



ARMEDANGELS

S O C I A L R E P O R T 2 0 1 6

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Reporting period (financial year): January – December 2016

www.armedangels.de

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ARMEDANGELS

WE LOVE BEAUTIFUL PRODUCTS

WE THINK ORGANIC

AND WE BELIEVE FAIRNESS IS

NEVER OUT OF FASHION

“By no means did we ever want to found a company, make a lot of money in questionable ways and end up as old men donating to something to ease our conscience. We wanted to do it the right way, right away.

Ten years ago, we founded ARMEDANGELS with one intention:
We wanted to prove the world that fashion can be done differently:
Eco & Fair.

And we want to show to the world
that our way is the right way, and that it works.

Starting with a partner in Portugal and 1.000 T-Shirts, today, we are manufacturing more than 900.000 pieces a year in Turkey, Portugal and China – strictly sustainable and produced under fair conditions.

Every day, the whole ARMEDANGELS team is working hard to establishing Eco & Fair Fashion as a standard in the fashion world and reach as many people as possible with our message.

We just do garments Eco & Fair – you are the one to decide.

Let's keep on changing the game together.”

Martin Höfeler, CEO

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Our Philosophy

Our goal is to become the fairest fashion label in the world! But what does that even mean to us? We want to ensure a production of beautiful products that do not exploit man or nature: Starting with choosing the best eco-friendly materials, manufacturing clothes without using harmful substances and making sure that all workers involved work under fair conditions. Fair Fashion instead of Fast Fashion. That is what we live for!

We know that we can reach our goals! Here are our principles that we trust will take us there:

1. We only choose sustainable materials of the highest quality to produce beautiful products that will last for many years.
2. We only work with suppliers, who share the same values. Our suppliers are our partners and that is how we treat them. Trust, respect and understanding are the basis of our relationship.
3. We know our supply chain. We visit our partners regularly and support them whenever it is possible. That way we build strong and long-lasting relationships.
4. We trust in external audits to know the status quo of each factory. We support our partners in implementing necessary changes to establish fair working conditions and an eco-friendly production.
5. We offer training programmes to our partners. We can't expect them to magically know how to do everything right – therefore we support and coach them.
6. We know we are not perfect and that is why we are always trying to improve. It is a continuous journey and we push ourselves every day to make it happen.

Summary: Goals & Achievements in 2016

"Our goals are high – our ambitions too!" This remains our working principle as well for 2016.

The last year was exciting for us: It was the year of our very first Brand Performance Check as part of our membership with the FWF. During a Brand Performance Check FWF assesses how well a member company has implemented the Code of Labour Practice in its supply chain as well as into its internal management strategies. Member companies are then rated as "needs improvement", "good", or "leader".

We were very proud to be rated as 'good' seeing that we only joined FWF half way through 2015 and hence only had six months to do the work of a whole year. The results of our first Brand Performance Check can be found on our website. We take it as a valuable learning experience and a guideline on how to further improve. As our goals are high, we are now striving towards becoming a leader – of course!!

2016 was yet another year, where we could see that customers are becoming more and more aware of how the textile industry works and they want to be part of a new movement. Our sales figures grew and so did our team. With now just under 70 employees a lot of new projects saw the light of day!

One example was our active participation in the Fashion Revolution Day. On 24th April each year, Fashion Revolution (a not for profit organisation from the UK) brings together everyone in the fashion value chain to help raise awareness of the true cost of fashion and to show the world that change is possible. During Fashion Revolution Week (18-24th April), over 70,000 people around the world asked brands #whomademyclothes?, which reached 156 million organic impressions (the number of times the conversation appeared in people's social media feeds). Not only did we show our customers the people behind our products (#Imadeyourclothes; see cover of this report) on Instagram and Facebook, but we also produced a video to ask the world to join us in the revolution. The video reached over 11,400 views on Youtube and more than 350,000 views on Facebook. You can watch it here: https://www.youtube.com/watch?v=9tMrRN_BtuA.

An important topic for the whole textile industry is the payment of fair wages. In most countries, the gap between what is legally mandated by law and what is needed to make a decent living is huge. This is also an issue in our producing country Turkey. We believe that all companies must take first steps towards increasing wages individually, but we also know that we are stronger collectively. Therefore, we have joined the new initiative 'Living Wage Incubator' by FWF to

commonly as a group of brands find solutions and exchange experiences. In 2017, we will implement our first project in Turkey – we will let you know how it goes!

Transparency is key for us. That is why in 2015 we packed our bags and travelled to India to meet our Fairtrade and organic cotton farmers. This was an invaluable experience as we learned so much from the farmers and are now able to improve our sourcing. In 2016, we packed our bags again and travelled to the most southern part of Argentina to, this time, meet our sheep farmers: the source of our organic wool. We asked one thousand questions to understand how sheep farming in Patagonia works and what life is like on Tierra del Fuego. We got to meet shearers, farm managers and Gauchos and all of them were so open and welcoming. We learned that the land is so big and wide in Argentina that you literally have to search the sheep to find them. We learned that the way of living circles around the needs of the sheep. We learned that the quality of the wool depends heavily on how well the animal was treated. And we learned that our sheep farmers also still have a way to go and that we can always improve together. And that is what we are willing to do. We travelled back home knowing that we found the right partner to work with and that is how we do business.

We know that our supply chain is not perfect yet. We know that we aren't perfect yet! There are still a lot of things to improve. And that is where we put our focus. Every day.

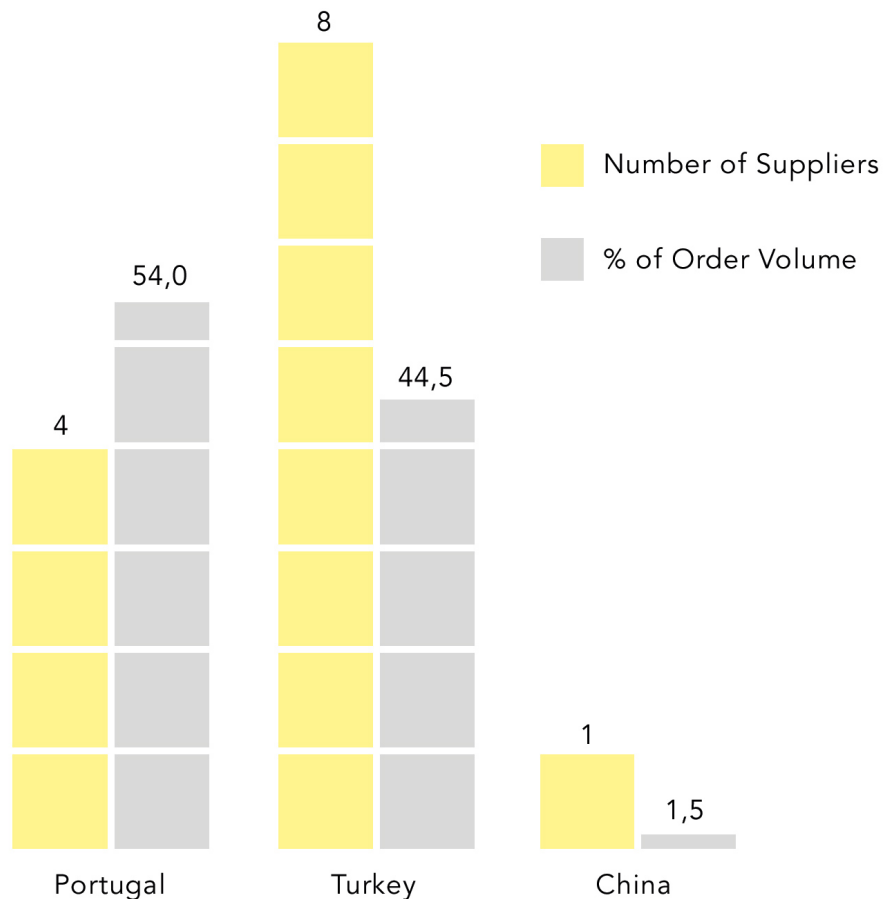
And not only did we improve, but most importantly our suppliers did also. In 2016, we made great steps towards fairer working conditions in our supply chain. We worked intensively with our partners in Turkey to step-by-step remediate the findings of FWF audits. Together we increased wages and reduced overtime. We trained the workers on their rights and responsibilities, on health and safety and on chemical management. We improve the layout of factories, made them cleaner and safer to work at. We made changes to the management systems, introduced grievance mechanisms and established worker representations. Contracts and worker personnel files were updated and social security is now paid where it was missing. We are happy to be working with great partners who show a high motivation and see the work with us as a chance to improve and as a market opportunity.

We know, we still have a long way to go, but that only motivates us further. We will never lose sight of what is important: Human life and the nature that surrounds us! Never!

Since the beginning of ARMEDANGELS, we have been a licensee of Fairtrade offering Fairtrade certified organic cotton products. In 2011, we decided to only work in factories certified by the Global Organic Textile Standard (GOTS) in

order to decrease our impact on people and the planet further. Becoming a member of FWF in 2015 was the logical next step at the right time to strengthen our commitment to fair working conditions in our supply chain!

In 2016, we worked with 13 partners in Portugal, Turkey and China.



The above chart shows the number of ARMEDANGELS suppliers in 2016 and their respective order volume (in %).

7 out of 9 partners from high-risk countries (China and Turkey) have done a FWF audit recently. 9 out of our 13 partners have done a social audit based on other initiatives. Fair Wear Foundation requires that all member companies must meet a monitoring threshold, which is at least 40% for first year member companies and 60% for second year member companies like us. Audited factories as well as factories in low-risk countries count towards this monitoring threshold. In

2016, 98% of our order volume was placed in either Portugal or in factories audited by FWF in high-risk countries.

We make it a priority to visit our partners in our supply chain regularly: From the sheep farms in Argentina to the sewing factories in Istanbul. We always go out with the goal to find the right partners for us and to make real improvements in our supply chain. We only want to work with partners who share our values and are motivated to work with us on fair working conditions and an eco-friendly production.

Making improvements is built on a combination of things: First, you must know your supply chain, you have to have that direct link, that personal touch. Then, the tools of our standard organisations GOTS, Fairtrade and FWF come into place: such as auditing and training. Lastly, it is a matter of supporting your partner and to evolving together – that is what makes it a partnership.

Our Sustainability Manager is mainly responsible for supporting our partners on how to implement our guidelines and is in direct contact with them (via mail, telephone or onsite during visits). Our guidelines are a set of principles that result from our experience, from the work with GOTS, Fairtrade and FWF and always aim at establishing better working conditions and environmentally friendly processes.

We know that collaboration is key. Therefore, we bundled up with great organisations and we are always in contact with other brands sourcing from the same partners as well. We often have a common goal: To improve conditions in our industry. If we work together, our goals can be reached faster – and that is a win for everyone.

Sourcing strategy

It takes a lot of sweat and time to produce clothes and many people are involved in this long process. It is our responsibility to make sure that every single one of them works under fair conditions. No matter if they are a cotton farmer in India, a sewer in Turkey or a designer in Germany. We know we still have a long way to go, therefore we are happy to have organisations like Fairtrade, GOTS and Fair Wear Foundation on board to help us to implement sustainable business practices in all factories.

Fairtrade's main goal is to address the imbalance in the global trade by supporting farmers and workers worldwide. A transparent system that allows the backtracking of cotton to its exact source is key. The Fairtrade standards set the framework for the workers' and farmers' social, ecological, and economic

development. The standard dictates the payment of a stable Fairtrade minimum price and an additional premium for community projects as well as prohibits the use of genetically modified seeds. The PR and Social Media Manager and the Sustainability Manager travelled to India in 2015 to meet the organic and Fairtrade cotton farmers of our supply chain to talk to them and to learn from them. This was a very valuable experience.

The Global Organic Textile Standard (GOTS) counts as one of the strictest certifications for organically produced natural fibres. It defines requirements that safeguard a sustainable and socially responsible production of textiles – from the cultivation of the raw material to the finished product. All our factories are GOTS certified, regardless of whether the product will later be labelled as GOTS (as this depends on the material mix).

Fair Wear Foundation is an international multi-stakeholder initiative with the primary goal to improve working conditions in textile factories jointly with their member companies. A strict Code of Labour Practices regulates the prohibition of child labour, the right to collective bargaining, safe and healthy working conditions, living wages and an environmental conscious production just to name a few. Different mechanisms are used to ensure the compliance with the Code of Labour Practices, such as auditing and trainings, as well as a complaint hotline for workers, among others.

Monitoring the implementation of the FWF Code of Labour Practices is a costly and labour-intensive process. Therefore, we prioritise and distinguish between so-called high-risk and low-risk countries, which allows us to focus on where our support is most needed. Low-risk countries are determined by the presence and proper functioning of institutions such as trade unions, work councils, labour legislation and labour inspections. If those institutions are missing or are not working properly the risk of fundamental breaches in labour standards are higher. Our production countries Turkey and China are, hence, classified as high-risk, Portugal, on the other hand, is classified as a low-risk country.

1.1 Sourcing strategy & pricing

Taking responsibility for fair working conditions while also protecting our environment is our mission, therefore, we must start right where it all begins: With our materials. For this reason, we set-up an extensive 'ARMEDANGELS Sustainable Material Guideline' summarising materials which are eco-friendly and of the best quality. Our most important materials include the following:

- Natural organic fibres, such as organic cotton, organic linen and organic wool (our organic cotton from India is also Fairtrade certified | our organic wool is nominated and only sourced from our partner in Argentina)
- Cellulose fibres from our Austrian partner Lenzing, such as TENCEL® and Modal Edelweiss®
- Recycled synthetic fibres such as recycled Polyester to give plastic bottles a second life

The Guideline is a living document and is revised regularly to accommodate new research.

Only using eco-friendly materials is not enough for us. Therefore, we continue our commitment to saving the environment by choosing GOTS certified factories to partner with. This way we make sure that high environmental standards are kept within our entire production chain. Basic social standards are also part of the GOTS certification and build the basis for our work on the FWF principles.

Our Quality Manager as well as our Sustainability Manager invest a lot of time and resources to train and support our suppliers. Additionally, we trust in the Workplace Education Programme (WEP) of Fair Wear Foundation for further trainings regarding working conditions. Mutual understanding is key to this work. We don't want our partners to just do as they are told, but for them to really understand the reason behind this work and how it benefits not only the workers, but also the efficiency of the whole factory. Our experience has shown that establishing fair working conditions leads to improved work flow, productivity and higher quality as sick days, accidents and turnaround of workers are decreased, among others. Factories can hence decrease costs and increase output.

Once this common ground is covered, we can conduct a FWF audit to get a better overview of the current situation and to evaluate where improvements need to be made. It is then our role to support the factory in making the necessary improvements and maintaining them in the long run.

We know that our sourcing decisions have a great influence on our partners and on how they can realise our high social and ecological demands. Therefore, we always aim to build long-lasting business relationships based on trust and mutual respect. We offer our partners a high degree of transparency into our processes and aim for reliable and stable order schedules to build this trust.

Especially where short-term changes and re-orders are concerned, we know how important it is to act responsibly and forward-looking. Good planning, sufficient

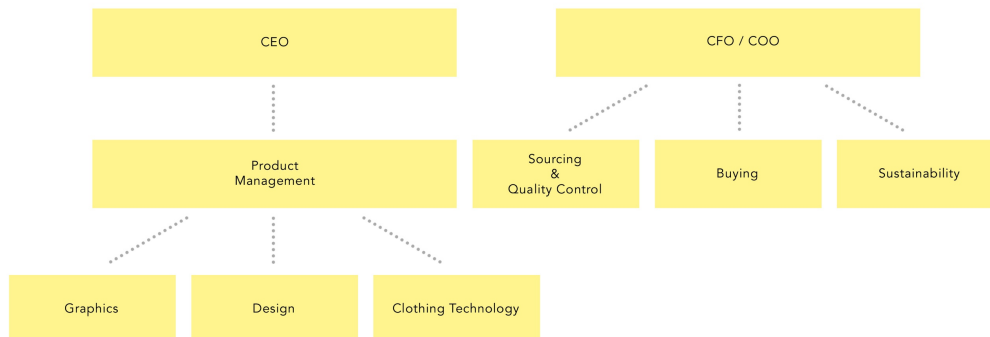
time for production and avoiding short-term purchase order changes are essential to guarantee a punctual delivery without time pressure and forcing workers to do overtime. As we realised that we had too many last-minute re-orders in 2015, we looked into improving our internal systems. As a result, we blocked fabric in bigger volumes to disburden the suppliers. Also, we split our deliveries to ten dates making sure that our suppliers are almost working all year round for us instead of only six months. Time pressure is relieved and production planning is much easier for the suppliers. The feedback from our suppliers to these changes was very positive. We are aiming to support our suppliers further by making sure that our payments are done in time, sometimes even preliminary, and by guaranteeing them to cover costs caused by us. In 2016, we further strengthened our internal systems and reduced the reorders to two fixed dates per year (in week 8 and 36). Suppliers appreciated that a lot since they are now able to make a long-term planning and fill up capacities in the lower seasons.

Our factories work hard to establish fair working conditions, but not all of them have accomplished it yet. However, for us, it is more important that a factory is open to working with us on social and ecological issues and is motivated to make improvements than being perfect already. We want to see continuous improvements in all our factories. This way we will – step-by-step – reach our goals and really make a difference in the life of workers!

We are aiming to reward those suppliers, who deliver good quality with the right price and work closely with us on social and environmental issues by increasing the order volumes, as we are still a fast-growing company. However, as our collection is constantly growing and new products are introduced, we do have to source new partners regularly. Our sourcing decision is often limited by the availability of GOTS certified factories that can meet our design and quality expectations. However, now with our strong product groups with higher order volumes, we can also approach non-certified factories that share the same values, who are then willing to undergo the certification process for us. Decisions are taken jointly by the Head of Design, the Head of Buying, the Senior Technical Product Developer, the Sustainability Manager as well as the CEO, who come together to discuss new suppliers following our policy.

Our aim is to work with partners, who supply long-lasting products of high quality produced as one with man and nature.

1.2 Organisation of the sourcing department



1.3 Production cycle

ARMEDANGELS has four collections every year: Two main collections (Spring/Summer and Autumn/Winter) and two smaller ones (High Summer and High Winter). Each collection offers products for both men and women.

Our usual production cycle begins with our design and product development phase including the internal design phase as well as the production of the first prototypes. We then ask our suppliers to produce Sales Man Samples for our sales team. During the sales period our sales team presents the new collection at our retailers and takes their orders. Once all orders are placed the production process can begin.

Good internal production planning and a smooth production cycle are essential to support the factories in establishing fair working conditions. Short lead times, seasonal production and late order changes are among the main reasons for extensive overtime, increased short-term seasonal work contracts and negligence of personal safety.

We, therefore, make it a priority to know our partner's capacity to plan the order volumes and the production times correctly without putting pressure on the factories. We also changed our internal systems to ten delivery dates so that our factories do not have an unbalanced production workload with peak times and low periods. Seasonal work is a big challenge for factories, as they must pay the wages for their workers all year round. By splitting the delivery dates, we are now able to utilise the factories nearly throughout the year giving financial security to the factory management and minimising the necessity of overtime.

Our production lead-times vary between 12 to 18 weeks and are dependent on internal planning, the capacity of our suppliers and material lead-times. This is generally sufficient time for factory management to make a robust production planning without having to rely on overtime. However, the supplier is often faced with late material deliveries and other restrictions reducing the time leftover for the actual production. This is putting pressure on the management and ultimately the workers.

As we want to support our suppliers the best we can, we made an analysis to find out why some suppliers had difficulties to deliver on time. Late material deliveries as well as internal delays at ARMEDANGELS were among the most important reasons for this. As we know that some of our sustainable materials have long lead-times or tend to be delayed due to various reasons, we have now made it a priority to block difficult fabrics before placing the order, so that no delays are caused by late material deliveries. We are still improving these processes to increase information on lead-times of fabrics and the production process to further reduce the risk of delays. We also changed some of our internal processes to respond to queries quicker and established a very detailed calendar showing all deadlines for the whole team, so that delays are not caused by us. In our Spring/Summer 2017 collection 98% of our orders were on time in our warehouse – the work paid out for all parties involved!

1.4 Supplier relations

We keep very close contact with all our suppliers. Whether it is our design department to discuss new innovations, the buying department to talk about capacities, delivery times and open costings or the sustainability department to support on social and environmental issues. This direct relationship enables us to really get to know our partners, including their problems and troubles. That way we can support them whenever it is possible for us – this builds trust and respect for one another. Our goal is to establish long-lasting business relationships that benefit both parties.

In 2016, we started new business relationships with three suppliers from Turkey. All factories and their supply chain have a valid GOTS certificate, previous audit reports were collected and the Code of Labour Practice was endorsed. At two new Turkish suppliers, we were already able to conduct FWF audits during the course of the year. The third was in the process of doing a social audit done by another initiative and we agreed on focusing on one audit activity after the other. It is not our motivation to overwhelm our suppliers with audits, but rather to get a complete picture of the status quo. A FWF audit might contain more details, but, any social audit gives us a first starting point to work with the supplier on

social standards and that is how we intend to use them. A FWF audit will then follow in the coming year.

Unfortunately, after a first test order and a FWF audit, one of the three new suppliers turned out not to be as promising as hoped for. Early in the partnership we ran into quality problems, misunderstandings and breaches of trust. Though our way of working and our values were discussed in detail before the start of the business relationship, the supplier kept working around our philosophy. In our business, we must trust in our partners and the management to share our values with us. If we are being lied to, tricked or betrayed and agreements are not being kept then it is our responsibility to end the relationship. We can only reach our goals, if we have committed partners on board with us.

We, furthermore, had to end the business relationship with one of our Istanbul suppliers who had been producing for ARMEDANGELS since 2013. Though our aims and values were very much aligned, the supplier had gotten too small for our growing capacities. It was in mutual understanding that we ended the relationship as the suppliers wanted to keep focus on smaller productions for small brands and designers. We respect this decision.

1.5 Integration of monitoring activities & sourcing decisions

All our suppliers are evaluated by an internal team (consisting of buying, quality, technicians, design and sustainability) every 6 months. This evaluation considers the price-performance ratio, compliance with delivery dates, quality, status quo of social and ecological standards, the social and ecological development of a supplier, the degree of innovation as well as their cooperation. As we are constantly growing, we are aiming to reward suppliers with a good performance with bigger order volumes.

2. Coherent system for monitoring & remediation

Knowledge is power. Hence, knowing our supply chain is the basis for our work. We therefore ask all our partners to fill out an extensive Supplier Questionnaire, which also includes information on all subcontractors used.

Subcontracting is often perceived as a bad thing. We don't like this generalisation! The risk of breaches in labour standards often increases the further down one looks into a supply chain – that is, without a doubt, true.

However, we know that not all of our suppliers have the possibility to do all steps of production in-house. They, therefore, must rely on outside factories to support them. For us, subcontracting does not only include sewing, but also printing, embroidery, washing and dyeing of garment. Every process, where a supplier is contracting another factory to do a specific step of the production counts as subcontracting for us. In 2016, we drew up a detailed 'Policy on Subcontracting' to inform our suppliers again about the strict process that we follow in this regard. No new subcontractor is allowed to be introduced into our supply chain without prior intense vetting from our side and an official approval.

All factories in our supply chain, whether they are our direct business partner or their subcontractor, are treated equally, receive the same support from our side and have the same responsibilities. When visiting the suppliers, we are trying to also visit the subcontractors as much as possible. All suppliers and all their subcontractors are also GOTS certified.

By mapping our supply chain, we can guide suppliers towards skilled subcontractors and establish networks. More than one supplier is then using one subcontractor. Hence, good subcontractors are rewarded with higher order volumes, while we decrease the number of subcontractors used overall and hence decrease the risk of breaches in labour standards in our supply chain. It is a matter of choosing the right partner, knowing all steps of production and working together on implementing real improvements for workers that make the difference.

All factories are informed of our membership with Fair Wear Foundation right at the beginning of the work relationship. Communication and endorsement of the Code of Labour Practice, putting up the Code in form of the Worker Information Sheet and filling out our extensive Supplier Questionnaire is part of this. An internal ARMEDANGELS employee further visits the factory; this may be the Sustainability Manager, the Quality Manager or someone from Production or Buying side.

During internal audits done by our Sustainability Manager and external audits done by a third party an Audit Report as well as a so-called Corrective Action Plan (short CAP) is written up, which summarises the main findings, assigns responsibilities and sets a timeline for remediation. Auditor and factory management jointly agree on the CAP. It is then the responsibility of our Sustainability Manager to do the follow-up: First via email and telephone followed by a personal visit at the supplier. It is our belief that we must support the suppliers for them to be able to successfully implement the findings. Working with other clients of the supplier to achieve this goal has proven a very effective way.

During the financial year 2016, we placed orders with 13 suppliers in 3 countries. Around 46% of our order volume was placed in high-risk countries (Turkey and China). 54% was placed in the low-risk country Portugal.

Below is a description of our efforts in our active producing countries.

2.1 Suppliers & their subcontractors in Portugal

Total # of Suppliers	Total # of Subcontractors	# of Factories with Social Audits		Visited by ARMEDANGELS Team	
		FWF	Others	Suppliers	Subcontractors
4	15	0	5	4	8

The story of ARMEDANGELS begins in 2007 in Portugal with the production of the first 1000 T-Shirts. Even though our production has grown to over 590.000 pieces in Portugal in 2016, we are still working with this very first partner. As the collection increased, more suppliers needed to be found. In 2016, we worked with a total of 4 suppliers in Portugal. Since subcontracting is very common in Portugal, we have made it a priority to map all factories and to also include subcontractors in our regular visits.

As Portugal is a low-risk country our main monitoring activity is to inform all suppliers about our membership with Fair Wear Foundation and about the eight labour standards. Just like in every other country, all our suppliers need to fill out our extensive Supplier Questionnaire, they must endorse the Code of Labour Practice and are asked to hang up the Worker Information Sheet showing the eight labour standards in all production sites.

We work in a direct business model with all our suppliers in Portugal and are visiting the factories regularly. We are envisaging to enrol all suppliers in a training by Fair Wear Foundation as soon as one will be offered again.

In the year under review, we did not receive any complaints at Portuguese suppliers.

2.2 Suppliers & their subcontractors in Turkey

Total # of Suppliers	Total # of Subcontractors	# of Factories with Social Audits		Visited by ARMEDANGELS Team	
		FWF	Others	Suppliers	Subcontractors
8	10	5	6	7	4

In 2016 we produced shirts, blouses, knitted outerwear, dresses and skirts as well as denims at eight suppliers from Istanbul and Izmir accounting for 44,5% of our total order volume.

In January 2016, the Turkish government increased the legal minimum wage drastically by 30%. Even though this was an important step towards the payment of a fair wage, this was still a big load for our suppliers as they want to keep a fair wage structure in their companies which meant increasing all wages by 30%. To make sure that the new laws were abided by, we sent out an information and had all suppliers confirm the payment of the new wages. Throughout the year, we followed that up regularly.

Another major problem in Turkey remains to be the refugee crisis. Since the start of fighting in Syria in 2011, it is estimated that over 2.7 million refugees have escaped to Turkey. As the number of refugees increases, and the length of their stay in Turkey grows into months and years, refugees are understandably looking for ways to earn an income.

In the past several months, there have been reports of abuse and exploitation of Syrian refugees working in Turkish garment factories. Allegations include discrimination, pitiful wages, child labour and sexual abuse.

There is currently a high risk in the Turkish garment sector regarding the following issues:

- Employment of Syrian refugee children
- Discrimination against undocumented Syrian refugees, for example, widespread failure to pay legal minimum wages (payments of as little as 50% of legal minimum have been reported), social security, and other legally mandated benefits.
- First-tier suppliers subcontracting work to 'hidden' factories employing large numbers of refugees, often working in unhealthy and dangerous conditions.

These issues constitute violations of many elements of the FWF Code of Labour Practice, which was endorsed by all our suppliers.

On 15 January 2016, a new 'Regulation on Work Permits for Foreigners under Temporary Protection' came into effect and we summarised the content for our suppliers in our 'Policy on Syrian Refugees'. Detailed 'DOs' and 'DON'Ts' guide the way for suppliers to deal with this issue and we support them as much as we can.

During all our visits in 2016, we made it a priority to discuss this topic in detail and to take the necessary steps with our suppliers. At the moment, one of our suppliers in Istanbul is employing a Syrian refugee. A young man aged 23, who (with the great help of the management) was able to receive his temporary protection and his work permit now.

In 2016, we visited all but one suppliers as well as many of their subcontractors at least once. We started to work with our first partner in Turkey in 2011 and they are still our biggest supplier there. Since we started a business relationship with three new suppliers in 2016 our average working relationship in total only adds up to 2,4 years. The sizes of the suppliers vary between 25 employees to 250 employees.

Six of our Turkish suppliers have conducted a Fair Wear Foundation audit in the past three years. We are now actively involved in remediating the findings and have therefore agreed on a timeline and responsibilities with each supplier and are following-up on the implementation closely. We are therefore in direct contact with all suppliers and receive support from our Turkish agency for some of the factories.

Six Turkish suppliers have conducted social audits by other organisations. All suppliers have shared the respective audit reports with us and we also take this as the basis to work on social issues with them.

As mentioned before, our work on social and ecological standards is not only based on audits, as these are merely snapshots of a factory on a specific day. Trainings are also massively important as we realise that changes can only be expected if all involved parties (workers, line supervisors, management and brand employees) understand our approach. Therefore, five of our eight suppliers in Turkey have already received a WEP training by Fair Wear Foundation in the past three years. WEP trainings focus on workplace awareness and dispute handling and are conducted with workers, supervisors and managers separately.

We then encourage management to hand down the information learned to their key subcontractors. We are planning to extend the number of trainings in 2017 as we feel this is an important stepping-stone for our suppliers.

Two out of the eight suppliers do not work with any subcontractors. Cutting, sewing, trimming and washing are done directly in the main factories. Most of our suppliers, however, do not have the possibility to do all production steps in-house and rely on partners to support them mainly with printing, embroidery, washing and dyeing (depending on the respective product not all mentioned production steps are necessary). Only one supplier relies on support regarding sewing. The sewing subcontractor as well as other subcontractors for washing and embroidery were visited by ARMEDANGELS staff, are GOTS certified and have received an introduction into the requirements of FWF by the Sustainability Manager and by their respective supplier.

In the year under review, we received one complaint at a Turkish supplier; see below on more information on our complaint management.

2.3 Suppliers & their subcontractors in China

Total # of Suppliers	Total # of Subcontractors	# of Factories with Social Audits		Visited by ARMEDANGELS Team	
		FWF	Others	Suppliers	Subcontractors
1	1	1	1	0	0

A FWF audit as well as audits from other organisations were conducted at the main supplier in 2015 with overall a very positive result. The audit showed that the supplier is already on a good way to comply with all requirements of the Code of Labour Practice. Yet a couple of improvements still had to be done, hence a Corrective Action Plan was written up after the audit. The supplier showed a high motivation to correct all findings in the agreed timeframe and is now well on its way.

The supplier only uses one subcontractor for the washing of garments.

As China is a long way from Germany, we did not visit the factories in 2016. However, we met with the management in our head office in Cologne, while they were visiting Germany.

2.4 External production

Since we are offering a full collection ourselves, we do not offer any external brands in our online shop.

3. Complaints handling

We welcome the FWF complaint system because we see it as a back-up system to all internal grievance mechanisms in the factories. Should the internal systems fail to work, the workers in our supply chain can make use of this external way to file a complaint and we as a brand get an inside view into our supplier that we would otherwise not get. At ARMEDANGELS the Sustainability Manager is responsible for managing complaints by following the 'ARMEDANGELS Policy on Complaints Handling'.

In 2016, we received one complaint from a worker following an audit at a Turkish supplier.

The complainant called to report that there are workers employed at the factory who are paid below the Legal Minimum Wage. Also, the complainant mentioned there are some workers unregistered in the factory.

As this factory is a shared factory with another FWF member brand, the first action was to discuss the issue among us brands. An email was then drafted and sent together to the supplier informing that both brands do not accept these work ethics. Our supplier accepted the complaint and invited us to discuss the issue in person to explain to us their point of view. We usually follow each audit by a personal visit at the supplier to discuss the outcomes of the audit anyways. This was also the case here. During the discussion with the supplier, we learned that all students were paid below the Legal Minimum Wage as they were mainly employed during summer on a short-term basis. We explained in detail that the Legal Minimum Wage must be paid to all employees and we agreed that starting January 2017 all workers at the factory, permanent and short-term, are being paid according to law.

The complaint regarding the unregistered workers was also valid as five ironing workers were employed as daily workers and had not received a legally binding working contract. The timeline to resolve this issue was set for one month and is resolved.

We are happy that we could resolve the complaint in a short amount of time. However, unfortunately, the supplier was generally not very willing to work with

us on the findings of the audit. Communication around various issues was slow and work ethics and philosophy was not in line with ours. Furthermore, our trust was breached by subcontracting our goods without our consent which also led to problems with quality. We need to have partners on board who are equally excited about the work we are doing – we are convinced that only then will we be able to make a real difference in our industry. Sometimes, we have to end business relationships to reach that and that is what we have done in this specific case.

4. Training & capacity building

4.1 Activities to inform staff members

In 2016, there was a clear focus on training the many new employees and to refresh the knowledge of our existing staff. Therefore, our Sustainability Manager offered 2-hour-trainings to everyone again which included information on our philosophy, on our work ethic and, of course, on our memberships and certifications.

Furthermore, the ARMEDANGELS staff was asking for a document – a kind of reference book – for sustainability. A 50-pages ARMEDANGELS Glossary was, hence, written up and distributed to everyone. It contains information from A (like Audits) to W (like Workplace Education Programme): #allyoumayneedtoknow.

4.2 Activities to inform agents

We only work with one agency in Turkey, who is also working for other Fair Wear Foundation member companies and who was informed about the processes and practices of FWF from the beginning. Nevertheless, the CEO, the Head of Buying and the Sustainability Manager made a priority to train the agency again during a visit in Turkey. Information is continuously shared on the topic between the agency and the Sustainability Manager. They are also supporting us in the follow-up on Corrective Action Plans actively.

4.3 Activities to inform manufacturers and workers

All our partners are informed about our membership with FWF. Before the first order is placed every business partner is instructed to endorse the Fair Wear Foundation Code of Labour Practice, post the Code in the factory (and all subcontractors) in form of the Worker Information Sheets in local language and fill out our extensive Supplier Questionnaire, which includes valuable information about each partner and their subcontractors in the supply chain.

All Turkish and Portuguese suppliers were personally informed about our philosophy and our work ethics by the Sustainability Manager during a visit. This always includes introducing our memberships like the FWF and our certifications like GOTS and Fairtrade.

As mentioned before, we find the trainings sessions by FWF very valuable as well to further educate our suppliers on the Code of Labour Practice. Therefore, over 60% of our suppliers in Turkey have already enrolled in a so-called Workplace Education Programme (WEP) Training. This training is held in local language by FWF staff in the factories informing the management, the supervisors and the workers separately about the eight labour standards of FWF, about rules and regulations of the national law and FWF and about grievance mechanisms. The feedback from the trainings was very positive and we feel that this is an important step to increase awareness in the factories, which ultimately is the key to making improvements.

5. Information management

As mentioned before at ARMEDANGELS all our suppliers and prospective suppliers must fill out the Supplier Questionnaire before production starts. The questionnaire includes all necessary information on the supplier and on each subcontractor, such as their names, addresses, contact information and valuable information on social and ecological standards. The information provided by our partners is managed in an accumulated excel sheet. A note whether the Code of Labour Practice has been endorsed and whether the Worker Information Sheet has been hung up is also kept in this document.

When an audit is conducted by Fair Wear Foundation or by the Sustainability Manager, a detailed Corrective Action Plan is set-up. Keeping track of the implementation of all remediation activities is an important part of our work. This way we can monitor how far we have come to reaching our goals of establishing fair working conditions for everyone in our supply chain.

6. Transparency & communication

Primarily, we use our website, our social media channels and our newsletter to inform our customers about our latest news and activities. This includes detailed pages on the membership with Fair Wear Foundation, on our certificates Fairtrade and GOTS and on our general philosophy. We make it a priority to show our customers right on the landing page what we stand for: Eco + Fair = ARMEDANGELS. Our aim is to become even more transparent to our customers and to give them more insight into our supply chain. This will be a special focus for our anniversary year 2017.

7. Stakeholder Engagement

Through our engagement with different organisations such as FWF, but also Fairtrade and GOTS, we have the great opportunity to engage with different stakeholders on the important topic of social and ecological standards in the textile chain. Furthermore, we are actively engaged in different working groups on the issue of social standards, where different stakeholders come together to discuss a variety of topics. The discussions and dialogues during the meetings are very valuable for our work and our network has since grown extensively.

The country study on Turkey published by FWF is also an important resource that we make use of, as Turkey is a priority country for our production.

8. Corporate Social Responsibility

Our Corporate Social Responsibility activities are manifold and can be followed on our website, on Facebook and Instagram. Next to Fair Wear Foundation, we are following the principles of GOTS and Fairtrade.

Do you want to know more? Contact Julia, our Sustainability Manager, at Julia.Kirschner@armedangels.de!

ARMEDANGELS