



TRIAZ

group

Social Report

Fair Wear Foundation
Membership 2018

www.triaz-group.com



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“Triaz Group, social standards are an important part of who we are. With our brand “Waschbär” we create products for a sustainable lifestyle. Together with the Fair Wear Foundation we actively take part in monitoring and improving working conditions worldwide.”

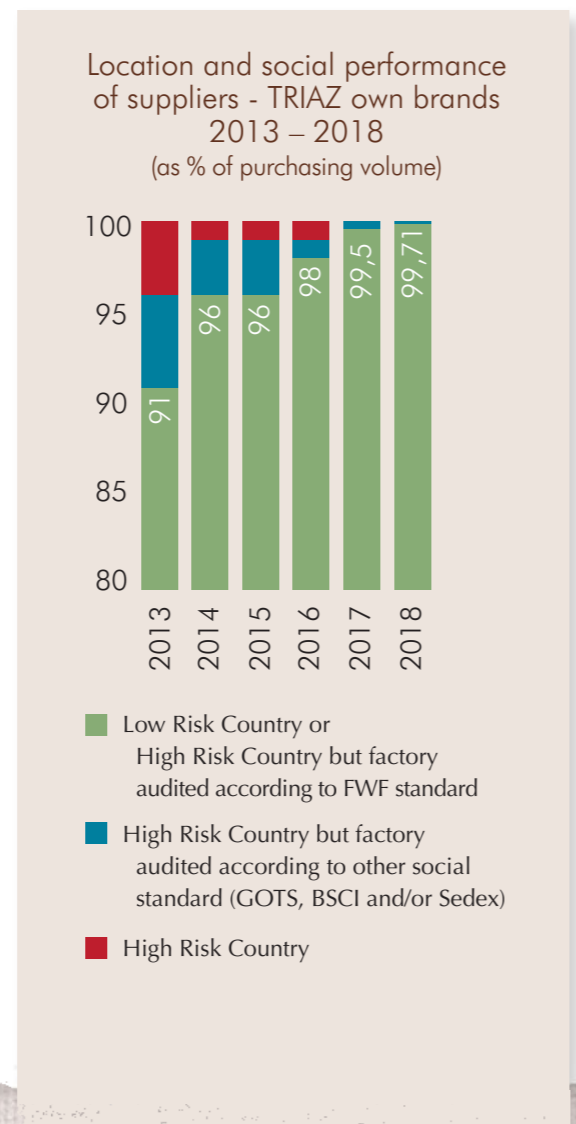
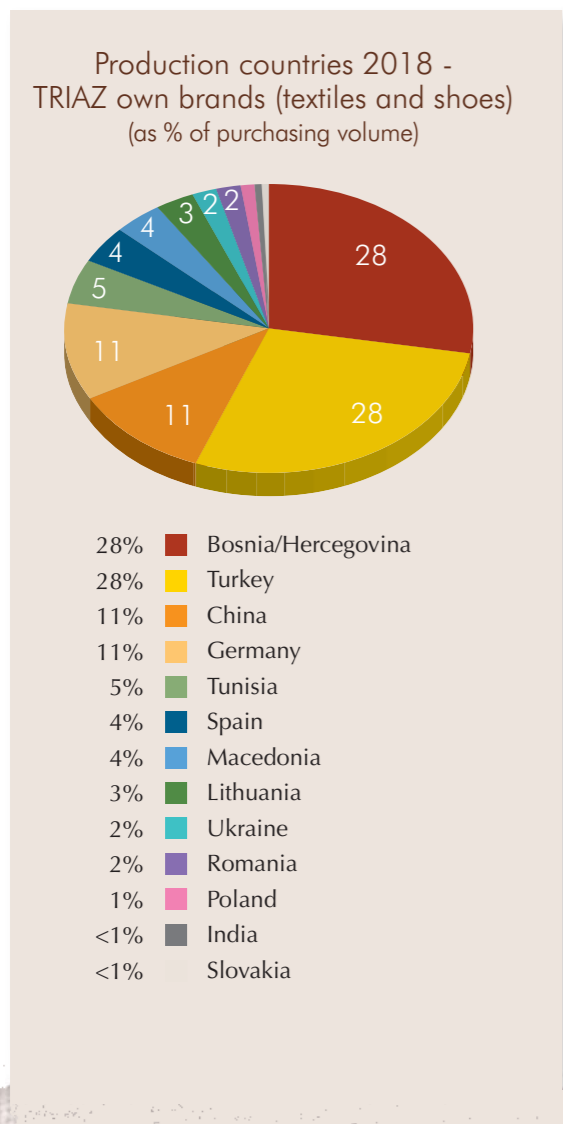
Katharina Hupfer, CEO of the Triaz Group

1. Summary: goals & achievements 2018

1.1. Figures of production

2018 was the seventh year of Fair Wear Foundation membership for the Triaz Group. In 2018 textiles and shoes came up to about 60% of the annual turnover of Triaz. In 2018 the Triaz Group sold their own labels: Waschbär, Enna (Triaz’s own fashion brands), Grünheld and Minibär and Vivanda which comprised approximately 56% of

the textile purchasing volume. Textiles for own brands were sourced from 21 suppliers at 29 factories. The remaining 44% of the textile purchasing volume is covered by other brands. The focus of monitoring lies very much on the own label suppliers. But of course external brands also have to commit themselves to the Fair Wear



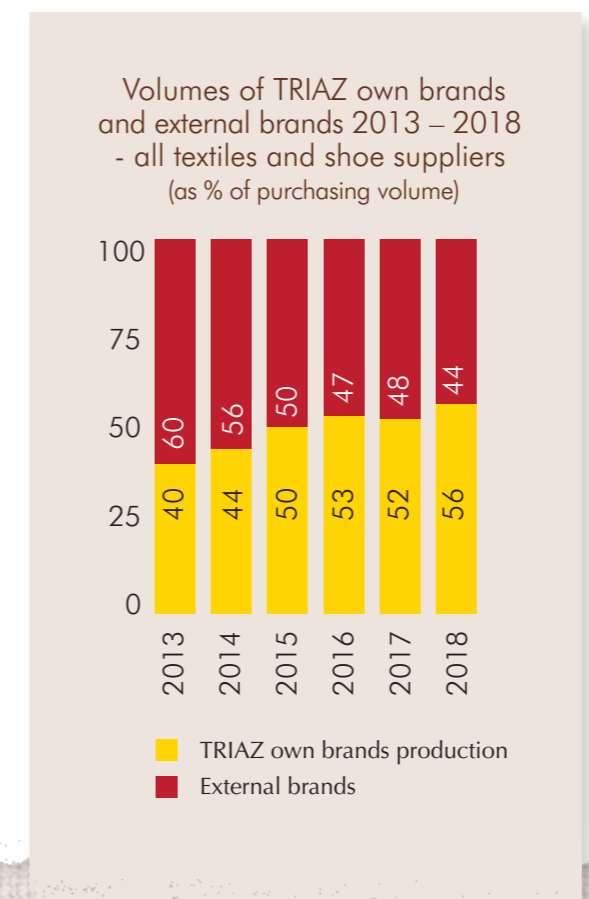
Foundation Code of Conduct and indicate at which production sites the textiles for Triaz are produced. Additionally Triaz is auditing external brands. Triaz sources its own labels mainly from Turkey, Bosnia, China and Germany. Further countries of production are: Spain, Tunisia, Macedonia, Poland, Ukraine,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

In terms of volume, Triaz sourced 99,71% of its own brand products in so called Low-Risk Countries and in factories in High-Risk Countries that are audited to FWF standard. 0,23% comes from factories located in High-Risk Countries that are audited according to other social standards than FWF, e.g. GOTS, BSCI or SEDEX. In 2018 less than 0,1% comes from a factory that is not yet audited and situated in a High-Risk Country. Within the last few years it was possible to continuously raise the percentage of products coming from either Low-Risk Countries or from factories that were audited to FWF standard. This development is mainly due to continuously extending monitoring actions at factories of own label production. Due to the high engagement regarding fair work-

ing conditions in the supply chain Triaz was classified within the leader category by the Fair Wear Foundation in 2018. This is the highest of category member brands can reach. We are very content to be rewarded with the leader status for the fourth consecutive year.

1.2. Triaz own ecological and social specifications

Triaz Group has its own ecological and social product specifications and uses for that the internally developed tool “article pass” for all brands they are working with. 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. Additionally, every jeans manufacturer has handed in a written confirmation.



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 marked as Triaz’s own labels. External production is the production of other brands and where the products are sold under other brand labels.

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 doing so 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. Through 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 concerning 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 the Social Labour Standards and the process of monitoring and remediation, an information sheet must be displayed in the factories. Triaz 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. Audits/Workplace Education Programme/Trainings

In 2018 social audits were conducted at 5 production facilities of Triaz own brand production: two in Tunisia, two in Macedonia and another one in Turkey. The training in Turkey was held for two factories. One we are working with directly, as well as a subcontracted factory. Three of the suppliers where training took place already took

part in a WEP training before. In these cases trainers could build on the knowledge gained during earlier trainings. Three out of five trainings were shared with another FWF member. Triaz always welcomes cooperation with other members since it helps to share capacities to support the suppliers.

In addition to that another workplace education training was planned in China in the second half of 2017. Due to political reasons in the country, it became postponed and was conducted in the first quarter of 2018.

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. All listed corrective actions are scheduled with deadlines.

1.6. Workplan for 2019

Triaz will continuously be working on existing Corrective Action Plans. The progress of workplace education programmes and other factory programmes will be followed up. Triaz plans to involve more and more suppliers in these programmes and will continue to implement the FWF procedures with new ones. 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 organizations and of course conducting more audits at their factories.

About 5 social audits will be conducted at own brand's factories during 2019: One verification audit in a factory chosen by the FWF, one re-audit in Bosnia, two audits in Romania and two in the Ukraine. 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



The Triaz GmbH, situated in Freiburg, southern Germany includes the mail order companies Waschbär and Minibär. Another mail order company, Vivanda, was closed down in summer 2018. There was a strong overlap in the assortment with Waschbär. All staff and most of the clients were able to be absorbed by Waschbär. Triaz is a leading company within the natural and ethical trading business and has around 330 employees. „Triaz“ stands for the harmony of ecological, economic and social responsibility. 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 on-line shop, Waschbär is one of Europe's largest distributors of ecological products. It was founded in 1987 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.



This mail order company was another eco-trader within the Group. Like Waschbär, Vivanda offered products designed for all areas of life of outstanding and long lasting quality. They were produced according to sustainable standards. The catalogues, published two times a year, offered a range of products including trendy and combinable fashion made of natural and functional/synthetic fibres, plus size fashion, outdoor and sportswear, cosmetics, household products and furniture.

3. Sourcing Strategy

3.1. Sourcing strategy & pricing

Sourcing

Triaz usually works with agents or intermediaries. New suppliers are selected according to a defined on-boarding process by the supplier management. The supplier management is a platform where all relevant departments are in continuous exchange about textile suppliers and supply chain management. All new suppliers need to be approved by the departments of buying and quality assurance as well as by the department of sustainability. Approval is only given in case the supplier fulfills the Triaz demands regarding ecological and social criterias. Before production starts all factories that produce Triaz own labels have to be visited by Triaz staff. A Health and Safety Check is then done on site. 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. They are not defined to achieve maximum profit and maximum growth. All purchase prices are negotiated cooperatively with the suppliers. A vendue of orders to get lowest price offers is strictly against Triaz company policy. The purchasing price is never the main topic for the selection of products. In fact, important selection criteria are:

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

There is no pricing pressure performed on suppliers. Instead corporate solutions are discussed. There is no strategical increase of the margin. The margin is not considered within the supplier rating nor connected to buyers wages.

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

There are no monetary penalties for delivery delays. Monetary penalties in general are an

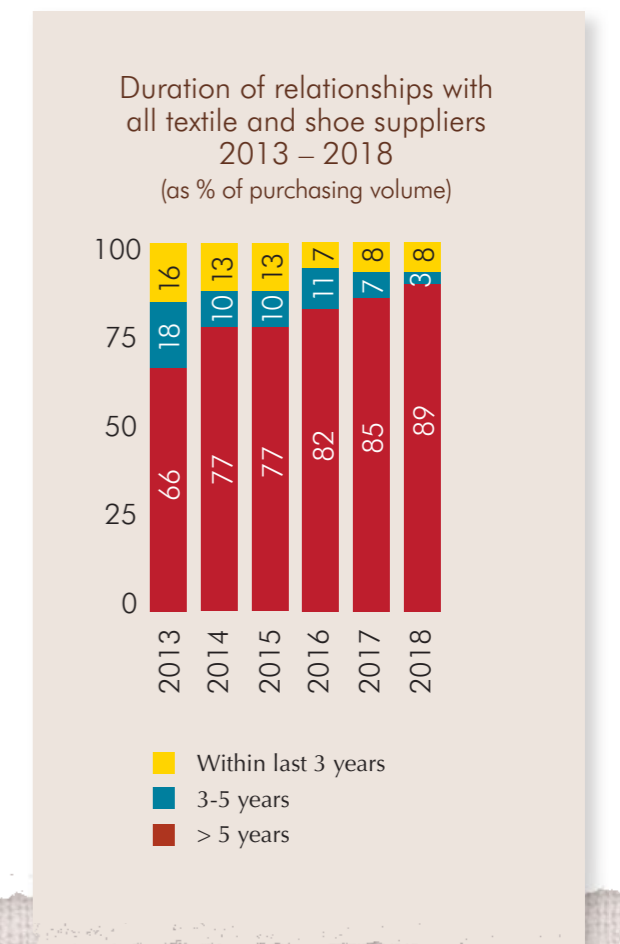
exception. Rather root cause analysis is done prior to that and cooperative solutions looked for.

3.2. Production cycle

Triaz produces catalogues with a new collection for its brands at least twice a year: 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 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 that many opportunities to find suppliers willing to accept these strict specifications.



3.4. Integration monitoring activities and sourcing decisions

If a new manufacturer (own brand or external brand) does not accept the FWF standards, Triaz 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 rates its suppliers annually under certain aspects of performance, delivery time and sustainability, based on these results Triaz decides upon the amount of orders for the upcoming periods.

3.5. Organisation of the sourcing department

TRIAZ
group

vivanda

waschbär
DER UMWELTVERSAND

Management Board

Apparel and Shoes

Hardware

Department Head Apparel and Shoes

Department Head Hardware

mini**bär**

Buyer shoes

Buyer apparel
Waschbär

Design

Buyer toys

Buyer textiles/shoes

Buyer household

Buyer gardening

Buyer home textiles/furniture

Buyer cosmetics/
wellness, drugstore goods

Organisational Chart



4. Coherent system for monitoring and remediation

In 2018 Triaz focused on production sites in Germany, Macedonia, Tunisia and Turkey 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. Germany

Currently the highest percentage of the total purchasing volume of textile and shoes (17%) is made in Germany. Regarding its own label production, around 11% is made in Germany in three different factories. In two of them Triaz has potentially high influence on social standards due to a high percentage of volume in the factories (<20%). Therefore Triaz decided to do two audits in a low risk country to get a general picture of working conditions in its own country.

Number of factories manufacturing for Triaz's own labels in 2018:	3
Thereof audited by Triaz according to FWF standard:	2
Thereof certified according to Global Organic Textile Standard:	2

The audit results of both factories were generally satisfactory and support the classification of Germany as a low risk country. Smaller steps of improvement were still agreed on. They were primarily in the fields of Legally-binding employment relationship and Safe and healthy working conditions. Especially the latter is in small factories like these (<10 workers) often discharged when there is no person assigned to this task. Some of the improvement steps were taken already and the audit gave the companies a good opportunity to deal with both systematically and thoroughly with Health and Safety Guidelines.



4.2. Turkey

Turkey is an important supplier of textiles for Triaz Group and for Germany in general. The garment industry is Turkey's second largest industry. In 2018 29% 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 many Syrian emigrants in the country, a close look on working conditions, especially for them, became necessary.

Number of factories manufacturing for Triaz's own labels in 2018:	4
Thereof audited by FWF:	4
Thereof audited by other social auditing organisations:	2
Thereof certified according to Global Organic Textile Standard:	2

Three of the four factories took part in a FWF Workplace Education Programms last year and two of them already in repetition.

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. Together with one main supplier in Turkey Triaz is investigating root cause analysis on overtime, and implemented improvements in the order process. This supports the supplier in a better planning and utilization of its capacity. As a result the supplier could confirm a reduction of overtime hours.



4.3. Tunisia

The Textile sector plays a vital role in Tunisia's economy covering up to 30% of Tunisia's GDR.

4% of Triaz own label production is made in Tunisia. Triaz focuses in Tunisia exclusively on the production of trousers mainly denim. One factory does the sewing and the second factory is doing the finishing (including wet processes) of the sewn products.

Number of factories manufacturing for Triaz's own labels in 2018:	2
Thereof audited to FWF standards:	2
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 audits in 2014 and 2017, Triaz has continuously worked together with the sewing factory on improvements. A workplace education have already took place twice at the factory. Issues concerning Health and Safety matters have already been solved. Increasing wages step by step will be the challenge for the next time period. To challenge the problem of living wages the factory owner of the sewing facility connected the wages to the Euro to prevent wage shortings of the workers due to the high inflation rate in Tunisia. In terms of the audit results Triaz Group is working closely together with other FWF member brand who are also producing at the factories. The company responsible for the finishing process opened up a new facility, which is certified according to GOTS. Production will shift to the new factory in 2019.



4.4. Macedonia

Garments constitute an important part of Macedonia's exports. In 2018 4% of Triaz own label production is made in Macedonia at three factories.

Number of factories manufacturing for Triaz's own labels in 2018:	3
Thereof audited by FWF:	3
Thereof certified according to Global Organic Textile Standard:	2

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.

In 2018 Triaz conducted two audits in Macedonia. One of them only started production for Triaz in 2018 and was audited together with another Fair Wear Foundation Member in July 2018.

This year Triaz continues working on the results with the supplier. First steps have been improved in the second half of 2018, especially in the field of Health and Safety, e.g. installation of fire detection system,

The other Macedonian factory had its first audit in 2015 and was reaudited in December 2018. Many of the improvement steps of the first audit have already been taken and some of the topics are still open and worked on in the year of 2019. Payment of a living wage remains the main challenge in Macedonia for the future.

Partnership with the third Macedonian factory ended in 2018 mainly due to quality reasons and the lack of willingness cooperate on social standards.



4.5. Bosnia

27% 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 17 years now.

Number of factories manufacturing for Triaz's own labels in 2017:	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.

About one 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. As an important step towards a living wage, in 2017 Triaz together with the agent financed an extra vacation payment for the workers which, due to economic reasons, the factory itself couldn't provide it in that year. In the last year Triaz, together with the supplier and the factory, are setting a strong focus on production processes of the factory. Triaz hired an expert to do further investigation in the factory and together with the agent. This focus will continue in 2018.



4.6. 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 in the first year of membership with 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 audits for factories of external brands. Two in India, one in Bosnia, one in Romania, two in Serbia and one more in India. Together with the external brands, Triaz is working on the remediation of findings.

In 2018 Triaz started close cooperation with the label STEP for its external carpet production in India. STEP is an organization working in the worldwide carpet industry and supports brands to improve working and living conditions, fair wages, eco-friendly production and to exclude child labour. Audits were done and Trainings took place which showed good results. Steps have been taken to improve on-site social standards and cooperation with STEP will expand in 2018 to take further measures.

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 2018 no complaint was handed in by factory workers of the factories working for Triaz.

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.

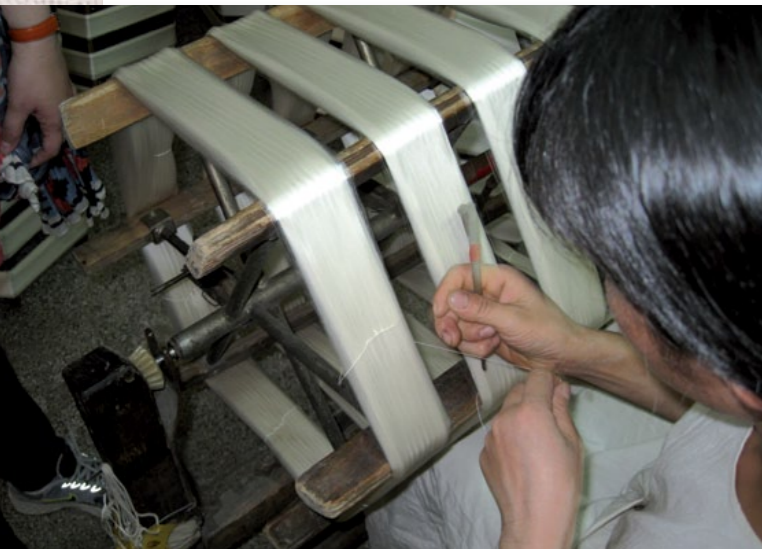
In addition, every season employees at Triaz GmbH are trained about the latest collection and its specifics. Employees are also given training about the ecological and social principles of the company.

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 GmbH 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, in the sustainability report and with the annual social report. The Fair Wear Foundation Membership is a topic at all public events.

8. Corporate Social Responsibility

The Triaz GmbH 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 is responsible for Social Standards and the co-operation with the Fair Wear Foundation. The compliance to the ecological specifications and the GOTS certification is in their responsibility as well.



Monika Rothböck , Linda Enghauser , Joscha Hoffmann, Barbara Engel (Head of Department), Hannah Leicht.



TRIAZ

group

Address

Wöhlerstraße 4, 79108 Freiburg im Breisgau

Brands

Triaz GmbH Waschbär der Umweltversand
(founded 1987)

Vivanda (until June 2018)

Minibär

Homepages

www.triaz-group.com

www.waschbaer.de

www.vivanda.de (until June 2018)

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

Owners

Katharina Hupfer, Matthias Wehrle,
Purpose Stiftung

CEOs

Katharina Hupfer, Matthias Wehrle

Number of Employees

345

Number of Trainees

14

Turnover

€ 69,6 million 2018;

Turnover Textiles and Shoes:

€ 41,7 million (as-of April 2018)