

Social Report

Fair Wear Foundation
Membership 2013



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TRIAZ
| group

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Membership 2013





Contents

1. Summary: goals & achievements 2013	4
1.1. Figures of production	4
1.2. Triaz own ecological and social specifications	5
1.3. Introducing the Fair Wear Foundation Membership	5
1.4. Information sheet for workers	5
1.5. Workplan for 2014	6
2. About Triaz Group and Brands	8
3. Sourcing strategy	9
3.1. Sourcing strategy & pricing	9
3.2. Organisation of the sourcing department	9
3.3. Production cycle	10
3.4. Supplier relations	10
3.5. Integration of monitoring activities and sourcing decisions	10
4. Coherent system for monitoring and remediation	10
4.1. China	11
4.2. Turkey	11
4.3. Bosnia	12
4.4. India	12
4.5. External production	12
5. Complaints procedure	12
6. Training and capacity building	12
6.1. Activities to inform staff members	12
6.2. Activities to inform agents	13
6.3. Activities to inform manufacturers and workers	13
7. Transparency & communication	13
8. Corporate Social Responsibility	13

"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

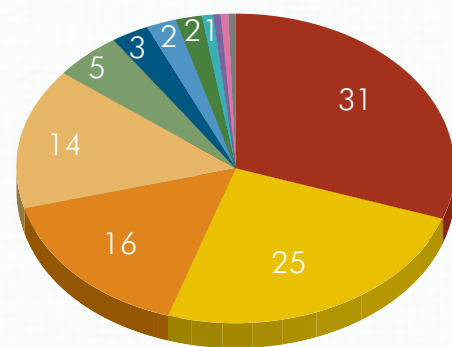
1. Summary: goals & achievements 2013

1.1. Figures of production

2013 was the second year of Fair Wear Foundation membership for the Triaz Group. In 2013 the Triaz Group achieved about 50% of the annual turnover with textiles and shoes. Triaz Group sells their own labels: Waschbär, Enna (Triaz's own

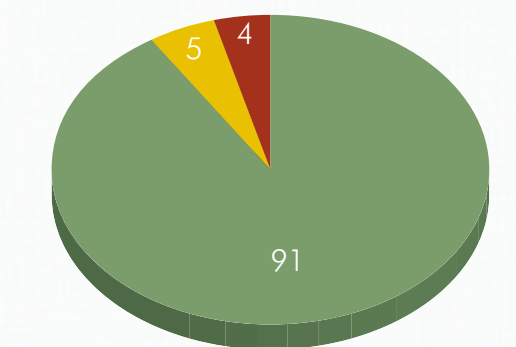
brand for basics), Vivanda and Minibär which comprise approx. 40% per cent of the textile turnover. 60% of textile turnover is achieved with other brands. In 2013 Triaz sourced textiles for their own brands from 26 suppliers at 30 factories. Presently the focus of monitoring lies very much on own label suppliers. Of course also external brands have to commit themselves to the Fair Wear Foundation Code of Conduct and indicate,

Production countries 2013 - TRIAZ own brands (textiles and shoes) (as % of purchasing volume)



31% Bosnia/Hercegovina
25% Turkey
16% Germany
14% China
5% Spain
3% Tunisia
2% India
2% Romania
1% Ukraine
< 0,5% Czech Republic
< 0,5% Bulgaria
< 0,5% Latvia

Location and social performance of suppliers 2013 - TRIAZ own brands (as % of purchasing volume)



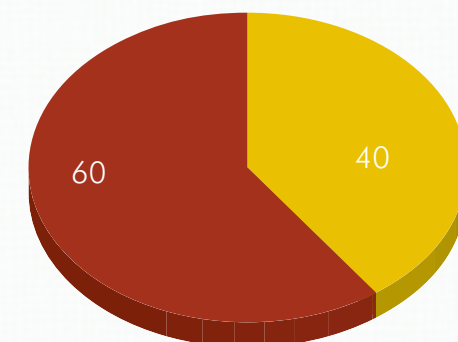
91% Low Risk Country or High Risk Country but factory audited according to FWF standard
5% High Risk Country but factory audited according to BSCI standards
4% High Risk Country

at which production sites the textiles for Triaz are produced. Triaz sources its own labels mainly from Bosnia, China and Turkey. Further countries of production are: Germany, Spain, India, Tunisia, Latvia, Romania, Ukraine, Bulgaria, Czech Republic. In terms of volume, Triaz sources 91% of its own brand products in so called low-risk countries and factories in high-risk countries audited to FWF standard and the remaining 9% in high-risk countries whereof 5% are audited according to BSCI standards.

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 and EFTA except Bulgaria and Romania are considered to be "Low Risk Countries".

Volumes of TRIAZ own brands and external brands 2013 - all textiles and shoe suppliers (as % of purchasing volume)



40% TRIAZ own brands production
60% External brands

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. These specifications base 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 handed in a written confirmation.

1.3. Introducing the Fair Wear Foundation Membership

When becoming a member of the FWF, Triaz informed all of its existing suppliers 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 accept the Labour Standards and that they are prepared to work according to them together with Triaz Group. Possible new suppliers have to do this before starting a cooperation.

Questionnaire

Before cooperation, every supplier has to fill in and sign 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 it gives information on production facilities, certifications, existing social audits and the endorsement with the Code of Labour Practices. The questionnaire is a good self-assessment tool for suppliers and helps monitoring the social performance.

1.4. Information sheet for workers

In 2013 social audits were conducted at three further production facilities (two own brand/one external brand). One in India, one in Turkey and one in Bosnia. Triaz is now working jointly with its agents on the resulting Corrective Action Plans.

A further reaudit was conducted at the production site in Turkey, to check the implementation of last year's corrective action plan. On top of that, workplace education programmes were conducted at four production sites (two in Turkey, two in China).

Workplace Education Programme

This programme of the Fair Wear Foundation is presently available in Turkey, India, Bangladesh, China. This 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 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.

1.5. Workplan for 2014

The FWF procedures will be continuously implemented with new suppliers. With existing suppliers the progress is under monitoring. 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 more detailed questionnaire and will continue checking improvements on the basis of existing reports from other organisations.

About 5 social audits will be conducted at own and external brand's factories during 2014: One in Tunisia, one in Bosnia, two in India and one in Bulgaria. The audits in Tunisia, India and Bulgaria will be conducted with the help of Fair Wear Foundation Audit teams. In Bosnia Triaz works together with TÜV Rheinland. On behalf of FWF another audit will be conducted in China as a verification audit.

Verification Audit

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

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 get more and more suppliers involved in these programmes.

In 2014 Triaz is organizing a FWF workshop for agents at their headquarter in Freiburg.



2.About Triaz Group and Brands



The Triaz Group, situated in Freiburg, southern Germany includes the mail order companies Waschbär der Umweltversand, Minibär, Vivanda and PranaHaus. Triaz has 346 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 range of 5000 products, a twice yearly published catalogue and a highly frequented on-line 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 a range of about 1500 products for babys 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 has become one of the leading eco traders in Germany. Like Waschbär, Vivanda offers products designed for all areas of life of outstanding and long lasting quality. They are produced preferably according to ecological standards. The twice yearly published catalogues offer a range of about 3500 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.



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 shaping life actively.

3.Sourcing Strategy

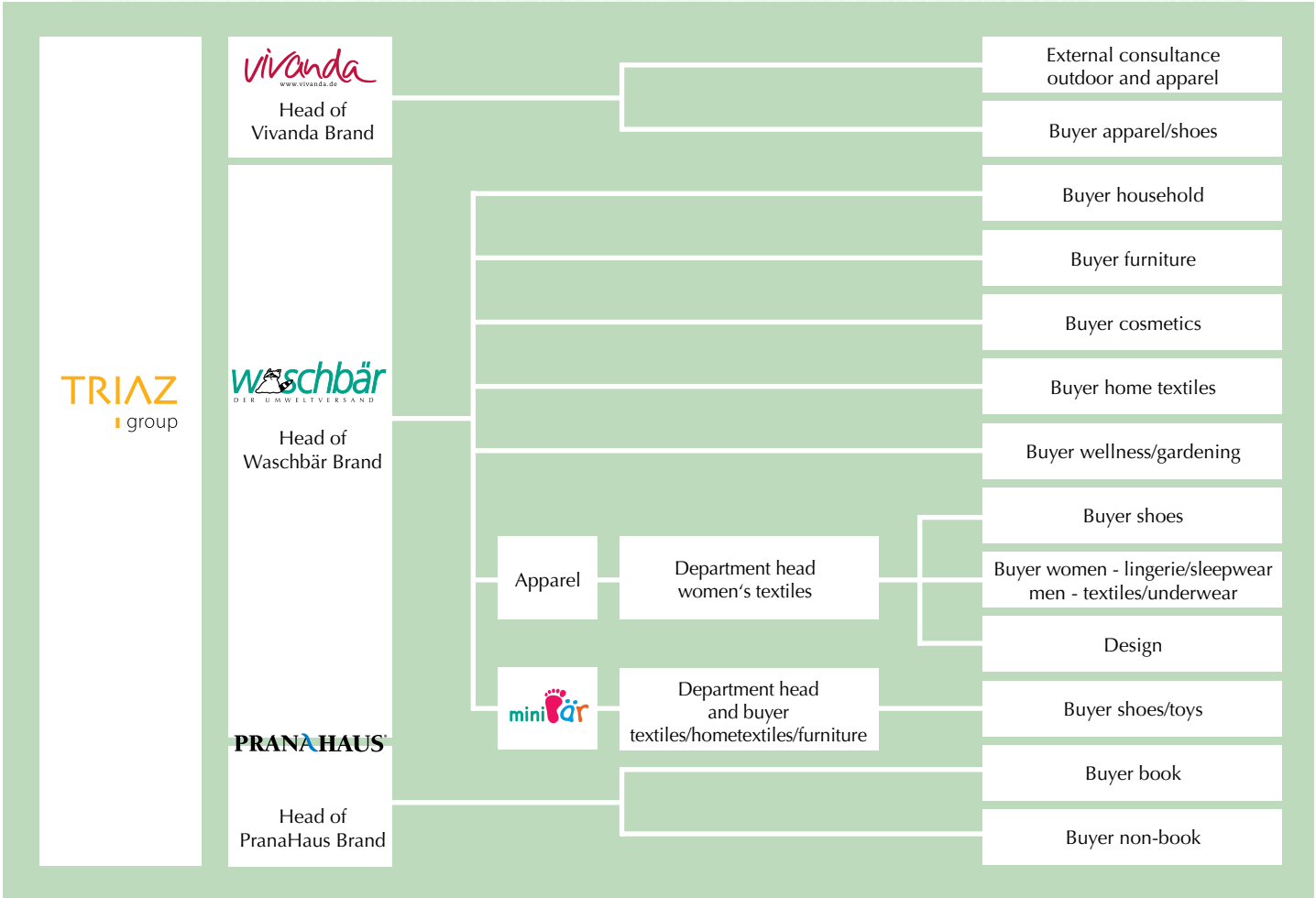
3.1. Sourcing strategy & pricing

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 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.

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 forms: the purchasing conditions, product specifications (article pass) and the FWF requirements (questionnaire).

3.2. Organisation of the sourcing department



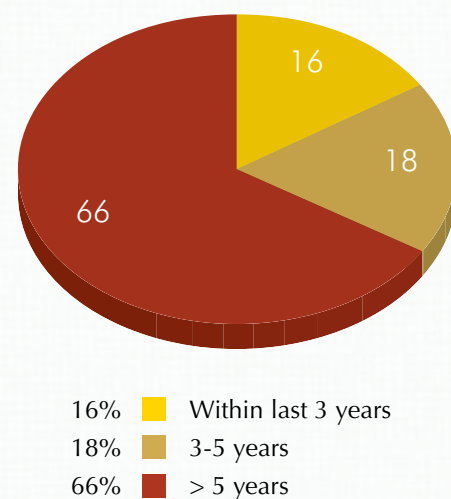
3.3. Production cycle

As a group mail order house, Triaz produces catalogues for each brand at least twice a year 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. 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.

Duration of relationships with all textile and shoe suppliers 2013 (as % of purchasing volume)



3.5. 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, 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 get the supplier into action. Triaz collects and evaluates results of audits that have already been carried out at factories and in cooperation with the supplier works on corrective actions based on the audit reports.

4. Coherent system for monitoring and remediation

In 2013 Triaz focused on production sites in China, India, Bosnia and Turkey, beginning with monitoring and evaluating existing audits and conducting its 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: Living 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: 6
Thereof audited by FWF: 2
Thereof audited by other social auditing organisations: 4
Thereof certified according to Global Organic Textile Standard: 2

Two of the factories took part within the FWF Workplace Education Programme in 2013.

The FWF Corrective Action Plans resulting from the audits in Turkey showed similar results to the ones in China. The main labour standards where deficiencies need improving are: Living Wages, Overtime and Health and Safety.



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

4.4. India

Only 2 % of Triaz own label production is made in India at three production sites.

Number of factories manufacturing for Triaz's own labels in 2013: 3
Thereof audited to FWF standards: 1
Thereof certified according to Global Organic Textile Standard: 2

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.

4.3. Bosnia

31% of Triaz own label production is made in Bosnia at one production site. Triaz has a very long lasting relationship with this production site - for more than 8 years now.

Number of factories manufacturing for Triaz's own labels in 2013: 1
Thereof audited to FWF standards: 1
Thereof certified according to Global Organic Textile Standard: 1



4.5. External production

Of course all suppliers of external brands have also been informed that Triaz has adopted the FWF Code of Labour Practices and what implications of this step has for them. This was done via a letter and a copy of the Code of Labour Practices, accompanied by a first questionnaire which asks to endorse the Code of Labour Practices. In 2013 Triaz started auditing also its external brands and increased its focus on external brands in general. More detailed questionnaires were sent out to get the basis for monitoring these brands as closely as own brands.



5. Complaints procedure

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

A complaint from 2012 in Turkey (concerning social insurance/payment) could be solved together with another Fair Wear Foundation Member in 2013.

In 2013 a complaint at a factory in China (concerning overtime) was handled together with another Fair Wear Foundation member as well. As an outcome a special Workplace Education Programme with focus on overtime was held at the factory. In order to continue making progress towards reducing overtime at the factory, both FWF members now monitor the working hours and support the factory in efficient production planning.

6. Training and capacity building

6.1. Activities to inform staff members

Through the Intranet all members of staff at Triaz are informed about FWF membership and related 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 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 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

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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 gives them contact details. Triaz makes sure that the information sheet 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

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 the suppliers and it's own staff, Triaz informs the public about the FWF membership on their homepage, with press releases, newsletters, fairs, in their 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. It started with products to improve the ecological impact on our environment and 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 energy from renewable sources in all their offices. The whole company is carbon neutral (certified through Carbon Neutral/London).

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.

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
Owner	Ernst Schütz
CEO	Ernst Schütz, Katharina Hupfer, Tobias Jerg, Rolf Andersen
Employees	326
Trainees	20
Turnover	€ 77 million 2013 (Turnover Textiles: € 40 million)



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