



Brand performance check

Triaz Group

13 September, 2012

FWF member since: 01 September 2011

Sources of information

Interview with Barbara Engel (PR & Sustainability Management Textiles)

Interview with Hannah Leicht (Assistance Sustainability Management Textiles)

Interview with Katharina Hupfer (Brand Manager Waschbaer, member of Board and Head of Purchasing Triaz Group)

Annual report and work plan

Archived documents

Database FWF

Performance check carried out by:

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Introduction

In September 2012 Fair Wear Foundation (FWF) conducted a brand performance check at Triaz Group (hereafter Triaz). The performance check is a tool for FWF to verify that Triaz implements the management system requirements for effective implementation of the Code of Labour Practices, as specified in the FWF Charter.

Starting point for the performance check has been the work plan for 2012. FWF tailored the performance check to the specifics of the management system of Triaz in order to assess the key issues of interest. During the performance check, employees of Triaz were interviewed and internal documents have been reviewed.

FWF developed this report on the basis of findings collected during the performance check. The report contains conclusions, requirements and recommendations. If FWF concludes that the management system needs improvement to ensure effective implementation of the Code of Labour Practices, a requirement for improvement is formulated. The implementation of required improvements is mandatory under FWF membership. In addition, FWF formulates recommendations to further support Triaz in implementing the Code of Labour Practices. The numbering of the requirements and recommendations correspond with the numbers of the conclusions.

This report focuses on those aspects of the management system of Triaz that have been identified as key areas of interest for 2012. As FWF approaches the implementation of the Code of Labour Practices as a step-by-step process, it is well possible that performance check reports of subsequent years will focus on different aspects of the management system.

FWF will publish the conclusions, requirements and recommendations of all performance checks on www.fairwear.org. FWF encourages Triaz to include information from the performance check report in its social report.



Executive summary

The company Triaz Group sells textiles with their own labels vivanda, waschbaer, minibaer and pranahaus (approx. 49 per cent of total turnover) as well as other brand labels (approx. 51 per cent).

Triaz Group meets FWF management system requirements for the first year of membership. Triaz has been affiliated to FWF for one year and has focused in 2012 on clear communication about the company's affiliation to FWF. The FWF affiliate has informed customers, competitors and suppliers in several ways about its commitment to decent working conditions. Triaz has trained purchasing staff and employees in customer relation. Since Triaz sources 41.79 per cent directly at production site level, 58.21 respectively via intermediates and agents.

Triaz sources 49 per cent in so called low-risk countries, 51 per cent respectively in high-risk countries.

A verification audit on behalf of Fair Wear Foundation was done at one production site in China with 17.1 per cent of the Triaz's 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 done.

A complaint had to be handled coming from a worker at a production site in Turkey with 18.8 per cent of the Triaz' production. Since this site is shared with two other FWF affiliates Triaz cooperated in complaints handling.

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

In 2012/13 Triaz has taken the challenge to include all shoe suppliers into their supplier register besides textiles.

Positive findings

Conclusions

1. Awareness building for FWF affiliation and social standards has been done within the company and towards customers, intermediaries and agents, suppliers and competitors.
2. Suppliers are visited regularly every year by the head of purchasing where social standards play a role discussing future cooperation.
3. Besides FWF membership, Triaz is certified by Global Organic Textile Standard (GOTS). Although Triaz Holding has been engaged in various aspects towards sustainability before, it is the GOTS certification and FWF membership that helped the company to be seen even more sustainable in the market.

1. Sourcing

Conclusions

1. Triaz sources from Bosnia, Bulgaria, China, Germany, India, Italy, Latvia, Romania and Turkey (alphabetical order). Main production comes from Bosnia, China and Turkey (approx. 99 per cent). The company has a strategy to increase order volume at those suppliers where Triaz has a high share. 49 per cent of the textiles Triaz offers are considered own production and labelled with their own logos. 51 per cent respectively are textiles sold indicating the supplier's label.

Triaz strives for a long-lasting supplier relationship. The percentage of turnover coming from suppliers where the relationship is shorter than one year is approx. 11.8 per cent. Approx. 87.7 per cent of the turnover comes from suppliers where the relationship is longer than five years. The leverage is at least ten per cent at 67.3 per cent of suppliers (with regard to turnover). Triaz sources 51 per cent in countries considered by Fair Wear Foundation as high-risk with regard to social standards. 58.21 per cent of the production is coordinated and sourced via intermediaries and agents.

Triaz Group does not own any production site. Five external supplier are also FWF affiliate.

2. Before placing a first order at a potential new supplier, the production site is visited by the head of purchasing. Triaz shares FWF information in written and requests the supplier to fill in the questionnaire on social standards and to sign the Code of Labour Practice (CoLP). There are three sheets a supplier has to sign before production can take place at a new site: purchasing conditions, article pass and FWF requirements (questionnaire). No pre-audits are done before production starts. Production sites have to answer whether the production is done in-house or subcontracted. In case production is subcontracted the production site has to claim what production processes are concerned, they need to name the subcontractors and also name contact details. The subcontractors also have to agree to the FWF Code of Labour Practice.

Existing suppliers are visited on a yearly basis by the head of purchasing and also social standards responsible. Suppliers are on top regularly invited to Triaz in Freiburg. Whether the Code of Labour Practice is hung up at the production sites is checked by



requesting pictures of the hanged out document and during regular visits by staff, intermediaries or agents.

Within the first year of membership Triaz concentrated on systemizing and structurally organizing the status of working conditions at existing suppliers. There is no system in place where grading suppliers and social compliance is a criterion. However, the person responsible for social standards is working together closely with the purchasing department and regular updates on each supplier are shared.

Social standards are taken into account when terminating a business relationship. This happened once within the first year of FWF membership. Plans to terminate business relationship due to non-compliance have been clearly communicated to the supplier well in advance. As this particular supplier refused to sign the Code of Labour Practice, the business relationship was formally terminated. Triaz then stated that the impossibility to work on social standards was one of the factors in this decision.

3. 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 each article pass for jeans where the supplier has to sign that sandblasting is not used during production process. Triaz is working to find a way on how to get further insights to the making of jeans for further prevention possibilities.

Delivery times in general are three months for the first order, two for re-orders. Triaz considers the availability of the material in the market before fixing delivery dates. Delivery delays are accepted regularly without any deduction. Many suppliers receive pre-payments to finance the material. Once a style is set, the supplier receives all information on how to produce the article.

The price itself is calculated by each supplier for each article. The purchasing staff checks the price and usually agrees to the suppliers' offer. For Triaz a stable relationship with the supplier is more important than the best price. In future, the purchasing wants to use audit findings as base of discussion on prices and delivery times. According to Triaz comments and the audit findings, delivery times and the pricing policy do not lead to excessive overtime and contribute to a systematic approach towards a living wage for workers.

Recommendations

1. FWF recommends the affiliate to carefully watch agents and intermediaries. The more people involved the higher the chance that information on the way from the FWF affiliate to the factory management and workers gets lost. FWF advises to set up an agreement with the agents and intermediaries to ensure they take on Triaz' responsibilities with regard to social standards (especially since the share of production for Triaz in such sites is very small).

2. Triaz might want to consider pre-audits when starting to work with new suppliers. This might even become more important when prioritising own suppliers more than external in the future.

2. To have a system in place where grading suppliers and where social compliance is a criterion helps in decision making processes on expanding or deducting orders from one production site. It also gives clear incentives for what has to be improved and what is already done well at each production site with regard to all production sites.

3. FWF is in the process of updating the sandblasting policy. A first version is already



on the website for your reference and can be used when monitoring sand blasting possibilities in the supply chain. Further FWF recommends to check during visits that sandblasting is not used.

2. Coherent system for monitoring and remediation

Conclusions

1. Until now Triaz has not initiated an audit using FWF audit teams. The FWF monitoring threshold of 40 per cent in the first year of membership was met. 47.5 per cent of the production (with respect to the turnover at the production sites) comes from a production site in China where a verification audit was conducted, a site in Turkey which participates in the workplace education programme and production sites located in low-risk countries.

Existing audit reports have been collected from all suppliers. The FWF audit quality assessment tool helped to evaluate the quality of other organization's audits. Until now, Triaz did not find one audit report which is of same quality as those of FWF and therefore did not count these suppliers as monitored yet.

External suppliers (products where other brands labels are used) also have to sign the questionnaire on social standards and the responsible for social standards had a personal talk on social standards which each of the external supplier. Further, existing audit reports on social standards have been requested. Most of them are in hand.

2. Triaz has a dedicated person to follow up corrective actions. All corrective actions have been discussed with the supplier and a time frame set with factory management. The correction of findings is regularly checked via email and phone and personal visits at the production site by either personal for social standards or head of purchasing.

3. Triaz welcomes to share working experience and audit reports with other customers no matter whether the other is FWF affiliate or not. This does count with regard to social standards as well as e.g. sourcing efficiency of material.

Recommendations

1. Although audit reports of other organizations might not cover the quality set with the FWF audit quality assessment tools, they might still give an insight into what concerns the production site is facing. FWF recommends to talk to these production sites about those findings to evaluate what improvements have been done already before scheduling an own audit.

3. Complaints procedure

Conclusions

1. Triaz has a designated person to handle complaints of workers. There is no internal procedure on paper on how to handle complaints. However, the purchasing team is directly informed when a complaint is received. Purchasing and social standards responsible work hand in hand to find solutions with the supplier to solve complaints.
 2. Staff from Triaz checks and ensures that the information sheet for workers containing the complaints handler phone number is posted in the factories when they visit the production location.
 3. Until now, Triaz has received one formal complaint together with two other FWF affiliates sourcing from the same factory in Turkey. Details please check www.fairwear.org/ul/cms/fck-uploaded/documents/complaints/2012/complaintTurkeyHessnaturTriazGruene-Erde2012.pdf. At the moment of the brand performance check the complaint has not been solved but successful first steps with the production site have been taken. Triaz has taken the lead for the three FWF affiliates in solving this complaint as their share of production is highest within the site itself. The production site takes place in the FWF workplace education program to address social dialogue between management and workers and grievance mechanisms.
- Triaz has received two more complaints, one from China and one from Germany. After investigation, the complaint in China was not verified. The workers from the German site complained but decided to not take the complaint further on.

Recommendations

1. FWF recommends having a clear procedure on paper how to handle complaints. This could be of added value for future complaints handling.

4. Labour conditions and improvements

Conclusions

1. FWF has conducted a verification audit in a production in China which Triaz shares with another FWF affiliate. 17.1 per cent of Triaz total turnover is done at this site. The production site in China does not use subcontractores. No findings on the following FWF Code of Labour Practices could be found: employment is freely chosen, no discrimination in employment, no exploitation of child labour and legally binding employment relationship. Overtime is an issue at the production site. Wages partly meet living wage estimates.
- Triaz' monitoring system shows that all fast to change findings have been implemented already and a time frame was set for all further findings. Focus at the moment is to work on the payment system with respect to overtime work together with the supplier. The production site participates in the workplace education program and a training on social



standards will be held at the production site for management and workers end of September 2012.

Based on results of audits carried out by FWF teams an overview of improvements in labour conditions in factories has been drawn up. The overview is annexed to this report. Results of audits by other initiatives are not summarized.

Recommendations

1. FWF recommends to carefully check whether the training within the workplace education programme on labour standards in general solves the overtime issues at the production site. Additional help might be needed with regard to the factories individual problems.

5. Training and capacity building

Conclusions

1. The CEO, purchasing staff and staff with customer relations have been trained in group sessions on how FWF works and what to look for when visiting production sites. A hand-out describing FWF work was given to the attendees. Another training to the purchasing staff is planned at Triaz premises done by FWF staff in October 2012.

Triaz posted information about FWF, the eight labour standards and the FWF office number (in case of complaints) two times within the premises of the FWF affiliate. Also this information has been spread via intranet. Triaz staff can find detailed information about FWF itself, audit report findings and details on current complaints and complaints handling. Important updates such as audit report findings and implementation status or e.g. complaints are sent via email to all concerning colleagues.

2. Agents and intermediaries have been systematically informed about FWF and the plan of Triaz to join FWF well before the company actually became a FWF affiliate. All of them have been informed in written and during personal meetings. One training was given to Triaz biggest agency in Turkey with special focus on social standards. Agents are responsible to help Triaz with factory communication, filling in the questionnaire and implementation of corrective actions due to audits or complaints.

3. All of Triaz own and external suppliers have been informed about FWF, the eight labour standards and the complaints procedure at the beginning of FWF membership. This happened via email and during personal visits. Only two production sites have not confirmed the information yet. The FWF audit report shows that factory management and workers are informed about the Code of Labour Practices.

Two of Triaz suppliers join the FWF workplace education program. One in Turkey and one in China (see info above).



6. Information management

Conclusions

1. Triaz has a designated person who is responsible for the supplier register. The supplier register submitted is well ordered and contains detailed information on all suppliers. There is no system in place yet how to ensure that the supplier register is up-to-date.
2. Triaz has no formal system where information regarding code compliance is integrated in the overall assessment of the supplier. However the responsible for social standards is located in the same office as the purchasing and all information is directly shared on an informal but up-to-date way.

Requirements

1. FWF requires an update to the supplier register on a regular basis as data usually changes over time.

Recommendations

2. A formal system where information regarding code compliance is integrated in the overall assessment of the supplier is recommended.

7. Transparency

Conclusions

1. Triaz has informed the public about its FWF membership online at their websites and in their catalogues. A press release was published when joining FWF. Further, Triaz has supported an event called "runners' world" where they have sponsored t-shirts at five different events. A banner with FWF information and logo was shown. Employees working during such events were explicitly trained on FWF requirements. FWF has been mentioned within a newsletter sent to customers.
2. Fair Wear Foundation information is displayed on the company's website. A short and brief description of FWF's work is given. At some of Triaz' websites, there is no description of what Triaz does with regard to implementation of membership in their company structure. Further, some miss a link to the FWF website.



Requirements

2. FWF requires including a description of what Triaz does with regard to implementation of the FWF membership in their company structure at the company's website. Further there should be a link from Triaz' website to the FWF website that interested stakeholders can inform themselves in depths at all company websites.

8. Management system evaluation and improvement

Conclusions

1. Until now there is no meeting where evaluation of working conditions at suppliers plays a role. Social standards and the work according to FWF membership requirements are regularly evaluated.
2. Triaz collects feedback from agents and manufacturers to evaluate the implementation of CoLP from all suppliers. The purchasing staff as well as the people working at the sustainability department are in steady contact with the supplier via email, phone or personal visits and meetings at Triaz and the production site. Audit reports from other organizations are collected and used to work on the improvement of labour standards at the production site.

9. Basic requirements of FWF membership

Conclusions

The company has handed in a work plan for 2012.
The company has paid its membership fee for 2011.



10. Recommendations to FWF

Recommendations

1. Triaz experienced bad working conditions at a site in Germany and Italy and therefore asks FWF to have a clear low-risk policy and also high requirements for production in low-risk countries.
2. Triaz sees a high importance to work on social standards along the whole supply chain and would appreciate steps from FWF to achieve this in the long run.
3. FWF offers two communication brochures in German which FWF affiliates can use communicating FWF to customers. While Triaz sees one of the brochures as too complicated and too expensive, the FWF affiliate sees the other as not enough to well inform customers. Triaz would appreciate communication material in German balanced between the two options available for now.

Annex. Improvement of labour conditions: summary of most important findings

Improvement of labour conditions: summary of most important findings	Factory in China audited in June 2012
Sourcing practices of Triaz	Prices are ok. Lead-time is 2.5 months from order to shipment. Quality requirements are clear as affiliate orders directly from supplier.
Monitoring system of Triaz	No areas for improvement.
Management system of factory to improve labour standards	No areas for improvement.
Communication and consultation	Code of Labour Practice is hung up but complaints handler information is missing. Internal grievance system does not function well. Grievance file is not kept.
Employment is freely chosen	No violation.
No discrimination in employment	No violation.
No exploitation of child labour	No violation.
Freedom of association and the right to collective bargaining	A trade union exists but some workers are not aware of the functions and representatives. Further many workers are not aware of the collective bargaining agreement.
Payment of a living wage	Wages for cutting, sewing and finishing meet the local living wage estimate. Improvement is still needed for packing and inspection workers. During production stoppage the factory should pay average daily piece wage (less payment at the moment of auditing).
Reasonable hours of work	Working hours are accurately recorded with finger print. Working hours are usually within legal requirements. However during production peak excessive overtime was found. In this time workers were not able to take off one day every seven days.
Safe and healthy working environment	Some issues were found with regard to MSDS, fire extinguishers, ergonomic program, emergency signs, and power supply.
Legally binding employment relationship	No violation.