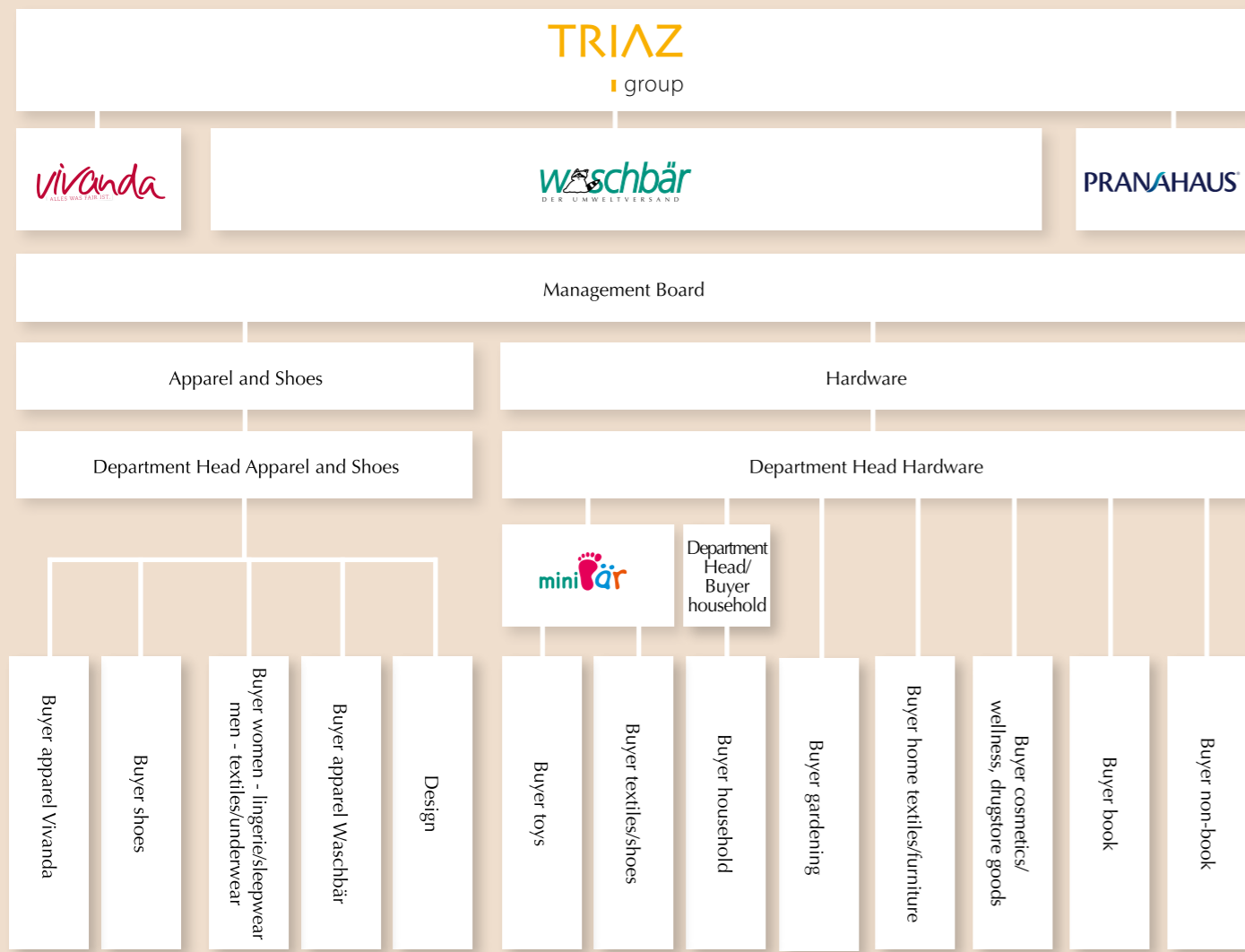
7% Within last 3 years
11% 3-5 years
82% > 5 years

3.4. Integration monitoring activities and sourcing decisions

If a new manufacturer (own brand or external brand) does not accept the FWF standards, Triaz Group does not start working with the factory. Triaz will discontinue placing orders at existing suppliers, if 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 manufacturer to take immediate action. As a first warning Triaz would consider reducing the order to get the supplier to take action. In case of non-performance or unwillingness to improve labour conditions, Triaz would stop placing orders immediately. Triaz collects and evaluates results of audits that have already been carried out at factories and in co-operation with the supplier works on corrective actions based on the audit reports.

3.5. Organisation of the sourcing department



Organisational Chart



4. Coherent system for monitoring and remediation

In 2016 Triaz focused on production sites in Turkey, Bosnia, India, Serbia and Ukraine, beginning with monitoring and evaluating existing audits and conducting its own audits in co-operation with the Fair Wear Foundation or other organisations.

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

Currently 13% of Triaz own label production is made in China in one factory which has been a supplier for over 10 years now. It specializes in the production of silk textiles, but also works with hemp, linen and cotton. The factory introduced the first organic silk production worldwide. Since 2015 Triaz owns 50% of this factory.

Number of factories manufacturing for Triaz's own labels in 2016:	1
Thereof audited by FWF:	1
Thereof certified according to Global Organic Textile Standard:	1

This factory has already taken part in the FWF Workplace Education Programme twice.

The Corrective Action Plans resulting from former audits in China make it clear, that living wages is the one labour standard where still steps have to be taken. Wages have already reached a high level and their steady increase towards a Living Wage continues. During the last years the factory management has invested great effort into achieving this goal. The last audit at this factory in August 2014 had a very good result. Remediation of the findings was implemented in the majority of cases.



4.2. Turkey

Turkey is an important supplier of textiles for the Triaz Group and for Germany in general. The garment industry is Turkey's second largest industry. In 2016 27% of Triaz own label production was made in Turkey. One big advantage of Turkey is its geographical proximity to Germany, which makes visiting suppliers much easier and allows close co-operation. Because of the many Syrian migrants in the country a close look at working conditions became necessary - especially for them.

Number of factories manufacturing for Triaz's own labels in 2016:	8
Thereof audited by FWF:	5
Thereof audited by other social auditing organisations:	4
Thereof certified according to Global Organic Textile Standard:	8

Three of the factories took part within the FWF Workplace Education Programme.

The FWF Corrective Action Plans resulting from the audits in Turkey showed that the main labour standards where deficiencies need improving are: Living Wages, Overtime, Health and Safety and Freedom of Association.

Many requirements concerning Health and Safety deficiencies have already been implemented. Other deficiencies necessitated workshops for management and workers in order to generate an understanding for the relevant issues of social labour standards. These workshops were organised by Triaz together with the Fair Wear Foundation. The better the understanding the better the remediation.



4.3. Bosnia

24% of Triaz own label production is currently made in Bosnia at one production site. Triaz has a very long lasting relationship with this production site – for more than 10 years now.

Number of factories manufacturing for Triaz's own labels in 2016:	1
Thereof audited to FWF standards:	1
Thereof certified according to Global Organic Textile Standard:	1

The Corrective Action Plan resulting from the audit in Bosnia showed that the main labour standard where deficiencies need improving are: Living Wages.

More than a third of Triaz own label production is made in this factory. The first audit was conducted in July 2013 with a very good result. So far the Health and Safety deficiencies could be solved to a major extent. The wages, already higher than minimum wage, are still being adjusted to increase them step by step to a living wage. To get an even more detailed knowledge of the wages in Bosnia, Triaz conducted a special wages audit at this factory in 2015. In 2016 another re-audit took place.



4.4. India

The Indian textile industry constitutes around 12% of the country's export earnings. Only 2 % of Triaz own label production is made in India at two production sites. One factory was audited in May 2013 and a verification audit took place in 2015. The second factory will be audited in 2017.

Number of factories manufacturing for Triaz's own labels in 2016:	2
Thereof audited to FWF standards:	1
Thereof audited by other social auditing organisations:	2
Thereof certified according to Global Organic Textile Standard:	1

The Corrective Action Plan resulting from the audit in India showed that the main labour standards where deficiencies need improving are again: Living Wages and Health and Safety.

Since the audit in May 2013 Triaz has been working with the factory to improve on the deficiencies found. For example a crèche was built, and a policy regarding HIV and people with disabilities was established.



4.5. Tunisia

Tunisia is among the world's leading suppliers of clothing.

7% of Triaz own label production is made in Tunisia at one production site.

Number of factories manufacturing for Triaz's own labels in 2016:	1
Thereof audited to FWF standards:	1
Thereof certified according to Global Organic Textile Standard:	1

The Corrective Action Plan resulting from the audit in Tunisia showed that the main labour standards where deficiencies need improving are again: Living Wages, Overtime and Health and Safety.

Following up the audit in 2014, Triaz has continuously worked together with the factory on improvements. A workplace education took place at the factory. Issues concerning Health and Safety matters have already be solved. Increasing wages step by step will be the challenge for the next while. Triaz production counts 20% of the factories production. Next audit will be conducted in 2017.



4.6. Macedonia

Garments constitute an important part of Macedonia's exports. 6% of Triaz own label production is made in Macedonia at three factories.

Number of factories manufacturing for Triaz's own labels in 2016:	2
Thereof audited by FWF:	2
Thereof certified according to Global Organic Textile Standard:	1

The Corrective Action Plan resulting from the audits in Macedonia showed that the main labour standards where deficiencies need improving are: Health and Safety, Living Wages and Freedom of Association.

At one of the factories Triaz is working on these topics together with another Fair Wear Foundation Member. In a first and quick step the major Health and Safety problems need to be solved. At the second factory in Macedonia Triaz works closely with the supplier on corrective actions.



4.7. Bulgaria

Only 0,1% of Triaz own label production is made in Bulgaria at one production site. One of the main export goods of Bulgaria are textiles.

Number of factories manufacturing for Triaz's own labels in 2016:	1
Thereof audited by FWF:	1
Thereof audited by other social auditing organisations:	1

The audit reports in Bulgaria showed, that there is a good basis to build upon. The main labour standards where deficiencies need improving are: Health and Safety, Living wages und Freedom of Association.



4.8. Ukraine

2% of Triaz own label production is made in the Ukraine.

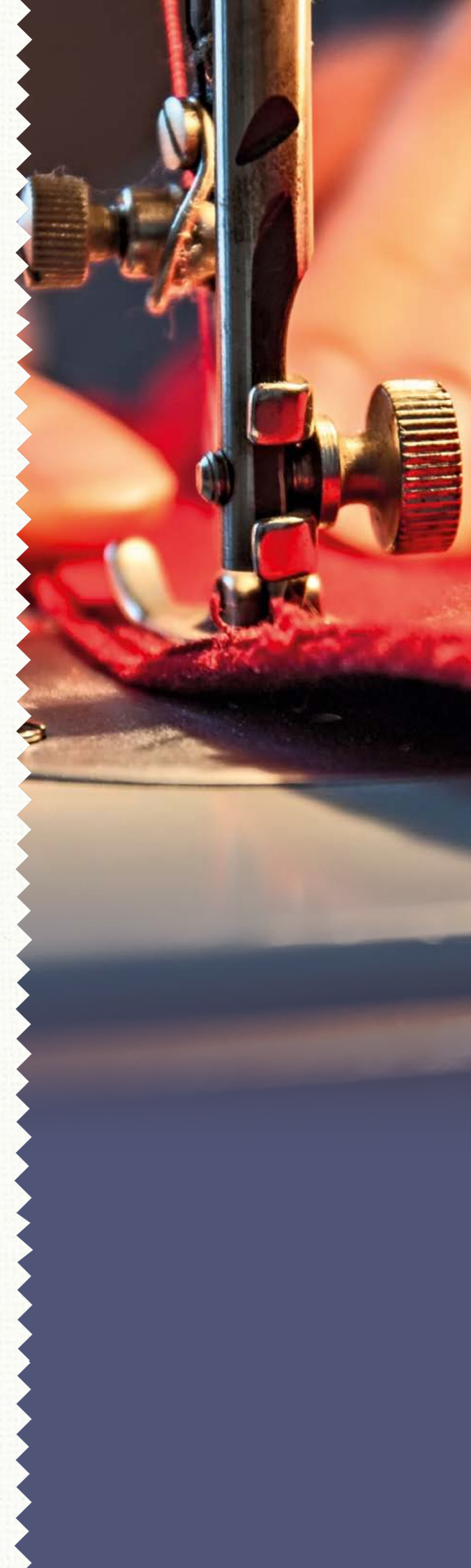
Number of factories manufacturing for Triaz's own labels in 2016:	1
Thereof audited by FWF:	1
Thereof certified according to Global Organic Textile Standard:	1

The main labour standards where deficiencies need improving are: Health and Safety, management practices, overtime and living wages.



4.9. External production

Of course all suppliers of external brands have been informed that Triaz has adopted the FWF Code of Labour Practices and what the implications of this step are for them. This was done via a letter and a copy of the Code of Labour Practices, accompanied by a first questionnaire which asked to endorse the Code of Labour Practices. In 2013 Triaz started increasing its focus on its external brands and sent out an even more detailed questionnaire to set the basis for monitoring these brands as closely as own brands. During the last years Triaz has conducted several audits for factories of external brands. Two in India, one in Bosnia and one in Romania. In 2016 we continued with two audits in Serbia and one more in India. Triaz is now working on the Corrective Action Plans resulting out of these audits. Together with the external brands, Triaz is working on the remediation of findings. Steps towards improvements have already been taken.



5. Complaints procedure

Employees at factories working for FWF members have the possibility to lodge a complaint about non-compliance with a FWF complaints handler in their country. The Fair Wear Foundation subsequently contacts the FWF member, cooperating with the factory and asks the member to handle the complaint.

In 2016 Triaz together with two other FWF members received one complaint from a factory in Turkey concerning double bookkeeping and un-registered migrant workers. There was a prompt follow up in this case and intensive talks took place. Three members of the factories management took part at a FWF workshop to improve their understanding. This complaint is still being worked on.

6. Training and capacity building

6.1. Activities to inform staff members

All Triaz staff-members are informed about FWF membership and related news via the Intranet. 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 continuously inform about the social performance of suppliers.

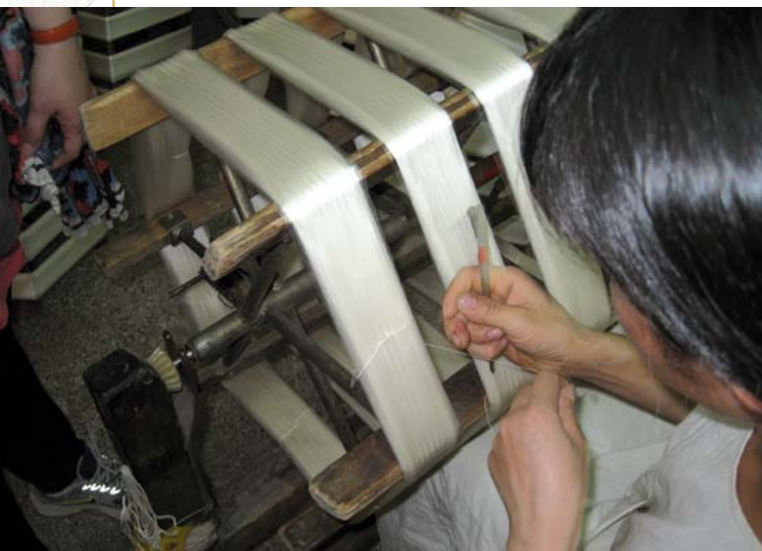
In addition, every season employees at Triaz Group are trained about the latest collection and its specifics. Employees are also given training about the ecological and social principles of the company.

6.2. Activities to inform agents

Working with agents is a common practice within the garment industry in many countries. Triaz 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. Triaz organizes workshops on social working conditions for agents at their headquarter in Freiburg where many topics can be discussed to make cooperation toward social labour standards even more efficient.

6.3. Activities to inform manufacturers and 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 sends copies of the information sheet in the relevant language to all the factories with the request to make it public for workers. The information sheet informs the workers not only about social standards but also about their possibilities to complain about problems with working conditions and lists contact details. Triaz makes sure that the information sheet is posted in all the supplying factories and is 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

Working with the suppliers on social labour standards involves intense communication with all of them. Discussing the Code of Labour Practice improves the awareness of these important topics all the time. Besides informing its suppliers and

staff, Triaz also informs the public about the FWF membership on its homepage, with press releases, newsletters, fairs, in the mail order 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. The company started with products to reduce our ecological impact on the environment and it still stands by 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 en-

ergy from renewable sources in all their offices. The whole company is carbon neutral (certified through Carbon Neutral/London).

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



Barbara Engel (Head of Department), Heike Gohres, Hannah Leicht, Linda Enghauser, Monika Rothböck.

TRIAZ

group

Address

Wöhlerstraße 4, 79108 Freiburg im Breisgau

Brands

Triaz GmbH Waschbär der Umweltversand
(founded 1987)

Vivanda
Minibär
PranaHaus

Homepages

www.triaz-group.com
www.waschbaer.de
www.enna-naturmode.de
www.gruenheld.de
www.minibaer.com
www.vivanda.de
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)

Freiburg, Karlsruhe, Göttingen

Owner

Ernst Schütz

CEOs

Ernst Schütz, Katharina Hupfer,
Tobias Jerg, Matthias Wehrle

Number of Employees

353

Number of Trainees

14

Turnover

€ 77 million 2016 (Turnover Textiles: € 46 million)

