



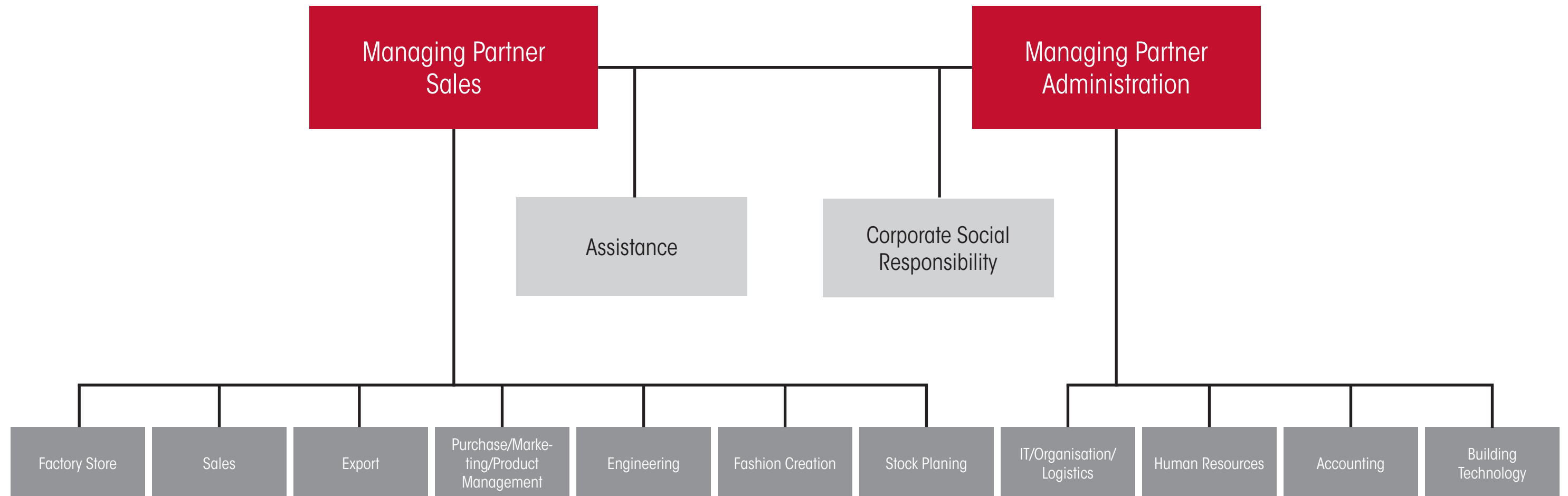
SOCIAL REPORT 2016/17

May 2016 - April 2017
Reporting period (financial year)



GREIFF
SINCE 1802

Corporate structure



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Company Profile

GREIFF is a manufacturer of workwear solutions, especially for the service sector, the hotel sector and catering. GREIFF is an owner-run company, established in 1802 in Greiffenberg/Silesia and has been based in Bamberg since 1945 with more than 100 employees today. For over 200 years GREIFF has been focusing on quality, style and tailor-made solutions for its customers.

As a company which is active in the clothing sector, GREIFF has been working with many suppliers around the world for many years

now and enjoys good working relationships based on trust. When GREIFF selects business partners, it will always be important that they also value good working conditions for their employees. GREIFF has also spent considerable time examining just how they could implement this objective of good working conditions with even greater success. For this reason, GREIFF joined FAIR WEAR FOUNDATION (FWF) on 15 March 2015.

GREIFF SUITS.



Summary: Goals & Achievements 2016/17

GREIFF wants to achieve an improvement for more transparency during production process in term of social conditions. By working with FAIR WEAR FOUNDATION, GREIFF is confident to improve the social conditions in the factories and along the supply chain.

GREIFF executed two audits in its production facilities in 2016. One audit took place at the production facility in Bosnia "I" one in June 2016 and another one took place at the production facility in Ukraine in July 2016. The first management and worker's training took place in Bosnia in November 2016.

In the production facility in Morocco "I", GREIFF continued the implementation of the Corrective Action Plan (CAP) of the audit from September 2015. Our Managing Partner Sales was in Morocco in May 2016 and in January 2017 in order to conduct personal talks with the employees and to get an impression of the changes. GREIFF received the first complaint from the production facility in Morocco "I" in March 2017. A worker had filled in a complaint through the FWF worker helpline

and GREIFF had adequate action to resolve the complaint with the factory.

Since April 2017, GREIFF has been participating in a development project of the Federal Ministry for Economic Cooperation and Development. We are pursuing this project with the production facilities in Pakistan. The aim of the project is to strengthen the Pakistan procurement market by qualifying the confectioner strategically important for GREIFF in Pakistan. The qualification should enable GREIFF to learn more about better social and environmental standards and to implement these in other markets. Important components are the strengthening of occupational health and safety as well as the establishment of internal training and training programs in the companies. Furthermore, a more efficient use of resources has to be achieved by optimizing of production processes. In addition, the procurement structures of GREIFF are to be optimized along the supply chain and oriented towards sustainability. The creation of transparency is an important criterion.

Sourcing strategy

1.1. SOURCING STRATEGY & PRICING

GREIFF is a manufacturer of workwear solutions, especially for the service sector, the hotel sector and catering. Our range is designed specifically for these industries and is shown in our catalogues "Corporate Wear" and "Gastro Moda". We also offer workwear solutions for our customers beside the catalogue business.

We differentiate our purchasing strategy in finished goods and items that we design and let them be produced for us. The first group consists of products that we buy directly from selected suppliers. These are trading goods, e. g. our ties and scarfs. The second group of items is produced by active and passive job processing respectively in custom work. GREIFF has no own production facilities.

From our location in Bamberg, we buy and coordinate all fabrics and trimmings, which are stored in Bamberg and then they are sent to our production sites in the required amounts, for the manufacturing of the garments. The fabrics and trimmings we purchase come from Portugal, Turkey, Germany, Austria, The Netherlands, Hungary, Italy and Belgium. The goods, which we buy directly at our suppliers, are stored for sale in Bamberg.

Our catalogues have a validity of two years. For this reason, a constant quality and constant prices are very important and can only be realized by long-term contracts with our suppliers. Furthermore, the collection consists largely of NOS (Never Out of Stock) products. We

pay most of our suppliers in Euros. Therefore currency fluctuations, inflation, etc. are an exception. When price adjustments are necessary, we will conduct open discussions with our partners to achieve a fair price for all parties. The constant and very long business relationships with our production facilities would not be possible, if the price negotiations were not on a fair level.



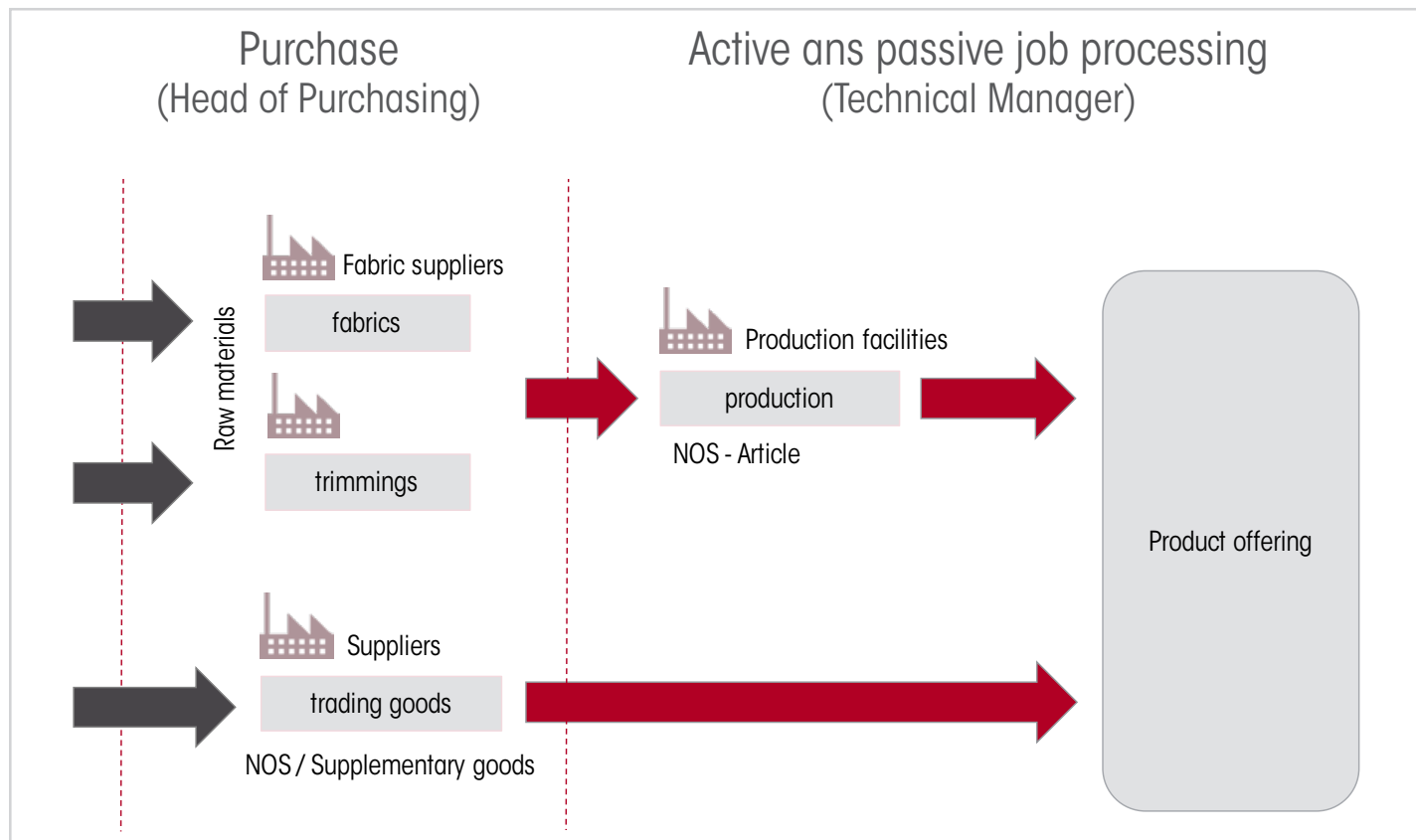
Sourcing strategy

1.2. ORGANISATION OF THE SOURCING DEPARTMENT

The sourcing department consists of our Technical Manager, the Head of Purchasing and Marketing and the three purchasing agents.

The final decision to send orders to a new manufacturer is made by our technical manager and our head of purchasing, in conformance with the managing partner.

Important components are the strengthening of occupational health and safety as well as the establishment of internal training and training programs in the companies. Furthermore, a more efficient use of resources has to be achieved by optimizing of production processes. In addition, the procurement structures of GREIFF are to be optimized along the supply chain and oriented towards sustainability. The creation of transparency is an important criterion.



Sourcing strategy

1.3. PRODUCTION CYCLE

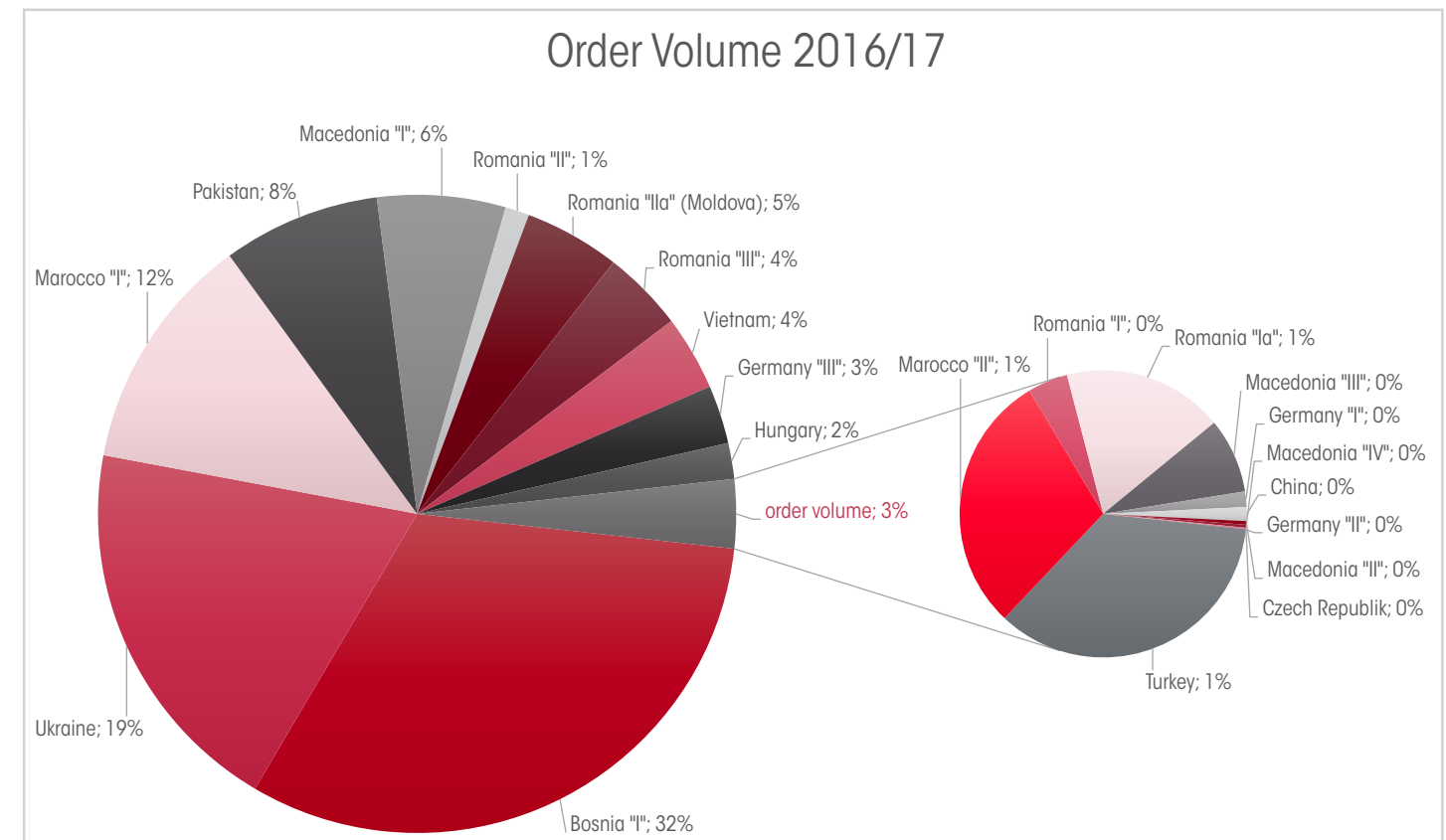
Our collections are always valid for a period of several years, because we produce workwear and corporate fashion. We also produce for customer projects, but this is always done individually. GREIFF does not have a high or low season, the production quantity of GREIFF is constant over the year in all factories.

Since we produce 12 months a year, we give our suppliers a 12-month capacity idea. This is handed over to our partners every year in December. Last minute changes are very rare.

The lead time with suppliers from Europe and Africa is 10 weeks and from Pakistan and Vietnam is approximately 16 or 26 weeks depending on the fact, whether the fabric is available at once or not.

For the factories in Europe and Africa, we buy all fabrics and trimmings and collect these at our stock in Bamberg. After a new order was placed, we send them order-specific by truck to our production facilities.

An overview of our total purchasing volume in financial year 2016/2017 can be found here:



Sourcing strategy

1.4. SUPPLIER RELATIONS

GREIFF has long standing relationships with the suppliers and they are not frequently replaced. However, last year there were some changes by our suppliers' relations.

We had to finish the seven-year collaboration with our production facility Romania "I" in September 2016. The Romanian supplier ceased activities due to the age of the factory owner (80 years). Together with GREIFF, they ensured that workers found employment at a nearby factory. GREIFF is now sourcing from this factory (Romania "III").

There were also changes in Macedonia. By expanding our outdoor collection, we sourced at three production facilities in Macedonia in the financial year 2016/2017. Firstly, we had produced the outdoor collection in the production facility Macedonia "II" and Macedonia "III". We finished the cooperation with these two companies at the beginning of 2017 in order to produce the outdoor collection in the company Macedonia "IV". As a result, GREIFF was able to combine the capacities of these two production facilities.

With the release of our new catalogue in February 2017, we have converted part of our collection to Fairtrade cotton. The production of this collection is produced in Bosnia "I". Therefore, it is necessary to have the social standards additionally checked by Fairtrade.

Since April 2017, GREIFF has been participating in a project called "develoPPP.de". GREIFF carries out this project with our partners in

Pakistan. The aim is to provide training for local employees, promote the use of climate-friendly technologies and improve social standards at production facilities. With this project, GREIFF hopes for a better cooperation with the production facility in Pakistan as well as an implementation of the acquired knowledge with our other production partners, especially with regard to social standards.

1.5. INTEGRATION MONITORING ACTIVITIES AND SOURCING DECISIONS

2016 was the second year of Fair Wear Foundation membership. The result of our monitoring activities of the audits influenced our sourcing decisions. When we select a new supplier, GREIFF will visit the supplier and discuss labour standards. After a sample order was placed, GREIFF uses the FWF Health and Safety Check list. GREIFF also asks the supplier about the wage levels in the factory, so we know whether the legal minimum wage is paid.

We maintain very long-standing relationships with our suppliers and they are not often replaced. We visit each of our suppliers at least once a year and our main production facilities are visited up to three times a year. In addition, we have staff that is permanently responsible for technical supervision in these main production sites. We will contact our case manager in order to help us implementing social standards at the production site.

2. Coherent system for monitoring and remediation

2.1. BOSNIA "I"

Factory Bosnia "I" is a private owned company founded in 1995 with 87 employees. Factory Bosnia "I" is sewing mostly "Gastro Moda" like aprons, vests and workwear. Almost 100% of the production is for GREIFF.

The audit was conducted in June 2016 and it was the first audit which took place at Bosnia "I".

Generally, the factory is managed functionally in a homemade style. Some aspects like machinery, package-labelling system, ventilation, fire-alarm or the building itself are on a very modern level. Other aspects are managed in a rather casual manner, which leads to a considerable number of non-conformities in the CAP (Corrective Action Plan). This management style is so far good but it causes also considerable risk levels on some fields, possible violations, and lack of transparency, safety and efficiency. The working time is scheduled from Monday to Friday, starting from 7:00 a.m. to 3:00 p.m., with one-hour breakfast break from 9:00 a.m. to 10:00 a.m. The time recording is done manually, it is written in the production book of the workers.

The audit at Bosnia "I" showed a lot of improvement in the areas: Management practices, working hours, compensation and health and safety. Since June 2016, GREIFF has worked with Bosnia "I" on the implementation of the improvements of the CAP. The partnership with Bosnia "I" is very cooperative and many changes have already taken place, such as: A risk analysis has been carried out, a suggestion

box were installed in the canteen, the employees have been better informed about their compensation.

The factory Bosnia "I" is nearly 100% loaded by GREIFF, so it was a special issue for GREIFF to train the employees better and to clarify their rights: A one-day management and workers' training took place in November 2016. This training designed that both, management and workforce members, are aware of the basic principles of Fair Wear Foundation and FWF complaint procedure in comparison to local labour rights. The focus is enhanced by setting a foundation for future social dialog.

Bosnia "I" visited us in Bamberg at the beginning of May 2017. So we had the opportunity to talk personally about the CAP and its implementation. Many open questions were clarified and we received some documents which retained the progress so far.

2.2. UKRAINE

Factory Ukraine is a private owned company founded in 2000 which has a German owner. The owner took a government owned company which was established in 1954 with the aim to supply the region with garments. The Factory Ukraine has beside GREIFF two other customers, but GREIFF makes up approximately 70% of the turnover.

The audit was conducted in July 2016 and it was the first audit which took place at Ukraine. All managers were very much open-minded to provide the necessary transparency and

2. Coherent system for monitoring and remediation

to discuss the findings. The owner was also actively involved in the whole audit. Some points which came up during the audit, like that the stokers have 24-hour shifts, were not known by the owners and their surprise was visible. The management of the company is not always easy, e.g. 30 workers had left the company two month prior to the audit. In most cases, they go to Poland because the earning possibilities for quiet easier jobs are much better. The FWF Code of Labour practice was posted, but have not been trained to workers to the necessary extent yet.

The daily working time starts at 7:30 a.m. and ends at 4:15 p.m. with a 45-minute lunch break between 11:30 a.m. to 12:15 a.m. The working time is only recorded manually with the amount of hours worked per day. The company has a working time problem with the stokers, who are working 24-hour shifts. These workers have more than two days off after one shift, which is compliant with the law, but the regular working time of these stokers is on average more than 40 hours per week.

The payment system at Ukraine has different wage components. Beside the achieved wage, workers are receiving a monthly bonus and actual transportation costs. The company is paying the social insurance costs. Beside that all legally required wage components are paid, like paid leave, sick leave and maternity leave. Holidays are not paid like in other ex-Soviet countries.

The legal minimum wage in Ukraine (1378 UAH) is so low that one wage earner in a family of four is not enough for the family ha-

ving sufficient money to be above poverty line. In Factory Ukraine, the average paid worker is earning enough that the family does not need to live below poverty line, but the salary still cannot be considered as a living wage (6870 UAH).

The company had invested a lot of efforts into occupational health and safety during the last 3 months before the audit. It achieved a satisfying level. The whole factory and compound is clean, well-organised and well maintained. Also the sanitary facilities are new and neat.

The audit at Ukraine was very positive, but some improvements still have to be implemented. Since July 2016, we have been worked with Ukraine on the CAP and have already been able to implement some improvements. For example, the stokers' weekly working hours were designed in that way that they do not have to work longer than 40 hours per week. The management of Ukraine has developed a new shift plan for the stokers, which was discussed with GREIFF before.

The owner of the production facility in Ukraine visited us in September 2016 and March 2017. On both dates, we talked about the CAP and could see some new changes.

2.3. ROMANIA

Factory Romania "I" is a private owned company founded in 1994 with a subsidiary company founded in 1991. Both factories have been working exclusively for GREIFF since 2008. The orders received from GREIFF

represent more than 95% of the total production capacity of both factories. GREIFF ensures permanent orders for both factories.

The audit was conducted in September 2015. Some of the most important improvements within the last years were: Ceilings built of fire-proof wood and all windows were replaced. A canteen was created and many new machines were purchased. The factory implemented the quality standard ISO 9000 that helped them to organise and observe the necessary improvements in a better way. The interviewed workers confirmed and appreciated all the improvements which took place in the factory in the last years.

These workers also stated that they were happy with the working conditions in the factory. They said that they are not aware of the existence of a system to improve working conditions. Meetings and discussions between the management and the employees takes place but they are not documented.

GREIFF finished the seven-year collaboration with Romania "I" in September 2016. The Romanian supplier ceased activities due to the age of the factory owner (80 years).

2.4. MOROCCO "I"

Factory Morocco "I" is a limited company established in August 2012 with 192 employees. The percentage of production capacity for GREIFF per year is 62%. There is a permanent representative of GREIFF in the factory

and the technical manager visits the factory twice a year.

The audit was conducted in October 2015, it was the first social audit initiated by both FWF and GREIFF to monitor the labour standards at the production Morocco "I". A monitoring system has not been set up so far and there have been no procedures to improve working conditions yet. There is no enterprise committee. Interviewed workers confirmed that there is no discrimination based on national origin, sex, religion, race, etc. in this company. There is a canteen but it is not well-maintained and not well-equipped. The routes for the emergency exits are not marked in all places. The legally required breastfeeding time for female workers were not paid.

In Morocco "I" many points had been criticized and a lot of things have had to be improved. For this reason, GREIFF has set up a priority list that was sent to the factory with the obligation to complete this in periods. It was very positive that many of the tasks were executed immediately, e. g. the canteen and the toilets were completely renewed and renovated very quickly. In May 2016 and in January 2017, our managing partner visited the factory in order to get an idea of the changes and to interview the staff in personal talks about the improvements.

2. Coherent system for monitoring and remediation

2.4.1. COMPLAINT AT MOROCCO "I"

In March 2017, Fair Wear Foundation/GREIFF received the first complaint from a worker currently employed at the factory. A worker contacted FWF with a complaint that contained similar issues to the findings of the audit in October 2015. According to the complainant: The Company stopped the payment of social security contributions to social security, actual working hours and work recorded on the pay-slip do not correspond. In addition, the time for breastfeeding was still not paid by the company, and the workers claimed that there could be a problem with the calculation of the income tax. Finally, workers are fined by deducting 3 working days of their salary for anyone who chews gum, speaks while working or speaks on the telephone (even when they contact family in the case of overtime). FWF had decided that the case was admissible on March 28, 2017, and informed GREIFF. GREIFF contacted Morocco "I" and asked for a reply. Factory management confirmed several issues, like giving penalties to workers and the fact that workers are not free to go to the toilet. At the same time, factory management denied illegal practices concerning wages and social security. On May, 3 2017 an on-site investigation took place by the FWF local complaints handler and a documents inspector.

During the day of the investigation, the management confirmed all issues raised by the complainants, which was also confirmed by workers' interviews and documentation. In addition, two trainees were working on the

day of the investigation. They did not earn the legal minimum wage as required by law. Also, factory management had changed the phone number of the FWF complaints handler on the FWF Code of Labour Practices posted in the factory. Following the investigation, factory management informed the FWF complaints handlers that they are setting up a production schedule with all their customers. Furthermore, they will look into the costs and set up a system of standard minutes per piece. The Management will stop working hours which are more than 191 hours per month. FWF submitted a list of suggestions for remediation. The complaint is still under remediation.

2.5. PAKISTAN

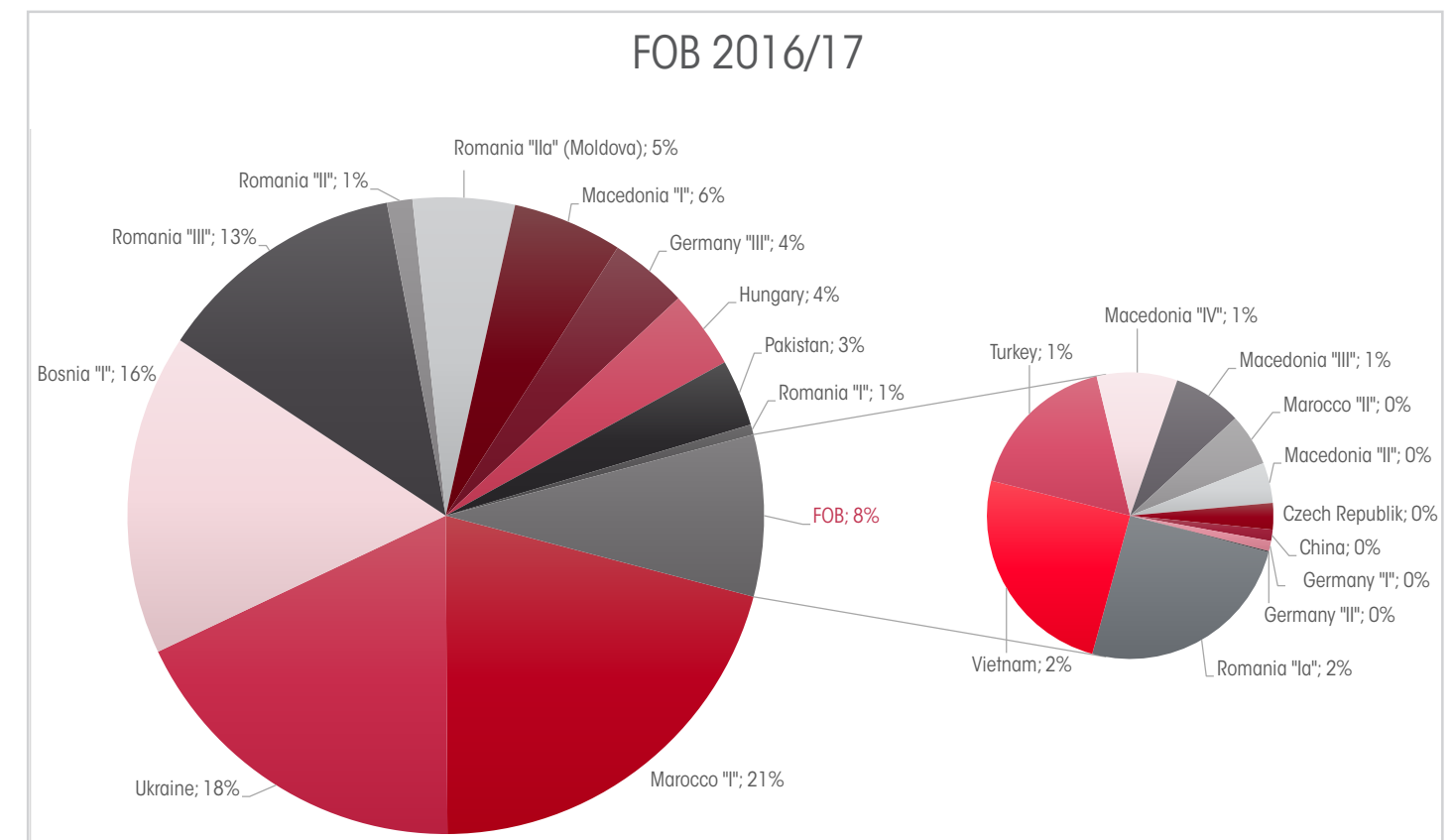
Factory Pakistan is a limited company established in 1986. The percentage of production capacity for GREIFF per year is about 10%. The first year of production for GREIFF was 2010.

The factory is SA 8000 certified by Bureau Veritas. Another FWF member is also producing in this factory in Pakistan. We received from this FWF member all documents and also the comparison of the audit report by Bureau Veritas with FWF Audit Quality Assessment Tool. Furthermore, we also had to fill in the FWF Audit Quality Assessment Tool in order to determine differences between the two standards. We are in regular contact together with the other FWF member to improve the working conditions at this factory. Bureau Veritas Cer-

tification certified in May 2017 that the Management System of Pakistan „I“ had been audited and proved to be in accordance with the requirements of the management system standard. A new audit was planned for September 2017.

GREIFF has been participating in a project called develoPPP.de since April 2017. The qualification enables GREIFF to implement and improve social and environmental standards in Pakistan. This project will run over a period of two years.

An overview of our total FOB in financial year 2016/2017 can be found here:



2. Coherent system for monitoring and remediation

2.6. EXTERNAL PRODUCTION

External production includes all garments, which GREIFF resell with a different brand name. This is a small part of our trading goods for the industrial division, for example in projects as well as all brands, which GREIFF sells at our Factory Store.

GREIFF operates a Factory Store in Bamberg where clothes of its own production, as well as a wide range of additional 60 brands such as Carl Gross, Digel, Marvelis, Olymp, S. Oliver, Street One, Cecil, Mac, Comma, Mustang, Gardeur, Wellensteyn and many others are offered. These brands are external producers that supply our Factory Store.

We asked all of our external producers to fill in the questionnaire and send us some information about Code of Conducts or whether they are a member of any association. The return of these questionnaires is currently about 40%. This is requested by GREIFF at least once a year.

3. Complaints handling

In all production facilities the Code of Labour Practices is posted in the local language for the employees to read. If we receive a complaint, we will talk to our technical manager as a first step, because he is responsible for the factories. The next step is to contact the management of the manufacturer and discuss the complaint with them. After this, we have to find solutions together and we will give the manufacturer a time frame to solve the complaint. FWF needs to decide whether it will open up an investigation or not. The outcome of the investigation will then again be shared with GREIFF. FWF is responsible for setting up a complaints procedure in production

countries where FWF is active. The complaints procedure allows third parties to make complaints about the working conditions or the way the Code of Labour Practices is implemented in factories which supply FWF members.

The responsibility of FWF includes investigating of the complaint, verifying whether the agreed CAP is implemented and public reported. This complaint report gives an overview of a complaint filed to FWF, the investigation and agreed corrective action plan as well as how the outcome is verified.

4. Training and capacity building

4.1. ACTIVITIES TO INFORM STAFF MEMBERS

The employee is informed either by the respective department head in department meetings or personally, so each employee can ask questions. GREIFF provides information on FWF membership in the intranet and in internal meetings. In the relevant departments in addition to FWF membership, training is conducted. GREIFF participated in the annual FWF stakeholder meeting and will visit this again in autumn 2017. GREIFF also participated in the German FWF stakeholder meeting in Freiburg on 14 and 15 March 2017.

4.2. ACTIVITIES TO INFORM AGENTS

Agents are informed of FWF membership through the Code of Labour Practices, the model letter and the questionnaire. Our agents are informed by us about all the activities with FWF. The CAP will be given to the agents to follow up. GREIFF has two agencies, they are responsible for Vietnam and Macedonia. We are in very close contact with our agents, so we inform them in personal conversations.

4.3. ACTIVITIES TO INFORM MANUFACTURERS AND WORKERS

Manufacturers are informed about the Code of Labour Practices and FWF membership through the model letter and questionnaire. According to FWF procedures, an information sheet for workers including the Code of Labour Practices and the contact details of the person, who deals with complaints, are posted in the supplying factories. The first

FWF management and workers' training took place in Bosnia "I" in November 2016.

The contents were:

- Introduction of Participants (Expectations, Hopes and Fears)
- Introduction of FWF
- Introduction of each Standard (Employment is freely chosen, there is no discrimination, no exploitation of child labour, freedom of association and the right to collective bargaining, payment of a living wage, no excessive working hours, safe and healthy working conditions, legally-binding employment relationship), in comparison with the law in an interactive way.
- FWF complaint procedure
- Ways to implement Social Dialog in the company
- What does the management think are topics about which workers would like to discuss with them?

5. Information management

Through our membership of FWF we are in a continuous improvement process, all our activities are documented by this and can be traced at any time. The Code of Labour Practices (CoLPs) is posted in all of our production facilities and we are receiving pictures from the factories. GREIFF is verifying during the visits that the CoLPs is posted in all production

facilities. Any new production site has to fill in the FWF Questionnaire, and during our visit the basic health and safety questionnaire is also filled in. We also inform ourselves whether audits have been carried out before and try to get an idea of the site.

6. Transparency & communication

On our website we inform about FWF membership. All our customers received a mailing with information on this membership. GREIFF has created a CSR brochure in which we also inform about our membership of FWF. At the next exhibition "A+A" in Düsseldorf

- from 17 October to 20 October 2017 – we also communicate our membership. GREIFF is following the FWF Communications Guide for communicating about its membership.

7. Stakeholder Engagement

GREIFF is a member of "The Partnership for Sustainable Textiles". The Textiles partnership was established on 16th October 2014. The multi-stakeholder initiative, comprising textile and clothing industry, retailers, trade unions and civil society, will pool the strength and expertise of its members in order to bring about social, ecological and economic improvements all along the textile supply chain. In doing so, the Textiles Partnership also aims to tackle common challenges more effectively, exploit synergies through joint projects on the ground, learn from one another and thus improve underlying conditions in the producer countries.

GREIFF is a founding member of the "MaxTex Association". MaxTex, founded in 2014, is an international commitment of textile manufacturers, primary producers, clothing manufacturers, textile providers and scientific institutions. It has the objective to ensure sustainable action across the entire textile value chain. Thereby the corporate sustainability in social, economic and ecological terms take centre stage.

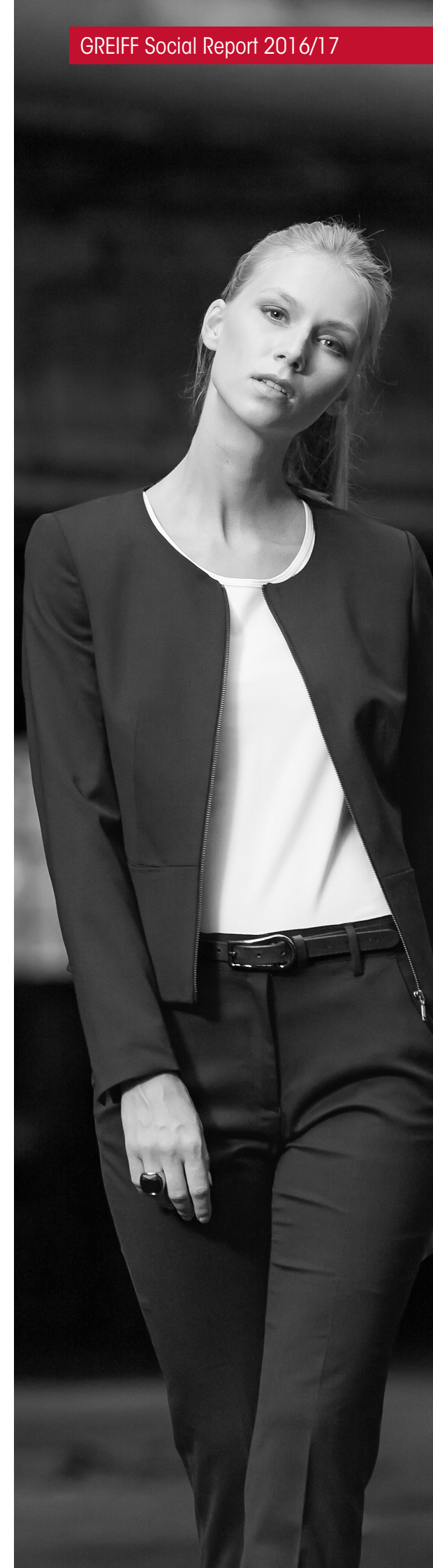
	Fair Wear Foundation Fair labour conditions in textile and clothing industry		Member of the Partnership for Sustainable Textiles Improve basic conditions in manufacturing countries
	Fairtrade Fair labour conditions for cotton growers		MaxTex More sustainability in the whole textile supply chain
	OEKO-TEX® Products tested for harmful substances		myGREIFF.de Transparency in the manufacturing process

8. Corporate Social Responsibility

With GREIFF, corporate values do not only exist on paper, they are actually lived by every day for the good of mankind and the environment. This philosophy defines our company and is expressed in both our high standards of quality and service as well as our focus on details. Each and every employee contributes to our success. We are a reliable partner and go with agreements reached by responsibly. When selecting our business partners, we are in a process to ensure the observance of human rights and international social standards. If possible, we take recycled and environmentally friendly materials and separate our waste. We deal with all resources in a responsible way.

Explanation of abbreviations:

CAP – Corrective Action Plan
 CoLPs – Code of Labour Practices
 CSR – Corporate Social Responsibility
 FWF – Fair Wear Foundation
 NOS – Never out of Stock





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