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# SOCIAL REPORT

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for the 2015/16 financial year

**1 August 2015 – 31 July 2016**

for membership  
in Fair Wear Foundation

*hessnatur*

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” Vivek Batra “

## SLOW FASHION

is how we understand sustainable fashion:

Fashion that is produced under fair conditions, that inspires rather than harms the wearer, that is long-lasting, continues to lend itself to combination and does not harm the environment when it is time to say goodbye.





Ladies and Gentlemen:

The time has come for fashion with responsibility. Consumers are searching for transparency. For forty years, we have shown how it is possible for a medium-size company to achieve this objective as well. That is what makes hessnatur so special.

hessnatur is far ahead of the times where this is concerned. For four decades, we have been a pioneer in producing textiles under the highest social and ecological standards and have comprehensively embraced our social responsibility – not only at our headquarters in Butzbach but also at production sites in Europe and on other continents around the world. As the first German brand to receive this honour, hessnatur was awarded the German sustainability prize in 2008.

“Slow Fashion” is how we understand sustainable fashion: Fashion that is produced under fair conditions, that inspires rather than harms the wearer, that is long-lasting, continues to lend itself to combination and that does not harm the environment when it is time to say goodbye. However, in this context, more responsibility does not mean limiting ourselves or making compromises. From the standpoint of style, workmanship, fit or wearability, our favourites made of natural materials or recycled fibres do not lag behind their conventional counterparts by any means. And they represent a win for humanity and the environment.

We celebrated our 40th birthday in the summer of 2016 together with employees, suppliers, partners, friends and our founders, the Hess family. This success story was only possible as a collaborative effort. Accordingly, cooperation based on trust and transparency will remain the guiding principle in future as well.

For hessnatur, recognition as a “leader” by Fair Wear Foundation represents confirmation that we have chosen the right path. At the same time, it motivates us not to be satisfied with what we have already achieved.

We want to make the world a better place, with each individual piece of clothing that we make. Each and every one of our fibres tells a story and represents progress compared to conventional clothing. This means that each small step is worth the effort.



Warm regards,  
Vivek Batra  
CEO

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A background image of several pink balloons with yellow ribbons. The central balloon features the text 'IDEEN SÄEN. WIR VERÄNDERN DIE WELT. hessnatur' in a serif font, with horizontal lines separating the words 'WIR', 'VERÄNDERN', and 'DIE WELT'.

## 1 SUMMARY -

### WHAT WE HAVE ACHIEVED

hessnatur has stood for fashion with responsibility for the past forty years: When Heinz and Dorothea Hess founded their business in 1976, it all started with natural baby clothing. Today, 386 employees create a wide range of favourites, accessories, baby clothing and home textiles. All products are manufactured responsibly, look beautiful, feel good and can be worn for a long time. This is good for both the people who produce them and the people who wear them.

However, creating the large variety of fabrics and styles is only possible with the support of the hessnatur **partners**: During the year under review, hessnatur worked with 94 suppliers as contract partners and 138 production sites that manufacture garments, accessories and shoes. These suppliers and production sites are experts in their respective fields and most of them have been partners for many years: hessnatur has worked with just under 70 percent of these production sites for at least five years and with more than 40 percent of them for ten years or longer. The majority of the production sites are located in Europe.

For hessnatur, taking responsibility together with partners means continually improving working conditions at production sites. In principle, this means that the **hessnatur social standards** have to be implemented at all production sites. These standards are based on the conventions of the International Labour Organization (ILO) and the UN's Declaration on Human Rights. Compliance is first examined in detail by means of the hessnatur monitoring system for social standards and, if corrective measures are needed, reasonably and sustainably improved on a gradual basis.

Every production site must endorse the social standards prior to cooperation. Fair Wear Foundation (FWF) or other independent organizations conduct audits at production sites located in high-risk countries. These **detailed audits** review compliance with the social standards and present a "snapshot" of the current situation. In this context, eight new audits commissioned by hessnatur were conducted during the year under review. If improvements are

necessary, hessnatur first makes an intensive effort to conduct a comprehensive analysis of the local situation and then works with the production site and its employees to jointly define and implement improvements.

For achieving long-lasting improvements for local employees and management, actions must be clearly agreed upon in the beginning and then enhanced continuously. **Fundamental understanding of the local situation** is indispensable. Accordingly, hessnatur employees for social standards frequently travel to the production sites. For example, during the year under review several visits to Turkey and Macedonia took place in addition to several trips elsewhere within Europe. Most producers in China, Thailand and Vietnam were visited as part of a multi-week trip to Asia.

The SA8000 standard is a standard for working conditions with requirements that are based on the ILO conventions, the UN's Declaration on Human Rights and national law. The standard also specifies that management systems which ensure implementation and continuous review of compliance with these criteria must be in place. Two hessnatur employees are responsible for implementing the social standards at production sites. As a means of expanding existing knowledge, the CSR manager for social standards who was hired in the preceding year completed the one-week **SA8000 Basic Training for Auditors** including a written examination.

As so many factors must be considered, good working conditions and good communications mechanisms are best defined and implemented by integrating the people directly affected by them. This group comprises the respective managers and employees at the producers. For this reason, hessnatur made it possible for three additional production sites to attend the **FWF Worker Education Programme (WEP) Training** during the year under review. During the training sessions, management and employees are divided into separate groups and provided an understanding of the work of FWF, the eight core labour standards as well as locally applicable rights and obligations. Subsequently, available communications channels are ascertained and thought is given as to how they can be improved for further optimising of the working conditions.

Training sessions increase awareness of social standards and explain and stimulate critical questioning of working conditions and communications channels amongst the attendees. For this reason, hessnatur developed its own training course, the **hessnatur Awareness Training**, for production sites located in countries where WEP trainings are not offered. During the preceding financial year, a masters student developed a comprehensive educational programme including the training for hessnatur in close cooperation with FWF. During the year under review, the training was successfully held at three additional production sites in Thailand and Belarus following a pilot training session in Nepal. The self-developed evaluation form that is completed before and after each training session, the training reports and feedback from attendees, confirm increased awareness of social standards amongst the participants. In addition, the training sessions resulted in the attendees developing and implementing their own ideas for specific improvements.

Different production sites are able to learn about practical ways for improvements and best practice examples when they have the opportunity to exchange thoughts and experiences related to social standards among each other. In addition, producers are able to discuss economic benefits or difficulties in implementing social standards in an open manner. hessnatur therefore encourages its partners to attend local seminars organised by hessnatur or FWF. During the year under review, a shoe manufacturer in Vietnam attended an **FWF Social Compliance Seminar**.

The objective of the **Living Wage Project**, begun in 2012, is to discover how and to what extent productivity at a long-time hessnatur partner in Macedonia can be increased and/or how and to what extent an increase in productivity could be used to increase wages. Several meetings were held on-site during the year under review at which all department heads of the production site, as well as the hessnatur social standards team and the head of purchasing evaluated suggestions from a productivity analysis that had already been performed by FWF. The result of this analysis was to give priority to introducing standard minutes. This shall now be implemented with the assistance of outside experts. In addition, a productivity measurement tool



was developed in order to record productivity in a structured manner.

The social standards and the FWF complaint hotline are posted in all production sites in the local language. During the year under review, hessnatur responded to a total of eight **complaints** in cooperation with FWF, the production sites and other FWF member brands. Three complaints could be closed: Specific actions such as a reduction in overtime hours at a Turkish producer were implemented after intensive efforts and multiple visits by hessnatur employees for social standards. Together with an additional FWF member company, hessnatur successfully advocated in favour of severance pay for temporary workers at a production site in India.

Social standards are jointly implemented in cases where several FWF member brands purchase from the same production site. In doing so, hessnatur acts in a transparent way, shares resources and experience, and learns from and **with other brands**. For example, during the reporting year, hessnatur acted in cooperation with other FWF members in audit follow-up, the exchange of information and complaint management at nine producers. This collaboration increases focus on social standards at the production sites and prevents duplicate costs for manufacturers and brands. Moreover, information sharing and cooperation on specific topics with brands that are not members of FWF take place as well: During the year under review for example, a joint training programme was developed using the hessnatur Awareness Training as a basis. This training satisfies the demands of both brands and, at the same time, prevents duplicate coverage of the same topics.

The **hessnatur ecological premium standards** provide additional support for good working conditions across the supply chain: For example, materials used in conventional production may be carcinogenic, teratogenic or otherwise harmful to health for all those who come into contact with them. It is often the case that local workers are unaware of the harmful consequences. The hessnatur guidelines prohibit the use of substances that are

harmful to the environment or people, for example substances frequently used during the dyeing process. This protects workers from far-ranging negative effects from the outset.

New hessnatur employees are introduced to the monitoring system for social standards and hessnatur's work to improve labour conditions in a stand-alone training module on the hessnatur brand and values. A new **workshop was held with purchasing** because the buyers work particularly close with the employees for social standards. The purchasing team was expanded during the year under review so that the work process for employees in social standards and purchasing was harmonised again. The use of FWF's check lists for occupational health and safety and processes for optimising their further use were likewise topics of these discussions.

The objective of hessnatur's external communication is to make sustainability as practiced in the company **transparent**, understandable and tangible for customers, suppliers and partners. hessnatur reports on the company, ecological and social standards as well as membership in FWF by a variety of means, in the catalogue, stores and online. During the year under review hessnatur employees for social standards additionally spoke at many trade events, panel discussions and hessnatur events. Interested groups are also offered the opportunity to attend on-site tours. At these events, the PR department and the social standards team explain the company's approach, answer questions on the topic of social standards and offer tips for sustainable consumption. The consumer-elected customer council regularly meets with the managing directors and is involved in issues of strategic development at hessnatur.

hessnatur products are made by people. hessnatur desires to **raise awareness** of this and accordingly supports relevant events and campaigns such as the Fashion Revolution Day: During the year under review, employees at the production sites showed who makes hessnatur garments on photos with the theme “I made your clothes”. In addition, interviews with employees were published in order to emphasise how similar and close the customer and the employee in production are. The intent of this is to encourage critical questioning of the origin of each garment and to raise awareness of the importance of social standards.

From an **institutional** standpoint, hessnatur joined the “Partnership for Sustainable Textiles” founded by Federal Minister Dr. Gerd Müller. The objective of the partnership is to gradually ensure sustainable production along the entire textile supply chain. In October 2014, hessnatur was the first German company to sign up, was the only German label represented in the steering committee during the formation phase and continued to play an active role in several working groups during the year under review. Also, CEO Vivek Batra participated in a panel discussion at the Copenhagen Fashion Summit, giving a brief presentation on the topic of “Fashion and Politics“. In addition, hessnatur met with journalists from Bangladesh in collaboration with the Gesellschaft für Internationale Zusammenarbeit (GIZ) and discussed the issue of Fair Fashion.

The newly formed **hessnatur Foundation – Research and development of applied sustainability** commenced its work in June 2015. During the year of its formation, the foundation team worked intensively to staff various functions and to initiate projects. For example, evaluation approaches were developed for medium-sized firms in order to highlight the advantages of using renewable raw materials in textiles production. The sustainability experts addressed responsible action in the textiles and fashion industry at a number of presentations, panel discussions or training sessions. As part of efforts to promote young talent, the hessnatur Foundation and a hessnatur employee for

social standards supported students at the AMD Academy of Fashion & Design in the creation of a sustainable collection.

**Social projects** are primarily supported by means of sharing know-how related to materials development and production methods as well as sales of the respective products. During the past year, this was the case in particular for the partner project New SADLE from the Nepra e.V. association in Nepal. Scarves are produced at the workshops jointly by healthy people and people who have been cured of leprosy. A strong earthquake in April 2015 shook not only the country but New SADLE as well. hessnatur supported reconstruction through donations. During the year under review, a majority of the buildings were not only renovated, but reconstructed to be earthquake-proof. New SADLE also shows how the afflicted are given help to help themselves in a film about the living conditions of those with leprosy.

hessnatur views its suppliers and production sites as partners with whom responsibility for social standards is assumed jointly. If necessary, comprehensive measures are tailored to the local situation in order to bring about lasting improvement of people’s specific working conditions. The continuous implementation of these measures occurs at a deep level and with the personal support from the hessnatur team for social standards. In this regard, **Fair Wear Foundation** provides important support in order to maintain the currently high standard and to improve it on a constant basis.

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## 2 ABOUT HESSNATUR

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### **An example for 40 years**

The motivation and founding impetus for hessnatur in 1976 was “healthy clothing”. Heinz and Dorothea Hess were looking for baby clothes free of harmful substances for their first child. At the time, natural materials had become all but forgotten in the wake of the tremendous success of synthetic fibres. These fibres had become cheaply available and could be used for any application. Through great commitment and a spirit of exploration, suppliers were located who used traditional raw materials without chemical additives. hessnatur began its success story with its first natural products catalogue, a story that is still being written today.

Quality-crafted natural materials and modern recycling methods have made hessnatur the brand name for sustainably produced fashion for 40 years. The company distributes its range of fashion, home textiles and baby clothing to 28 European countries. The focal point of sales and distribution lies within Germany, Austria and Switzerland, with headquarters in Butzbach (Hesse) and a subsidiary, Hess Natur-Textilien AG, in Switzerland. Distribution channels comprise a catalogue, on-line shop and stores located in Butzbach, Berlin, Düsseldorf, Frankfurt, Hamburg and Munich. hessnatur applies a holistic approach that respects people and nature in equal measures. In addition to sustainably manufacturing high-quality and long-lasting products, the company is committed to transparent and open communications with customers, suppliers, employees and the public.

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### **2.1 The anniversary**

Even after 40 years, Heinz and Dorothea Hess’ idea has not lost any of its appeal or timeliness and inspires people now more than ever. hessnatur celebrated this milestone together with employees, partners, suppliers, friends and company founders, the Hess family, at an anniversary weekend held at and around the dispatch centre in Butzbach in the summer of 2016. In addition to the official ceremony and a summer party with employees and custo-

mers, hessnatur set a particular accent with a social project to improve living conditions for Alpaca herders in Peru. The charitable project is supported jointly by the hessnatur Foundation and hessnatur.

### **Celebrating with friends**

The opening ceremony with suppliers, other partners, stakeholders and friends was held in the festively decorated hessnatur cafeteria and provided the official start for the anniversary weekend. CEO Vivek Batra welcomed the many guests and, in very personal terms, spoke of his long-term association with the fashion industry and about what it means to accept responsibility. Professor Dr. Götz Werner, the founder and long-time managing director of dm Drogeriemärkte, recalled the founding years in his speech commemorating the occasion. In addition to great success, Götz Werner also recalled difficulties and challenges that had to be overcome. He described Heinz Hess as a humble person with a clear vision and infinite love of detail. “Heinz Hess was ahead of his time even then and gladly swam against the current”.

The subsequent panel discussion on the topic of slow fashion provided perspective on issues related to fashion and sustainability. The panel for this discussion comprised Isa Petereit, deputy editor-in-chief and fashion head at Brigitte, Ulrike Wollenschläger, head of the business department for the textile industry, Hindi Kiflai, blogger who gained attention across Germany for her one-year experiment with used clothing, and Rolf Heimann, director of the hessnatur Foundation. Slow fashion is a continuation of the slow food movement and involves placing increased value on quality and durability when purchasing clothing. The lively discussion gave voice to many aspects of this topic. In particular, it made clear that the time for sustainable fashion has arrived and that ethics and aesthetics are two sides of the same coin.

The high point of the anniversary weekend was the summer party for customers and hessnatur employees. A wide variety of activities was offered for families with children in particular. Whether brightly painted or masked, the children watched the performance of the puppeteers or even tested their courage at small balloon games. The poetry slam hosted by Maria Seiler and wellness massages offered opportunities for relaxation and entertainment



kitchen  
and fireplace

passive  
air  
conditioning

rainwater  
recycling

greenhouse  
for own  
cultivation

before the Urban Club Band from Frankfurt provided musical accompaniment through day's end.

### Help for alpaca herders: The Peru social project

It is a tradition at hessnatur to support a social project at every milestone birthday. In 2016, on the occasion of the company's 40th anniversary, the decision was in favour of an initiative in Peru. hessnatur has used alpaca wool sourced from Peru in its collections for many years. A relative of the camel, the alpaca, feeds primarily on grasses that grow on the slopes of the Andes. Alpaca herders tend their small herds far away from urban civilisation. The extreme climatic conditions are ideal for the quality of this precious hair. However, neither vegetables nor fruits grow in these mountainous regions,

and housing often takes the form of traditional mud huts that are equipped with neither a kitchen nor sanitary facilities. hessnatur started the social project in Peru in order to improve living conditions for the alpaca herders. The objective is to construct modern houses for the herders equipped with a water tank, kitchen and greenhouse in addition to sanitary facilities. In addition, passive air conditioning compensates for extreme temperatures.

**Additional information may be found at  
[http://www.hessnatur.com/de/  
das-hessnatur-sozialprojekt-2016](http://www.hessnatur.com/de/das-hessnatur-sozialprojekt-2016)**



## 2.2 The hessnatur success story

### 1976

#### THE EARLY YEARS

The birth of the first son provided the impetus for formation: Heinz and Dorothea Hess developed the vision of consistently natural clothing. In 1976, they founded a mail order company for "natural goods" and launched the first baby collection. The entrepreneurs built a network of committed suppliers with whose help hessnatur was able to create a manufacturing process that is sustainable along the entire textile chain and to optimize it over the course of three decades: from the cultivation of textile fibres to yarn production and processing the textiles. The company has set examples in its ecological quality guidelines that now provide orientation for the conventional market.

### 1991

#### NATURAL RAW MATERIALS

hessnatur uses natural plant-based and animal fibres for its textiles with a preference for certified organic cultivation or certified organic animal husbandry. hessnatur laid the foundation for sourcing environmentally friendly materials in the 1990's: In order to cover the ever growing demand for untreated natural fibres, Heinz Hess initiated the first organic cotton cultivation project in the world in cooperation with the Egyptian Sekem Farm in 1991. He financed the project with his own funds because he was unable to find any investors. The project became a model for additional environmentally friendly, social and cultural projects on the part of hessnatur around the globe.

### 1993

#### A NEW PATH

In 1993, hessnatur founded the Hess Natur-Textilien AG (Langenthal) in Switzerland with its own customer support. With this foreign subsidiary, hessnatur laid the foundation for its future international growth. A short time later, the natural fashion label opened up a new distribution channel by launching its online shop in 1997. hessnatur now generates more than 50 percent of its sales volume via this distribution channel. In 2006, the subsequent step was made to extend what had been primarily a mail order business to include retail sales: hessnatur established its 1,200 square metre large store at its headquarters in Butzbach; additional stores followed in Hamburg (October 2007) and Munich (October 2008). Entry into the American market that same year represented an important step for the natural fashion label in the area of image building and brand visibility. hessnatur withdrew from the American market at the start of 2013 in order to concentrate on growth in Germany, Austria, Switzerland and additional European markets.

### 1995

#### QUALITY & TRANSPARENCY

During the mid-1990's, the design approach moved away from its origins in alternative organic clothing to wearable apparel for everyone. hessnatur successfully made the transition from the traditional organic image to colourful, stylish and high-quality natural fibre clothing through quality, design and declaration of the textiles. hessnatur employed Majorcan fashion designer Miguel Adrover as creative director from 2008 to 2012 in order to take a new approach to the subject of design. In 2010, hessnatur created the first European design prize for sus-

tainable fashion, the Humanity in Fashion Award (HIFA). The award is given to a green up-and-coming talent in the field of design.

### 2005

#### SOCIAL STANDARDS

Since its founding, adherence to social standards has been a fundamental component of the hessnatur business philosophy. From the outset, agreements have been in place with suppliers to adhere to a code of conduct. hessnatur then began collaboration with multi-stakeholder initiatives in order to assure that socially responsible working conditions are monitored at production sites on a company-independent basis, and in order to make working conditions transparent for third parties: With the aid of the Clean Clothes Campaign, the company developed a control system in 2002 that monitors and ensures fair working conditions. In its Code of Labour Practices, hessnatur commits itself to the United Nations International Labour Organisation (ILO) core labour standards. In 2005, hessnatur became the first German company to join the international organization Fair Wear Foundation. In addition to the production sites, the organization also reviews the work of hessnatur in the area of social standards and audits the company.

### 2012

#### OUT OF THE NICHE AND INTO THE MAINSTREAM

The topic of sustainably produced clothing has entered the mainstream. Newly designed stores were opened in Frankfurt, Düsseldorf and Berlin in order to inspire more customers to consider sustainable fashion. The special quality of the materials and fabrics need to be felt and experienced. In parallel, hessnatur is enhan-



cing its e-commerce expertise. The online shop has been fundamentally redesigned. hessnatur is looking to establish personal contact to its customers with the election of the first hessnatur customer council, a group of representatives that is involved in issues of strategic development. In 2013, the first hessnatur sustainability report demonstrated the company's comprehensive social and ecological commitment in all business areas. In 2014, sales volume via digital channels exceeded demand from the catalogue for the first time.

## 2015

### FASHION & MODERN SUSTAINABILITY

Tanja Hellmuth joined hessnatur as creative director in April 2015 in order to ensure a uniform fashion signature across the entire product range. With the 2016 spring / summer collection, hessnatur is offering contemporary fashion that is on a par with major brands and satisfies the highest demands in cut, fit and workmanship.

With denim looks that set exemplary ecological standard and that are fashionably modern, hessnatur shows that sustainability need not be a limitation but, on the contrary, can open new creative space. hessnatur integrates an innovative zero waste concept into the collection: Pieces of clothing are created without any waste using the entire width of a fabric panel so that 100 percent of the fabric is used. The company took part in the Berlin Fashion Week for the first time in 2016 with its own brand presentation.

### III ENTREPRENEURIAL DEDICATION & DISTINCTIONS

**1996 „Organic Textile Award“** bestowed by the International Federation of Organic Agricultural Movements (IFOAM), for initiating the world's first organic cotton cultivation project.

**1997 International Design Prize of the State of Baden-Württemberg** for the hessnatur wedding dress and its related product philosophy.



The award-winning wedding dress of hessnatur – a design of 1996. (photo: hessnatur)

**1998 „Faktor 4+“ Award** at the international „Faktor 4+“ convention in Klagenfurt for the Long Life Collection, as an exemplary improvement of resource productivity. Jury: scientific advisory board under the leadership of Ernst-Ulrich von Weizsäcker, Wuppertal Institute for Climate, Environment, and Energy.

**1999 Audience Award at the „Hidden Champions“ Competition** of the Hessian provincial government and the Association of Hessian Business Organisations.

**Exhibition of hessnatur's wedding dress in the Design Museum London** at the international design competition „Design Sense“.

**2000 Gold Medal at „Rhön – Region of the Future“:** The Rhön sheep's wool project by hessnatur is the central feature of its contribution to the „Innovation and Occupation“ working group.

**2003 „Catalogue of the Year“** for top performance in creative marketing presentation, bestowed by the trade magazine „Der Versandhausberater“.

**2005 Hallmark of Excellence, Pioneer of Ethical Business Practices** for outstanding ecological and social commitment, bestowed by the Ethics in Business Commission under the patronage of Ulrich Wickert.

**2006 „Audit Beruf und Familie“ (career and family) certificate**, presented by Federal Minister for Family Affairs Ursula von der Leyen. Working together with its employees, hessnatur defines goals which equally enable men and women to reconcile both career and family.

**2007 „Dedicated Enterprise – Catalyst for Hessia“ at Hessentag** as Business of the Month for July: At the Hessentag in 2007, the Hessian provincial government recognises hessnatur's exemplary commitment to the public interest.

**2008 Public Eye Positive Award**, for the exemplary partnership with the Swiss development organisation Helvetas for organic and fair trade cotton out of Africa, among other accomplishments.

**German Sustainability Prize** in the category „Germany's Most Sustainable Purchasing“, in recognition of the exemplary ecological and social creation of value by hessnatur.



**First German Marketing Prize for Innovative and Sustainable Marketing**, comprising not only environmentally sound manufacturing processes and the efficient use of resources but also continual economic growth and the innovative use of the latest media.

**2009 und 2011 Gold Medal in „Sustainable Retail Business“ from the federal association Die Verbraucher Initiative.** The consumer founded association for customer protection regularly and comprehensively examines social and ecological activities of retail commerce across all sectors.

**2013 Successful re-audit** of „Beruf und Familie“.

**2013 Award from TÜV Hessen** for Health and Occupational Safety.

**2013 Gold Medal for „Sustainability Communication in Retail 2013“** from the German Consumer Initiative Association.



since 1976	since 1985	since 1990	since 1995	since 2002	since 2012	since 2015
<b>Phase 1</b>	<b>Phase 2</b>	<b>Phase 3</b>	<b>Phase 4</b>	<b>Phase 5</b>	<b>Phase 6</b>	<b>Phase 7</b>
<b>Focus on materials</b> Wool, silk, cotton and linen	<b>Focus on finishing the final product</b> No synthetic resin (formaldehyde), Neem (natural moth repellent)	<b>Focus on raw materials</b> Cotton cultivation, production steps	<b>Focus on quality and transparency</b> Quality, declaration	<b>Focus on social standards</b> "Clean" production, supplier policy	<b>Out of the niche and into the mainstream</b> Store openings, e-commerce expertise	<b>Focus on modern sustainability</b> Fashion on par with major brands

## 2.3 hessnatur – Highest ecological standards

Since the company's formation, focus has been on developing materials and innovating in the field of textile fibres. The primary focal point has been natural fibres that preferably are sourced from organic cultivation or organic animal husbandry respectively. The entire textile chain, from obtaining raw materials through shipment of the finished products, is subject to the highest ecological standards. They are defined in guidelines that were developed in-house and that extend far beyond what is legally required. Compliance with these quality guidelines is monitored, documented and regularly

reviewed by hessnatur experts as part of the ecological management system.

Today, hessnatur has made new fibre qualities possible based on a progressive and sustainable materials policy: The Edelweiss modal fibre, made from FSC-certified Austrian beech wood, was added to the materials portfolio on the basis of this idea. Processing conserves energy and resources as the raw material cellulose and the modal fibre are both produced at the same location. Modal is produced using significantly less water consumption than cotton for example.

## ||| AN OVERVIEW OF THE HESSNATUR QUALITY GUIDELINES

These requirements apply along the entire production chain at hessnatur - from raw materials to the finished product.

- ◆ Sustainable raw materials, preferably natural fibres from certified organic cultivation or certified organic animal husbandry
- ◆ No use of auxiliary materials and manufacturing processes that are detrimental to people or the environment
- ◆ Strict threshold limits based on the GOTS standard
- ◆ In-house quality control of physical and ecological requirements
- ◆ Query, evaluation and documentation of the hessnatur requirements
- ◆ Independent external audit

As part of its industry association work, as a founding member of the International Association of Natural Textile Industry (IVN, see naturtextil.com), hessnatur worked on the development of the Global Organic Textile Standard (GOTS) in 2008. hessnatur is authorised to market GOTS-certified products by the independent Institute for Marketecology (IMO). The requirements defined in the standard comprise the basis for the hessnatur guideline.



Organic cultivation foregoes pesticides dangerous to the environment and health. This retains soil fertility and ensures a subsistence base for local farmers.

In addition to environmental benefits, the hessnatur ecology standards have a positive effect on occupational safety and worker health in factories along the entire textile chain. Auxiliary materials used in conventional textiles production may be harmful to the health of people who come into contact with them. Workers are often exposed to poisonous, mutagenic, carcinogenic or other substances that are harmful to health through skin contact or their presence in the air. These substances may also enter the body as a result of disposing waste water in rivers, ground water and soil and finally by means of food consumption. It is often the case that factory workers are unaware of the far-reaching consequences. The hessnatur guideline prohibits

critical substances so that workers are protected from the outset.

Based on strict guidelines for certified organic farming, farmers forego the use of pesticides and additional chemicals. This supports natural pest control and retains soil fertility, which in turn ensures a subsistence base for farmers' families over the long-term. The preferred use of materials from certified organic farming/certified organic animal husbandry thus creates the foundation for

significantly improved living conditions for the farmers. This example shows how closely associated and linked ecological and social responsibility can be.

**“We view our ecological and social responsibility holistically and not separate from each other. Along the entire textile chain.”**

Kristin Heckmann,  
Head of CSR





Sewing requires a high degree of manual work. For this reason, FWF particularly advocates for better working conditions in sewing facilities.

### 3 THE HESSNATUR SOCIAL STANDARDS

The requirements for socially responsible production are defined in the Fair Wear Foundation (FWF) Code of Labour Practices that has been adopted by hessnatur. The eight core labour standards are based on the conventions of the International Labour Organization (ILO) and the UN's Declaration on Human Rights. They expressly regulate working conditions at production sites.

#### **hessnatur's social standards and legal requirements**

The hessnatur social standards address many points that are also covered by local legislation in production countries - however the rules do not always coincide with each other. The following applies to all cases where differences arise between the hessnatur social standards and local legislation: The stricter rule has priority. However, it is sometimes the case that local legislation conflicts with the hessnatur social standards. For example, there are countries in which trade union freedom is limited by law. Working together with FWF, hessnatur attempts to find alternatives and attempts new approaches in such countries. For example, in the case of trade union freedom: As part of the "Worker Education Programme" (WEP), workers are informed of their rights and methods for asserting these rights by experts from

FWF. Establishing an in-house complaint system additionally promotes dialogue between workers and management.

In order to ensure compliance with social standards at the production sites, hessnatur has developed a monitoring system that is firmly integrated into the company and is described in more detail in the following chapter. The Corporate Social Responsibility (CSR) department, under the direction of Kristin Heckmann, is responsible for implementation and monitoring of social and ecological standards.

FWF, an organization that is supported by labour unions, non-governmental organizations and manufacturers' associations, tracks the work of hessnatur and examines and evaluates it for correctness. In addition, implementation of social standards at German members is supported by a national, so-called multi-stakeholder committee, in order to integrate German advocacy groups. The Clean Clothes Campaign (CCC), IG Metall and other German member companies are represented in addition to FWF and hessnatur.



### 1. EMPLOYMENT IS FREELY CHOSEN

There shall be no use of forced, including bonded or prison labour (ILO Conventions 29 and 105).



### 2. THERE IS NO DISCRIMINATION IN EMPLOYMENT

Recruitment, wage policy, admittance to training programmes, employee promotion policy, policies of employment termination, retirement, and any other aspect of the employment relationship shall be based on the principle of equal opportunities, regardless of race, colour, sex, religion, political affiliation, union membership, nationality, social origin, deficiencies or handicaps (ILO Conventions 100 and 111).



### 3. NO EXPLOITATION OF CHILD LABOUR

There shall be no use of child labour. The age for admission to employment „shall not be less than the age of completion of compulsory schooling and, in any case, not less than 15 years“ (ILO Convention 138). „There shall be no forms of slavery or practices similar to slavery, such as the sale and trafficking of children, debt bondage and serfdom and forced or compulsory labour. [...] Children [in the age of 15-18] shall not perform work which, by its nature or the circumstances in which it is carried out, is likely to harm their health, safety or morals.“ (ILO Convention 182).



### 4. FREEDOM OF ASSOCIATION AND THE RIGHT TO COLLECTIVE BARGAINING

The right of all workers to form and join trade unions and bargain collectively shall be recognized (ILO Conventions 87 and 98). The company shall, in those situations in which the right to freedom of association and collective bargaining are restricted under law, facilitate parallel means of independent and free association and bargaining for all workers. Workers' representatives shall not be the subject of discrimination and shall have access to all workplaces necessary to carry out their representation functions (ILO Convention 135 and Recommendation 143).



### 5. PAYMENT OF A LIVING WAGE

Wages and benefits paid for a standard working week shall meet at least legal or industry minimum standards and always be sufficient to meet basic

needs of workers and their families and to provide some discretionary income (ILO Conventions 26 and 131). Deductions from wages for disciplinary measures shall not be permitted nor shall any deductions from wages not provided for by national law be permitted. Deductions shall never constitute an amount that will lead the employee to receive less than the minimum wage. Employees shall be adequately and clearly informed about the specifications of their wages including wage rates and pay period.



### 6. NO EXCESSIVE WORKING HOURS

Hours of work shall comply with applicable laws and industry standards. In any event, workers shall not on a regular basis be required to work in excess of 48 hours per week and shall be provided with at least one day off for every seven-day period. Overtime shall be voluntary, shall not exceed 12 hours per week, shall not be demanded on a regular basis and shall always be compensated at a premium rate (ILO Convention 1).



### 7. SAFE AND HEALTHY WORKING CONDITIONS

A safe and hygienic working environment shall be provided, and best occupational health and safety practice shall be promoted, bearing in mind the prevailing knowledge of the industry and of any specific hazards. Appropriate attention shall be paid to occupational hazards specific to this branch of the industry and assure that a safe and hygienic work environment is provided for. Effective regulations shall be implemented to prevent accidents and minimise health risks as much as possible (following ILO Convention 155). Physical abuse, threats of physical abuse, unusual punishments or discipline, sexual and other harassment, and intimidation by the employer is strictly prohibited.



### 8. LEGALLY-BINDING EMPLOYMENT RELATIONSHIP

Obligations to employees under labour or social security laws and regulations arising from the regular employment relationship shall not be avoided through the use of labour-only contracting arrangements, or through apprenticeship schemes where there is no real intent to impart skills or provide regular employment. Younger workers shall be given the opportunity to participate in education and training programmes.



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## 4 HOW DOES HESSNATUR IMPLEMENT SOCIAL STANDARDS?

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hessnatur developed a monitoring system that is based on the cooperation of all concerned parties in order to be able to ensure humane working conditions along the textile chain.

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### 4.1 Collaboration with hessnatur suppliers

#### 4.1.1 The hessnatur suppliers

Creation of a stable, long-term partnership forms the basis for collaboration with suppliers and their production sites. Just under 70 percent of the 138 production sites have collaborated with hessnatur for at least five years. hessnatur has even worked with more than 40 percent for a period of ten years or more. This is necessary as hessnatur production sites are generally true specialists for processing specific fibres such as silk or for specific product groups: Knitted jumpers for example, hosiery or jackets and coats. A high degree of ecological and manufacturing expertise is built up over the course of many years of cooperation. This is why the following applies at hessnatur: Skill and quality are more important than the lowest price.

The hessnatur production sites are experts in their respective fields and most of them have been partners for many years:

Just under **70%** percent of production sites have collaborated with hessnatur for **at least five years.**

hessnatur has worked with more than **40%** percent for a period of **ten years or more.**





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## SHARED RESPONSIBILITY

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**Personal and long-term contact  
led to close business relationships  
to our suppliers. Together,  
we assume responsibility and  
keep on learning  
from and with each other.**

The fine hessnatur qualities  
are developed together with  
long-term partners, who are  
experts in their fields.

#### 4.1.2 Selecting new suppliers

Although it is always the objective of hessnatur to work with suppliers on a long-term basis, it is sometimes necessary to move to a new manufacturer. For example, this may be based on the high quality standards demanded by hessnatur, technical requirements or changes in the product range. New suppliers are selected with great care. There is a clearly defined supplier policy in place between management, purchasing and Corporate Social Responsibility (CSR). This policy provides that in certain countries hessnatur will only have products made in conjunction with a social project (for example New SADLE in Nepal). As a general rule: hessnatur employees visit all producers prior to the commencement of cooperation. At this visit, a review is conducted as to whether the producer is able to satisfy hessnatur qualitative, ecological and social requirements. A process flow agreed between purchasing and CSR is put into place as well for this procedure. Among other things, it provides that production cannot begin before the CSR department has checked and approved the supplier.

#### 4.1.3 Cooperation with agents

hessnatur works with local agents in certain production countries, such as Turkey, Italy, Portugal,

Thailand, Peru and Morocco. They organize and supervise production on behalf of hessnatur and are important points of contact for the producers. Accordingly, these agents receive intensive training from hessnatur regarding ecological and social requirements. Training is conducted both at hessnatur as well as locally at the production sites. In addition, the agents work especially closely with the relevant hessnatur employees from purchasing, quality assurance and CSR.

#### 4.1.4 Suppliers and production countries

During the 2015/16 financial year, hessnatur had 94 clothing, textiles and accessories suppliers, working with a total of 138 production sites. The majority of the production sites are located within the European Union.

The number of suppliers is the result of the broad product range offered by hessnatur, ranging from outerwear for women, men and children to baby clothes, home textiles and shoes. An additional factor is specialisation in certain fibres or product groups on the part of manufacturers referred to above; this is necessary for high-quality products from an ecological and technical standpoint.

#### III NUMBER OF PRODUCTION SITES PER COUNTRY, AS OF 31/07/2016

EU countries	Number of production sites	Non-EU countries	Number of production sites
Germany	23	Bahrain	1
England	1	Bosnia and Herzegovina	2
Bulgaria	3	China	11
Italy	10	India	1
Croatia	2	Macedonia	3
Lithuania	9	Morocco	2
Austria	2	Mongolia	1
Poland	6	Nepal	3
Portugal	5	Peru	11
Slovakia	2	Thailand	3
Spain	1	Tunisia	3
Czech Republic	4	Turkey	16
Hungary	6	Vietnam	2
Romania	4	Belarus	1
Total	78	Total	60

## III THE TEXTILE CHAIN USING A T-SHIRT AS EXAMPLE



### 1. ORGANIC COTTON CULTIVATION

For organic production, the seeds come from certified organic farms. Taking factors such as crop rotation, the use of natural fertilizers and natural pest control as well as the retention of social structures into account is decisive.



### 2. YARN

When producing yarn, care is taken to ensure that there is absolutely no contamination with conventional fibres. The desired result is primarily achieved by mechanical and thermal methods. Operational policies are subject to the strict hessnatur standards.



### 3. CLOTH

During the production process, yarns are protected against abrasion and tearing using natural sizing agents.

In addition, recycling systems are used so that all waste water passes through a two-stage treatment facility at the least.

### 4. PROCESSING

In accordance with hessnatur guidelines, only Oxygen is used for bleaching, colours without heavy metals are used for dyeing and a water-based printing process is used. The characteristics of the cloth are optimised subject to adherence to the highest ecological standards, for example through calenders.



### 5. PRODUCTION

This production phase is subject to great time and wage pressure. As a result, people work under appalling conditions at many producers. By contrast, hessnatur is in close contact with production sites and advocates for continuous improvement in working conditions in cooperation with FWF.



### 6. TRANSPORT

For hessnatur, the focal point for production lies within Europe. Chemical conservation is not used thanks to the hessnatur guidelines. Short distances and environmentally friendly packaging complete the final step for the product on its way to the customer.



2-4 High degree of automation and little manual work / 5 Low degree of automation and a lot of manual work

### 4.1.5 Why not exclusively European production?

Many specialists for the production of particular fibres may be found primarily in the countries in which they are cultivated. In China for example, hessnatur purchases products made of fibres typical for the country such as silk, hemp and precious hairs such as cashmere. Today, these fibres are cultivated and processed in China in large part so that it is nearly impossible to obtain them from other production countries. In turn, centres of expertise in processing cotton are located in Turkey and for the manufacture of Jersey and sleepwear in the Baltic states. At the same time, manufacturers in Germany are closing in particular. This results in a loss of know-how in this field. hessnatur works closely with German production sites in order to preserve this expertise wherever possible.

If hessnatur opts for production in non-European countries, the working conditions at the production site are examined on a very thorough basis and new suppliers are chosen with particular care. In addition, the company participates in social projects. For example, hessnatur works with the German association Nepal e.V. which takes care of people suffering from leprosy in Nepal who are excluded from local society. People who had been afflicted with leprosy but who have since been cured work together with healthy people at the workshops of the Nepalese partner association New SADLE. They receive free medical care, child care and educational opportunities. hessnatur provided support to the production site in transitioning the hand-dyeing process to colours free of harmful substances and provided textiles-related know-how. In addition, hessnatur has textiles such as cloth or Pashmina scarves, which are known for their exceptional quality, produced there for the collection. Their sale supports the New SADLE project.



## 4.2 The monitoring system for the implementation of social standards

In contrast to the preliminary production stages such as spinning, weaving or dyeing, sewing clothing has hardly been automated to date. A lot of manual work is needed, often subject to great time and cost pressure. Special attention needs to be paid here in particular. Alongside shoes, accessories and care products, textiles comprise the core business of hessnatur. Progress at the production sites is documented and monitored through site visits and audits.

An additional feature that sets hessnatur apart is the fact that the topic of social responsibility – in accordance with the holistic approach – likewise includes the subject of ecology. For example, better living conditions can be guaranteed to farmers if they convert to certified organic cultivation of natural fibres or certified organic animal husbandry for animal fibres and products. This example shows that the ecological and social fields are directly connected and must be viewed in a holistic manner.

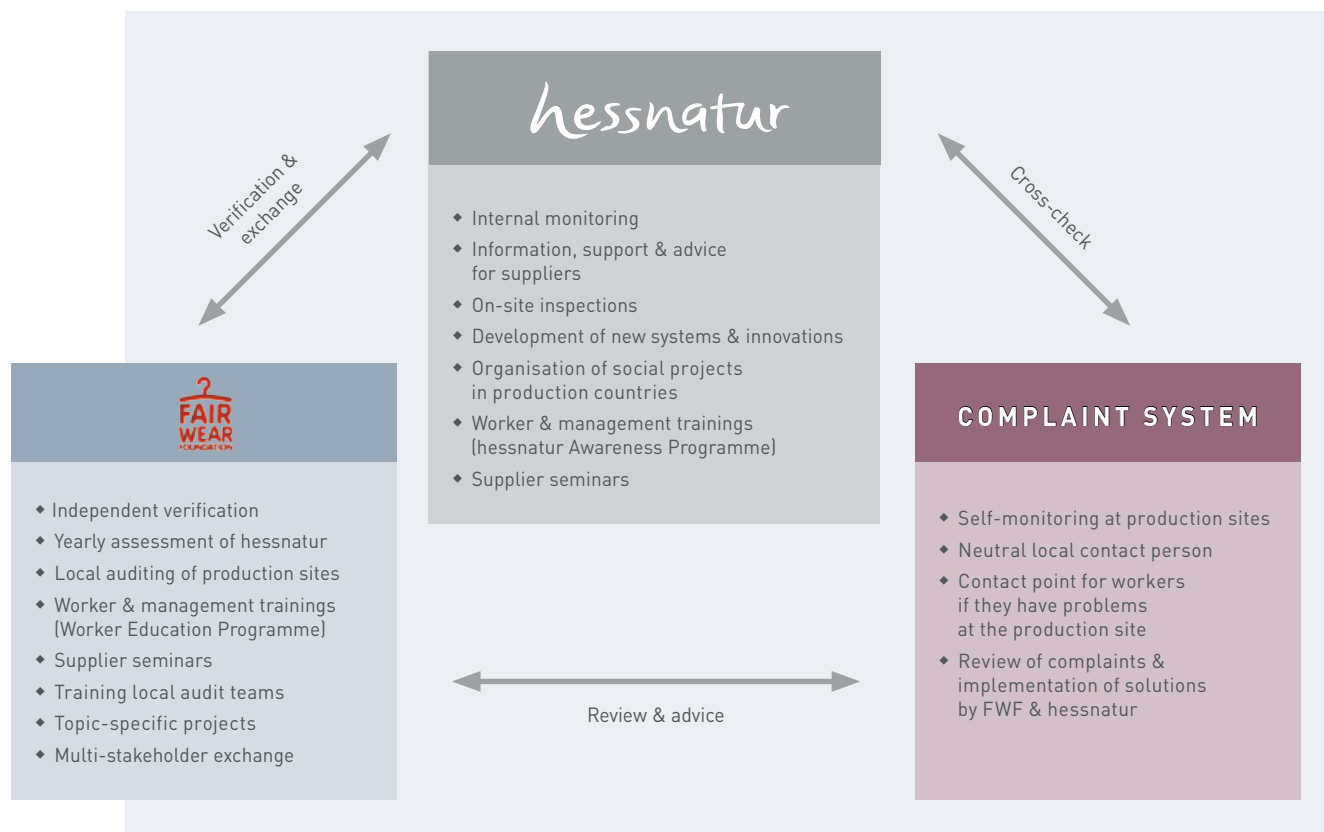
This means:

- ◆ hessnatur ensures that social standards are implemented and monitored at the production sites.
- ◆ Fair Wear Foundation (FWF) reviews the work of hessnatur and conducts audits at the production sites on behalf of hessnatur.
- ◆ A neutral complaint desk offers workers additional security.

For hessnatur, the monitoring system for social standards comprises:

- ◆ Standards, possibilities for implementation and the monitoring system are communicated to the partners in a comprehensive manner
- ◆ Written confirmation from the partners that the social standards have been accepted and are being adhered to
- ◆ Regular performance of audits
- ◆ Conducting training sessions and seminars in the production countries
- ◆ Implementation of the FWF complaint system in the production sites
- ◆ Administration and analysis of data from the monitoring system

### III CORE ELEMENTS OF THE MONITORING SYSTEM FOR SOCIAL STANDARDS





#### 4.2.1 Exchange of information

Information to the suppliers forms the basis for jointly implementing the social standards at the production sites. New partners are informed with particular care. In addition to the standards themselves, all suppliers and production sites receive additional information about the hessnatur monitoring system and the respective requirements they have to meet. Questions are clarified in the course of direct discussions with the relevant contact person at hessnatur. At the same time, comprehensive information must be provided regarding the production sites (e.g. number of employees, implementation status of the social standards, etc.). This information forms the planning baseline for monitoring measures.

#### 4.2.2 Confirmation of the social standards

The hessnatur social standards are provided to each partner and they must be confirmed by the respective partner in writing. No collaboration without confirmation! In addition, every production site receives a version of the social standards in the local language which must be posted in order to provide information to workers. hessnatur enquires about this and monitors compliance either by visiting the production site or via photo documentation.

#### 4.2.3 On-site inspections

On-site inspections create comprehensive “snap shots” of status regarding social standards at the production sites. They form the basis for intensive further work on the standards. Both workplace safety and documentation at the site are examined as part of the inspection process: Employment contracts, payroll statements, insurance documents and working hours are all examined for example. During FWF audits, worker interviews are conducted as well. In addition to FWF audits and other independent experts, hessnatur also conducts its own on-site inspections to further implement social standards. Inspections are primarily conducted at production sites located in critical production countries as well as particularly important hessnatur partners. In addition, inspections are

performed if there are indications of problems at a production site, for example in the case of worker complaints.

On-site inspections determine where there is a need for improvement. Following an audit, a so-called “Corrective Action Plan” (CAP) is prepared on the basis of the

audit report. The CAP lists the improvement measures that need to be implemented at the production site regardless of whether the audit was performed by FWF or another independent organization. As part of this process, specific solutions for the respec-

tive production site are created in conjunction with the supplier. These include a clearly defined schedule that sets out which measures must be accomplished by what time. The partners report on the status of implementation and document progress at regular intervals. In addition, follow-on inspections are conducted on-site, either through an FWF audit team or by hessnatur employees.

Complete implementation of the social standards at a producer is a process that may take many months to years depending on prevailing conditions in the respective production country. In case of incomplete compliance with the social standards, hessnatur provides help and support to improve the situation at the production site and to secure fair working conditions. Collaboration with partners is only terminated in the event this is not successful or in the case of severe violations of the hessnatur social standards.

On-site inspections are planned, scheduled and then performed locally by hessnatur. In addition, there is a so-called “Verification Audit”. The FWF verification audit distinguishes itself from a “normal” audit in that it is FWF and not hessnatur that selects the production site and schedules the audit. In this case, not only is the implementation of the social standards and work performed by the partner inspected on site, but the work of hessnatur is examined as well.

**“We are striving for holistic solutions that take the cultural context and specific situation at the production sites into account. We want to achieve real improvements that make sense for our partners and their employees locally over the long-term.”**

Elisabeth Schmidt,  
CSR Manager for Social standards

#### 4.2.4 Complaint system

The FWF complaint system is an additional tool for ensuring adherence to the social standards: It provides workers at the production sites the ability to turn to a neutral contact outside of the company in the event of a problem. These complaint managers are trained by FWF. They review the complaints and forward them to hessnatur via FWF in Amsterdam. hessnatur then works on a solution together with the producers concerned and its employees.

The system is presented at the production sites and the local contact person is announced.

This is done in a three-fold manner:

- ◆ As part of FWF audits
- ◆ Through FWF contact person visits to the producers
- ◆ Through announcing the contact person and their contact information on the hessnatur social standards posters in the respective local language

In addition, hessnatur promotes internal complaint procedures as well as dialogue between management and workers at the production sites.

#### 4.2.5 Data management

The large quantity of relevant data is managed using the Osca® computer system which was developed specifically for working with social standards in collaboration with the Setlog company. Data from the hessnatur monitoring system - for example addresses of the production sites, data and results from on-site inspections, implementation status for corrective actions - are collected, administered and analysed in this specifically-designed system.

For example, via interfaces, Osca® enables automatic import and export of CAP's as well as the automatic computation of implementation status. In a later step, the corrective actions may be filtered, e.g. by country or standard, making important analyses possible. The system supports scheduling new measures and monitoring the implementation of tasks resulting from on-site visits to the producer, e.g. audits, through an automatic time calculation function. Overview functions for recent changes or missing information ensure increased quality of available data. This data is of course treated confidentially.







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## FOR MORE TRANSPARENCY

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**We show how we improve working conditions and report about it yearly. Not only the production sites, but also we are inspected regularly. This is how improvements are also ensured by independent parties.**



Emergency staircase  
at a hessnatur partner

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## 5 COLLABORATION WITH THE PURCHASING DEPARTMENT

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As a general rule, all employees are introduced to the special features of hessnatur at their orientation and are provided training on social and ecological standards. In addition, new employees are provided information about the monitoring system for social standards as part of regular basic training courses.

Other departments whose work is directly affected by social standards are provided more in-depth information. This applies likewise in the purchasing department with whom a workshop on the topic of social standards was held again during the past year. This ensures effective collaboration between departments.

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### 5.1 The overall purchasing strategy

The broad product range of hessnatur can only be offered through close cooperation with the hessnatur partners: outerwear for women and men, baby clothes, home textiles, shoes and other accessories are offered in many materials and styles. Together with the experts for the respective fibres and product groups, high-quality products are developed and produced under highest ecological and social standards. With several partners, special materi-

**The purchasing department also assumes responsibility and creates a basis for partner companies to meet our requirements by means of relevant purchasing practices and processes.**

Helmut Schädler,  
Head of CSR and purchasing

als such as yak wool or finishing processes as for example laser treatment of jeans were developed over a long period of time. This may result in a relative degree of dependence on both sides. It is difficult to find alternative suppliers on short notice

in the event a supplier is lost or demand on the part of hessnatur exceeds its capacity. On the other hand, the supplier may be dependent upon the financial condition of hessnatur. With this in mind, hessnatur has precisely defined the materials and countries where production needs to be expanded

further or maintained or where action is less productive on the basis of expertise and forecasts. The result is a clear focus on production in Europe as well as a focus on countries and regions representing the source of special materials and/or centre of expertise.

Two basic rules have been created on the basis of this analysis and in light of a commitment to fair and sustainable relationships with suppliers: One supplier should never have more than a 30 percent share of the hessnatur product range. Similarly, hessnatur should never have more than a 30 percent share of a supplier's production.

In addition, a tool was developed with criteria for the precise analysis of individual suppliers and their production sites which forms the basis for evaluating individual suppliers. The evaluation is made on the basis of the individual production sites more than one of which often manufacture for hessnatur under one supplier. Even if the supplier is the contact person for hessnatur, a large share of the willingness to cooperate and responsibility for improving working conditions lies with the production sites themselves. In addition, the manner in which production sites handle worker complaints received by hessnatur via the FWF complaint hotline is also evaluated.

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### 5.2 Cross-departmental: Evaluation of suppliers

Individual suppliers are evaluated twice each year during the main seasons. Various departments such as purchasing, technology, financial accounting and Corporate Social Responsibility (CSR) take part. Collaboration is evaluated on a comprehensive basis at that time: Was quality acceptable? Did the supplier deliver on time? Were there difficulties related to working conditions, for example complaints from workers at the producer or anomalies following on-site inspections? Finally, the departments decide on an equally-weighted basis as to whether collaboration with a supplier should be expanded or curtailed. The purchasing, materials planning, technology and CSR departments form one organisational unit. The buyers in particular work closely together with the hessnatur suppliers. On the basis of the individual supplier evaluation they decide which supplier will

### 5.3 The purchasing department

produce which products for hessnatur. The CSR department works closely and cooperatively with the purchasing department in order to ensure social standards at the suppliers and their production sites. In the event of a breach of the hessnatur standards contrary to agreement, the CSR department has the right and obligation to call attention to this and stop orders if appropriate.

#### 5.3.1 Integrating social standards into purchasing decisions

Close cooperation is required between the purchasing and CSR departments. It is the case that actions at partners are set generally, nonetheless individual solutions must be found anew on a regular basis. Close cooperation at hessnatur provides the basis for this.

##### ◆ Process of selecting new suppliers

A large number of preconditions must be fulfilled before hessnatur makes a decision to work together with a new supplier. Purchasing is responsible for finding a new supplier who is a fit for hessnatur. The following applies nonetheless: A supplier cannot become a new partner for hessnatur unless social standards are examined as well.

##### ◆ Supplier guideline

The supplier guideline is the reference work for each partner. The hessnatur requirements are defined in this guideline. Be they ecological criteria, delivery requirements, purchasing conditions or social standards. The supplier guideline must be signed by each hessnatur partner. No signature, no cooperation!

##### ◆ Action planning

A new action plan is prepared at the start of every financial year. The plan lists when and how which partner is to be monitored, visited and informed of social standards. The plan is coordinated with purchasing in all cases. In this context, hessnatur takes care to ensure that both management and workers at a partner find the time to familiarize themselves with the social standards in depth.

#### 5.3.2 The hessnatur collection creation process

For more than four years now, the collection creation process at hessnatur has been subject to continuous optimisation from product development to merchandise shipping. The objective is to coordinate all activities associated with the process of creating a collection to the greatest extent possible in order to ensure that collections are completed and shipped on time. Many departments work hand-in-hand as part of this process: Company executive management, category management, design, CSR, purchasing and technology.

The master schedule is an important control instrument for ensuring that the process for creating a collection runs efficiently and smoothly. It includes clearly defined milestone dates and tasks and thus establishes responsibility, commitment and transparency in the day-to-day work of all departments concerned. Current target / actual status is discussed at weekly meetings and corrective measures may, if necessary, be initiated at an early stage so that scheduled deadlines can be met. This is associated with the continuous improvement of internal processes in order to not only reduce extreme workloads and duplication of effort at peak periods but also to establish a high degree of scheduling certainty for maximum customer satisfaction.

#### III THE COLLECTION CREATION PROCESS

Milestone dates Season Spring/Summer	Time frame
Collection development	February to March/April
Evaluation of individual suppliers	February
Design presentations	April
Initial sample fitting/ Initial sample evaluation	May to July
Final product selection	June/July
Order approval for the entire season	August
Photo and catalogue production	August to December
Merchandise shipment	November/December
Catalogue shipment	Mid-January



### 5.3.3 “Never out of stock” products

“Never out of stock” (NOS) products are articles that are sold as part of the product range over a longer period of time. This was introduced during the 2011/12 financial year and, since that point in time, has been expanded to include on average 200 articles per season from 12 textiles suppliers during the year under review. Current NOS articles include, for example, linens, bedding, towels or baby rompers that are always in demand.

The suppliers receive purchase guarantees for a long period of time, four seasons in most cases, for NOS articles in a specific design and colour. This provides the supplier flexibility to be better able to schedule its production runs. Seasonal fluctuations are mitigated and pressure is reduced at peak production times as a result of constant production capacity utilisation. The required production time for the workers may also be better allocated thus permitting excessive overtime to be avoided. In addition, this promotes a regular basic income for workers along with reasonable working hours.

The positive effects are also confirmed by the suppliers themselves: A supplier who produces NOS

**“Our suppliers very much appreciate the NOS system: It allows them to plan over the long-term and to manufacture our products at times when utilisation is low. Guaranteed purchase quantities over long periods aggregate into large orders which significantly reduces the costs for fabric production and finishing.”**

Christine Müller,  
Disposition for linens, hosiery  
and accessories

articles for hessnatur in Bosnia-Herzegovina noted that this made it significantly easier to plan production. Similarly, an audit confirmed that working hours were well allocated and that no excessive overtime was accumulated. The system permits another linens supplier, who also produces most of the fabric for hessnatur itself, to shift not only sewing work but also fabric production to times when order volume is low. hessnatur is later able to call up these products ordered long in advance based on actual demand, whereby agreed minimum purchase commitments remain in place. An additional order is sent to the supplier

in the event hessnatur warehouse stock falls below a defined quantity. This is coordinated by means of a status report that is sent to the supplier every two weeks. The supplier then indicates its current warehouse stock and production status which provides additional support for proactive and uniform utilisation of capacity.

However, in the event of problems on the part of the supplier at the time of delivery, hessnatur is flexible and supports the supplier in solving these problems in straightforward fashion.



NOS articles as baby rompers, for example, are always in demand.

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## 6 ENTITIES INVOLVED

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### IN MONITORING

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#### SOCIAL STANDARDS ON-SITE

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Independent experts and institutions are also commissioned in addition to producer visits and monitoring by hessnatur. They will be introduced below: Specifically, Fair Wear Foundation (FWF)\* and its auditing process will be discussed. In addition producer inspections by hessnatur and complaint management will be outlined.

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##### 6.1 Fair Wear Foundation

FWF is an international organization with its headquarters in the Netherlands. Its objectives are to improve working conditions at clothing manufacturers and to promote collective social responsibility. Companies that join FWF commit to implement and monitor social standards at their production sites.



The special thing about FWF: It is a “Multi-Stakeholder Organisation”, meaning that all groups involved in clothing manufacturing are represented as members. Non-governmental organizations (NGO’s), labour unions, trade associations, manufacturers and retailers. This ensures the broadest possible participation on the part of all stakeholders in the process of improving working conditions at clothing manufacturers.

FWF has developed its own social standards that are based on the conventions of the International Labour Organization (ILO) and the UN’s Declaration on Human Rights and that have been adopted by hessnatur. The respectively more stringent standards apply in the case of differences or contradictions between the FWF standards and local laws. The social standards and the requirements for their implementation are summarised in the FWF Code of Labour Practices. FWF members formally commit to this code and to having compliance with it audited by FWF.

\* Additional information about FWF may be found online at [www.fairwear.org](http://www.fairwear.org).

The principles of the FWF Code of Labour Practices are:

- ◆ Brands and producers share the work of improving social standards.
- ◆ Labour standards conform to the widely-accepted ILO conventions and the United Nations Universal Declaration of Human Rights.
- ◆ Implementing the standards is seen as a process that may take many years.
- ◆ Local entities are included in auditing and corrective measures.
- ◆ Implementation of the Code of Labour Practices on the part of members is independently reviewed (“external assessment” or “verification”).

FWF does more than audit production sites: Each member must report progress or shortcomings to FWF on a regular basis. FWF evaluates work on the part of member companies related to social standards in an annual Brand Performance Check.

##### Special features of Fair Wear Foundation

Audits, i.e. on-site inspections, are performed by local FWF-trained audit teams from the relevant production country. They are an integral component of the monitoring system for social standards at hessnatur. They permit cultural and regional particularities to be taken into consideration. Communication is made easier and trust is greater compared to dealing with people from another country.

In many cases, workers know very little about their rights and obligations. FWF provides information on these topics at its Worker Education Programme (WEP) training sessions. A neutral complaint system enables workers to speak with knowledgeable local contact persons in the event of problems.

The FWF audit report is only provided to hessnatur and is subsequently sent to and discussed with the production site. Management must be present during the audit of a producer. The audit team must be provided access to the production site and all important facilities.

## Audits by Fair Wear Foundation

An audit team generally comprises three inspectors: a document auditor, a health & safety auditor and one auditor to conduct worker interviews. An audit lasts approximately 1 ½ -2 days.

The following meetings and investigations are held or performed, respectively, during the audit:

- ◆ Meetings with management and management employees
- ◆ Meetings with some workers at the production site; some of these meetings are usually held off-site
- ◆ Meetings with local groups, for example labour unions, other organizations involved with these issues, trade associations and local authorities
- ◆ Inspection of company records, in particular in connection with payroll accounting, worker hiring and timekeeping
- ◆ Inspection of workplace health & safety

Before the audit team provides its report to hessnatur, it discusses the audit results with the management of the production site subject to audit. The team prepares recommendations for improvements ("Corrective Action Plan" or "CAP") if the working conditions at the producer do not conform to the social standards. They are likewise discussed with the production site.

An agreement between the production site and hessnatur regarding necessary improvements is intended following the audit. This means a time frame is agreed for implementing the CAP. Implementation is examined by hessnatur, through a follow-up visit by FWF or through an additional audit.

Compliance with internationally recognised social standards is a given for hessnatur and its customers. This type of cooperation is a significant component of the brand and thus indispensable for hessnatur. hessnatur views the suppliers as constructive business partners who share these values and who actively support hessnatur in monitoring social standards and implementing proposed corrective actions.

## 6.2 Inspections by independent experts and other organizations

Since 2009 hessnatur requires all suppliers to provide detailed reports regarding compliance and implementation of social standards. Contact to the suppliers is not only continuously enhanced in this way, but awareness of fair working conditions can be raised as well. Many suppliers have reported to hessnatur that social audits have already been conducted at their production sites; in some cases they have been conducted by internationally recognised and independent organizations. In cases where the supplier agrees, these results have been examined by hessnatur and have been given consideration when implementing social standards locally. This can avoid duplicate audits and saves costs and time for all parties.

## 6.3 On-site visits by hessnatur

On-site visits and inspections by hessnatur employees for social standards are conducted regularly. The production sites are examined closely on these occasions and implementation of the hessnatur social standards is reviewed on-site. In addition, audit results are discussed, solutions are developed or what has already been implemented is verified. Personal visits are also essential for gaining in-depth knowledge of the local situation and for being able to develop meaningful improvements.

### III ON-SITE VISITS BY HESSNATUR EXPERTS FOR SOCIAL STANDARDS

hessnatur desires not only to know the production sites very well but also to want to examine them very carefully itself. This is why the relevant hessnatur employees convince themselves about the implementation of hessnatur standards on the ground.

They examine compliance with the eight core labour standards as part of extensive site inspections at which workplace safety and documentation are reviewed – from the correct installation of fire extinguishers to reviewing employment contracts. Personal contact creates the foundation for mutual trust, a good working relationship and awareness of good working conditions.

## 6.4 Complaint management

All hessnatur suppliers are provided the Code of Labour Practices at the outset of their cooperation. In addition to the eight social standards in the local language, it includes the contact for any complaints. Furthermore, all suppliers and production sites must confirm compliance with the social standards. The new FWF information sheet for employees must also be posted on-site. FWF published it in a new format during the year under review. hessnatur provided it to the production sites in the relevant local languages. Postings at all production sites are reviewed by means of site visits or by requesting photos because employees will only be able to submit complaints locally if they are aware of the social standards and a contact for potential complaints. Complaints during the year under review and the actions taken are presented briefly below.

One complaint from the preceding year related to excessive overtime at a production site in Turkey during Ramadan. The audit report from an audit that had been conducted shortly before, and an

additional overtime analysis, confirmed this issue. Because of this, a hessnatur employee for social standards travelled to Turkey on short notice during the previous year and met with management locally. Various measures for immediate and long-term improvement of the situation were agreed as the overtime had exceeded reasonable amounts.

An additional meeting was held on-site with the relevant plant managers during the year under

review. A significant reduction in overtime, for example as a result of reduced weekend work and a reorganization of the shift systems, was confirmed. The complaint was closed, nonetheless increasing attention is being paid to the issue of overtime at the producer. The producer

also agreed to training during the subsequent year in order to improve communications between workers and management in the event of complaints about overtime or other issues.

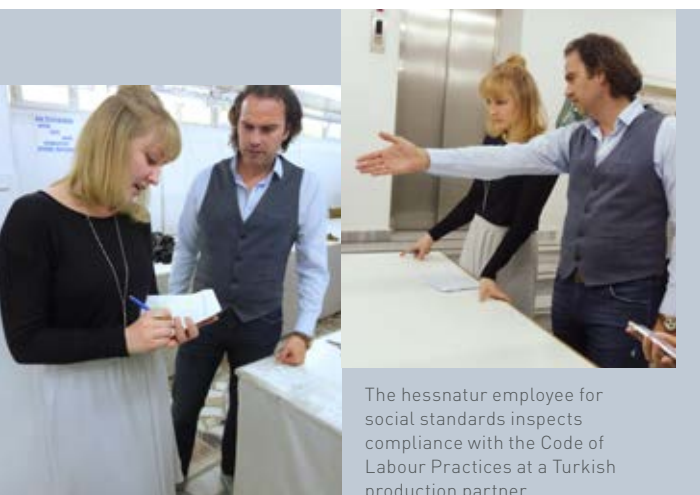
hessnatur received an additional complaint out of Turkey during the previous year in relation to an unfair termination process. As part of the subsequent investigations in cooperation with FWF, a retroactive review of the documents was not able to find any unlawful actions related to the termination. However, the complaints give the impression that there is a general problem of communication between workers and management. A WEP training was already held for management at the factory. Trainings for the employees are supposed to be held in the following year.

Another complaint was received from Turkey following an audit during the previous year regarding the issue of restricted freedom of association and unfair termination due to membership in a labour union. As part of the follow-up, no unlawful conduct was found in relation to the termination. However, communications between workers and ma-

8 complaints from Turkey and from India were altogether **new or subject to further handling.**

3 of these complaints were new submissions to the **FWF complaint hotline** during the year under review.

3 complaints were **closed** during the year under review.



The hessnatur employee for social standards inspects compliance with the Code of Labour Practices at a Turkish production partner.



nagement appears to be problematic here as well. Attendance at a training session at the factory is being discussed for this reason.

Following an FWF verification audit during the year under review, employees from a Turkish producer submitted two complaints related to excessive overtime, discrimination in wage policies and delayed registration for social insurance. hessnatur is in close contact with two other FWF members who are also customers of this supplier. The local situation is being analysed together and steps for improvement are being agreed. Possibilities for training sessions to bolster internal dialogue are being evaluated.

A complaint from Turkey regarding overtime as well as delayed registration for social insurance was likewise received during the previous year following an audit. The employee quit before the complaint could be addressed any further. hessnatur took up the issue as part of audit follow-up and agreed to improvements during an on-site visit. In addition, the supplier attended a WEP training during the previous year as well as an FWF Social Dialogue Seminar so that the complaint could be closed. The issue will continue to receive heightened attention.

A Turkish partner closed operations very suddenly and unexpectedly during the 2011/2012 financial year. Payments had already not been made to workers for the three months preceding the closure. In addition, severance payments (in relation to notice periods) and payments for social and pension insurance were outstanding as a result of the suddenness of the situation. hessnatur paid the majority of its share of outstanding payments to the workers shortly after the closure. In addition, hessnatur was able to place several former employees of the shuttered producer at another hessnatur partner in the region. The complaint was closed during the year under review: hessnatur provided legal assistance and was thus able to obtain payments of the still outstanding amounts for the employees.

Complaints related to short-term contracts and severance payments were received from India. In the course of a close exchange with the producer and an additional FWF member, severance payments for the short-term employees who had been dismissed were quickly arranged and the complaint was closed. However, uncertainties remained regarding the legal situation, which is a general problem in India. The producer met with FWF country experts on-site in order to provide clarity. FWF then prepared a brief study in order to further analyse the legal framework as well as potential solutions related to the issue of short-term contracts in India. During the following year, work will be continued in collaboration with FWF, the other brand and the producer in order to implement long-term improvements.

Complaints received during the year under review make clear that employees in Turkey and India are becoming increasingly aware of their rights and thus make more frequent use of the ability to complain and assert their rights. However, at the same time it is clear that communications between employees and management do not always function sufficiently in order to address problems and potential solutions internally - because the complaint hotline is supposed to offer workers increased security, however it is only supposed to be used when internal efforts at resolution have failed. hessnatur is aware of this and addresses complaints as part of audit follow-up and also supports dialogue between the parties concerned by means of visits and on-site training.



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THE FOCUS IS  
ON PEOPLE

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Fundamental understanding of local customs and the culture of people on-site is indispensable for better working conditions.

This is why we travel to the production countries and develop individual solutions together with our partners.



Handicraft at the shoe manufacturer Viola Fonti in Italy.







„Vivek Batra“

## SOCIAL FAIRNESS

also applies in our headquarters  
in Butzbach: Also here,  
where every package is prepared  
for our customers,  
the focus is on people.



## 7 MONITORING MEASURES DURING THE YEAR UNDER REVIEW

### 7.1 Overview of monitoring measures

hessnatur reviews compliance with the social standards as part of the monitoring system. This system is composed of three core elements and has already been described in detail. The following sections specifically address the implementation of measures on-site at individual production sites.

Fair Wear Foundation (FWF) distinguishes between low-risk countries and high-risk countries. In this context, risk relates to compliance with local laws and international standards. In the so-called low-risk countries, compliance with laws and standards is generally well regulated and monitored by legislative authorities. These countries include the Member States of the European Union with the exception of Bulgaria and Romania. In high-risk

countries by contrast, there is often a discrepancy between existing laws and standards and compliance with them. Accordingly, there is an increased need to take action in these countries in relation to working conditions.

The following table provides an overview of audits and visits to production sites where hessnatur posted payments during the year under review for delivered goods (purchase value or freight on board, "FOB"). In any case, 90 percent of the purchase value must originate from producers who are either not located in high-risk countries or that have been audited.\* The table shows that 96 percent of total purchase value for relevant goods came from producers who are either not located in high-risk countries (50%) or that have been audited (46%).

\* According to FWF Brand Performance Check Guideline Version 3 for financial years starting between 1 January 2014 and 31 December 2015

#### III NUMBER OF PRODUCTION SITES BY COUNTRY, VISITS AND AUDITS\*, AS OF 31/07/2016

Low-risk countries			High-risk countries			
Countries	Number of production sites	Number of production sites visited	Countries	Number of production sites	Number of production sites visited	Number of production sites audited
Germany	23	5	Bahrain	1	1	1
England	1	0	Bosnia and Herzegovina	2	0	2
Italy	10	8	Bulgaria	3	2	1
Croatia	2	0	China	11	6	7
Lithuania	9	5	India	1	0	1
Austria	2	0	Macedonia	3	1	3
Poland	6	2	Morocco	2	0	2
Portugal	5	1	Mongolia	1	0	0
Slovakia	2	0	Nepal	3	0	Social project
Spain	1	0	Peru	11	0	6
Czech Republic	4	0	Romania	4	0	3
Hungary	6	1	Thailand	3	3	3
			Tunisia	3	2	2
			Turkey	16	5	10
			Vietnam	2	2	0
			Belarus	1	1	1
<b>Total</b>	<b>71</b>	<b>22</b>	<b>Total</b>	<b>67</b>	<b>23</b>	<b>42</b>
<b>Purchase value for production sites in low-risk countries:</b>		<b>50%</b>	<b>Purchase value for audited production sites in high-risk countries:</b>		<b>46%</b>	

\* Production sites in high-risk countries are counted as audited if they have a social audit valid for the year under review. Production sites that have been visited by hessnatur employees during the year under review are counted as visited.

## **7.2 Monitoring measures in low-risk countries**

Just as is the case for all hessnatur production sites, companies in low-risk countries must also provide detailed information regarding social standards, including confirmation of the Code of Labour Practices, on a regular basis. In addition, during the year under review all producers were requested to post the new FWF information sheet for their employees in the relevant local languages. On-site visits are made on multiple occasions, including by hessnatur employees for social standards. The production sites are inspected and good working conditions discussed as part of these visits. Whenever business partners visit hessnatur, topics that are relevant to social standards are reviewed and discussed with hessnatur employees for social standards. Specific activities from the year under review are listed below in order to provide an impression:

### **Italy**

In Italy, there is a heightened risk of non-compliance with social standards as a result of increasing employment of Chinese and/or illegally employed workers in certain regions. According to a FWF country study on Italy, standards for discrimination, wages, contracts and overtime, for example, are particularly at risk in these regions. The hessnatur employees for social standards have specifically discussed these risks with all suppliers operating production sites in Italy. They visited the mostly Italian production sites themselves in order to obtain a personal impression of the local situation and to minimize the risk of outsourcing to additional producers. These mostly small family-run businesses produce high-quality leather and knitted goods for hessnatur. The producers are experts of their craft as a lot of work must be performed by hand, which also was reported publicly during the year under review.

### **Portugal**

The largest risks at production sites in Portugal were described in relation to overtime, outsourcing to suppliers and occupational safety at a FWF stakeholder seminar in 2014. One employee for social

- ♦ 22 producers in low-risk countries were visited by hessnatur employees for social standards during the year under review.
- ♦ On a trip to Italy, eight of the mostly small, family-owned businesses showed the employees for social standards production first-hand.
- ♦ The exemplary hessnatur partner in Portugal offers a "life card" with which employees receive numerous rebates on local purchases.
- ♦ German production sites show their crafts to a hessnatur employee for social standards and hessnatur customers first-hand.
- ♦ At the Fashion Revolution Day, a hessnatur partner from Lithuania showed who produces hessnatur products.

standards visited one of the more recent partners who demonstrated exemplary efforts to create good working conditions:

- ♦ The producer itself computed a comparison value for living wages. A life card for employees was introduced as one measure to realize it. The card offers significant discounts for a large variety of goods and services in the nearby town, for example when purchasing groceries or at the chemists.
- ♦ The Company promotes young employees education at its own training centre (for example in the form of re-training).
- ♦ Additional healthcare benefits are offered for employees (cancer screening tests for example).
- ♦ High value is placed on sustainable processes in production. For example, more than one-half of energy used is obtained from solar panels, water is heated with the aid of solar power, the factory roof has special thermal features that ensure comfortable temperatures in the factory and production waste is recycled.

### **Germany**

23 hessnatur production sites continue to be located in Germany. For this reason, German partners are regularly visited by hessnatur employees for social standards. One long-term partner even opened its doors for hessnatur customers during the year under review. Customers were able to win a chance for this visit by participating in a drawing in connection with Fashion Revolution Day. They were entered in the drawing with their Fashion Revolution contributions. During the visit, the group was not only shown production, but the laundry and a materials manufacturer (knitted products) also provided in-

sights into their production processes. The visit also provided the opportunity to discuss trends in textiles production in Germany with specialists and experts first hand. Historical information and personal experiences were also shared by this hessnatur partner.

## Lithuania

The hessnatur partners in Lithuania produce Jersey articles amongst other things. One employee for social standards visited several partners during the year under review. Measures to improve occupational safety were agreed for example at one production site which is also partner to another FWF member. This producer has also been audited several times regarding working conditions and is working on the necessary corrective measures. One additional



Danute and Regina work in the cutting department at a Lithuanian production partner. Both are working there since the company's opening more than ten years ago.

exemplary production site opened its doors during the previous year for a press tour including several journalists. Employees receive above-average wages at this long-term hessnatur partner, they do not work more than 8 hours per day and receive activity breaks during the workday. At Fashion Revolution Day employees from this producer also showed who makes the hessnatur products there.

## 7.3 Situation and challenges in individual high-risk countries

The tables below set out the specific challenges with regard to the eight core labour standards in the individual high-risk countries. The evaluations are based on the most recent audit in each case (as of 31/07/2016). The average of the results of all relevant audits is indicated in the case of multiple production sites in a country.

## EVALUATION SCORES

- 8 good results
- 6 deficiencies that may be improved quickly / with relative ease
- 4 deficiencies that may be improved over the medium to long-term / with greater difficulty
- 2 supplier refuses to remedy deficiencies
- 0 no willingness to cooperate / supplier refuses dialogue

The percentages shown under **implementation status** indicate how many of the findings from the last audit have been resolved or improved to date. The average figure for implementation status for all relevant audits is shown in the case of multiple producers in a country. Given that the number and scope of the findings, as well as the amount of time needed for implementation of the corrective measures, may vary greatly, this value cannot be used as a comparison of countries against each other or for an annual comparison. For example, if a producer has not resolved a smaller finding, it would have an implementation level of 0 percent, however it would be at a significantly better level than a producer with ten findings of which 50 percent had been resolved to date. If a producer that previously had an implementation level of 100 percent is audited again, this does not mean that no new findings were made. What this shows is that work on social standards is a constant and ongoing process.

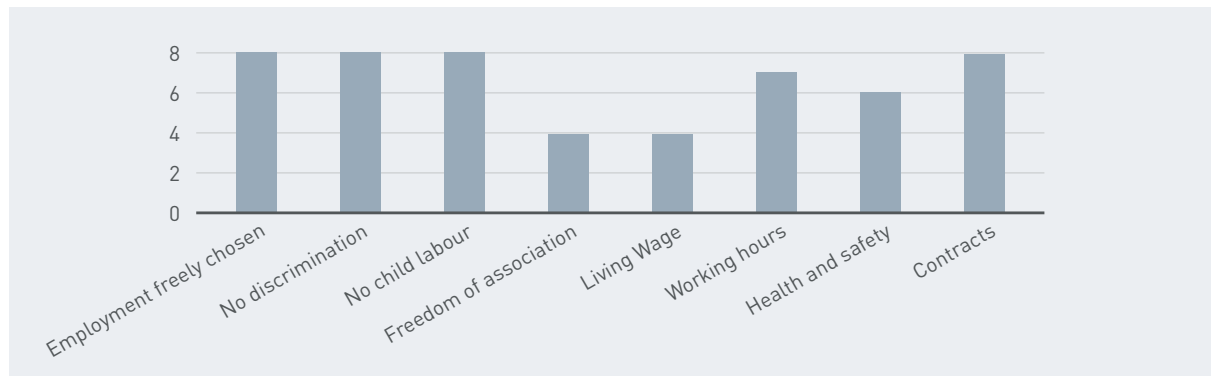
With this in mind, working conditions at production partners are continuously monitored and enhanced. **Improvements that have been achieved** are described in summary for each country in order to provide an impression.

**Additional measures**, such as a training that applied or was conducted during the year under review, visits by hessnatur employees or projects taking place during the year under review are likewise shown by country.

## BAHRAIN

Production sites	Audits		Implementation status	Visited production sites
	FWF	Others		
1	0	1	70%	1

## SITUATION OF ADHERENCE TO SOCIAL STANDARDS



A new partner in **Bahrain** makes hessnatur bed linens. During the year under review, the producer was audited by hessnatur prior to starting production.

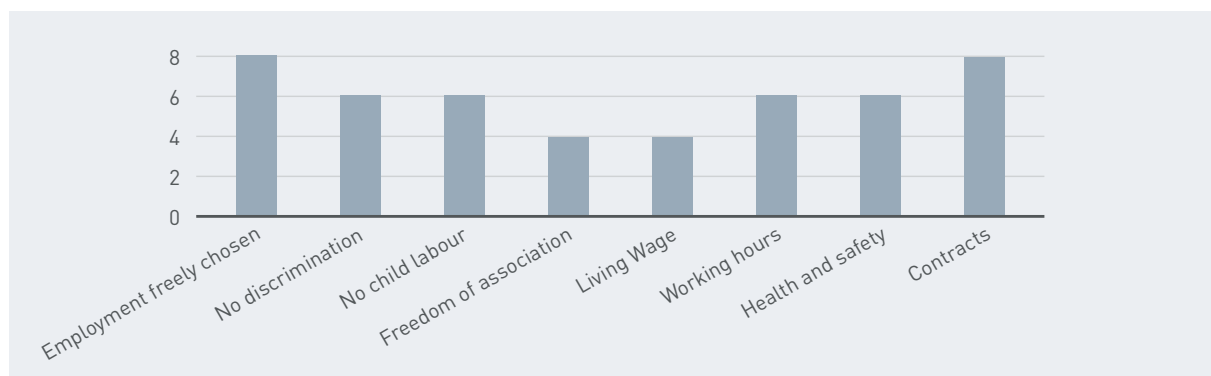
The audit results highlight challenges in particular in the areas of freedom of association and wages, however the audit also revealed smaller issues related to occupational safety. Most of the measures have already been implemented since the start of

the cooperation. Electrical wiring, emergency exit signs and chemical storage were brought up to standard for example. In addition, the existing works council for occupational safety was expanded to cover social issues that are now addressed by elected worker representatives from all represented cultural groups. Formal complaints and disciplinary proceedings are currently being developed in cooperation with the producer.

## BOSNIA AND HERZEGOVINA

Production sites	Audits		Implementation status
	FWF	Others	
2	0	2	57%

## SITUATION OF ADHERENCE TO SOCIAL STANDARDS



In **Bosnia and Herzegovina** two smaller production sites primarily make knitted products and linens for hessnatur as part of a cooperation that has been in place for many years. One of the producers was subject to a new audit during the year under review.

Measures are planned on-site in the following year in order to make additional improvements. The audit results for the second production site primarily relate to democratically elected worker representation and living wages. Additional deficiencies rela-



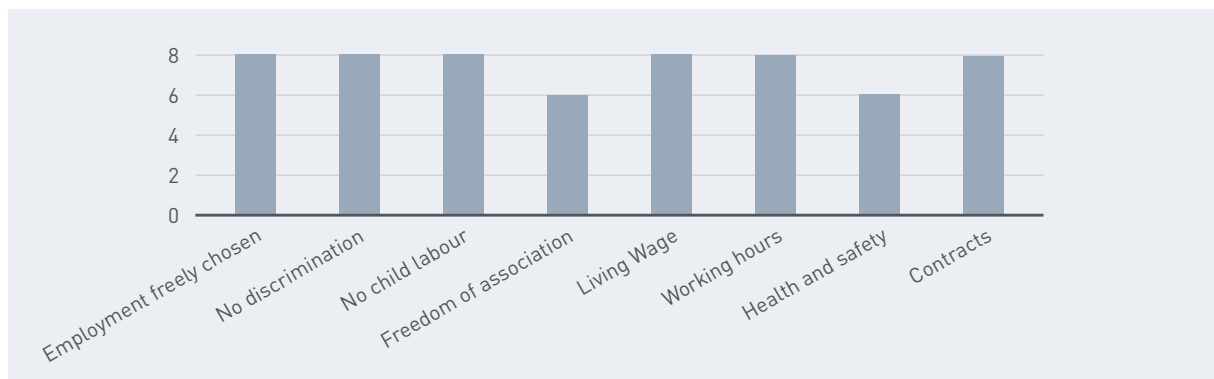
te to the informal recording of working hours and bonuses. The producer is very small and informal. As a first step, a contact person was named in order to further improve a communication structure that already appeared to be good in the audit. As an additional measure, working hours are to be recorded in writing. Safety regulations were posted

as well. Order guarantees for specific products are granted for several seasons as part of a “Never Out of Stock” system developed by hessnatur. The producer itself stated it was able to allocate production on a more uniform basis over the year as a result and that it was able to reduce overtime. A new audit is planned for the coming year.

### III BULGARIA

Production sites	Audits		Implementation status	Visited production sites
	FWF	Others		
3	1	0	67%	2

### III SITUATION OF ADHERENCE TO SOCIAL STANDARDS



Since the year under review, production sites in Bulgaria primarily produce woven products such as blouses. The production site where most of the production for hessnatur in Bulgaria takes place has already been visited by hessnatur employees on many occasions. A hessnatur employee for social standards was present at the FWF audit. The local FWF

team itself called it one of the best audits that they had ever conducted in Bulgaria. The employees, most of whom have been employed there for many years, likewise confirm the particularly good working conditions. The three measures necessary following the audit primarily relate to formalities and have already been implemented to a large extent.

#### EXEMPLARY WORKING CONDITIONS IN BULGARIA

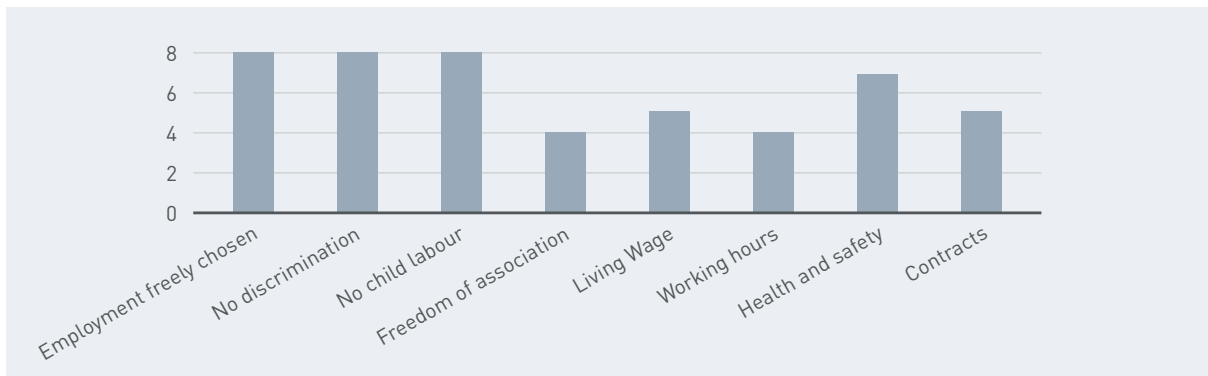
- ♦ Democratically elected worker representatives address worker complaints and interests and meet regularly with management in order to discuss problems and to develop measures for improvement.
- ♦ The majority of workers receive wages that are above the comparison value for living wages.\*
- ♦ An on-site canteen offers fresh, inexpensive meals.
- ♦ The production site has a social fund in order to be able to provide support to workers in financial distress due to emergencies such as stays in hospital.
- ♦ An inexpensive summer camp is offered for workers' children during peak production times.
- ♦ Working hours have been adjusted to take the bus schedule into account. Taxis are paid for by the producer in the event of overtime.
- ♦ Numerous measures for exemplary occupational safety have been implemented as part of an EU project such as updating the windows.

\* The applicable comparison value is the value applied to a four-member family by the Institute for Social and Trade Union Research (2014).

## || CHINA

Production sites	Audits		Implementation status	WEP Trainings	Visited production sites	Partners of further FWF members	FWF factory member
11	FWF	Others	44%	7	6	1	1

## || SITUATION OF ADHERENCE TO SOCIAL STANDARDS



Many Hessnatur production sites in China have been partners for several years. For example, products made of silk, hemp or cashmere are made there because these raw materials are produced in the region.

The primary problems at these production sites relate to the issues of freedom of association and working hours. As a result of state-controlled labour union, it is difficult to ensure freedom to collective bargaining on the part of the workers. In order to promote good internal communications nonetheless, additional Worker Education Programme (WEP) trainings were held during the year under review so that most Chinese partners have now attended the trainings. In addition to rights and obligations on the part of the workers and those of management, the trainings also emphasise in-

ternal communications channels and complaint mechanisms. Furthermore, an employee for social standards also visited most of the production sites. During her visits improvements related to occupational safety and approaches to reducing overtime hours, which has proven to be difficult, were developed with the partners. The wage structures at two production sites remain exemplary, paying salaries above the comparison value for living wages.

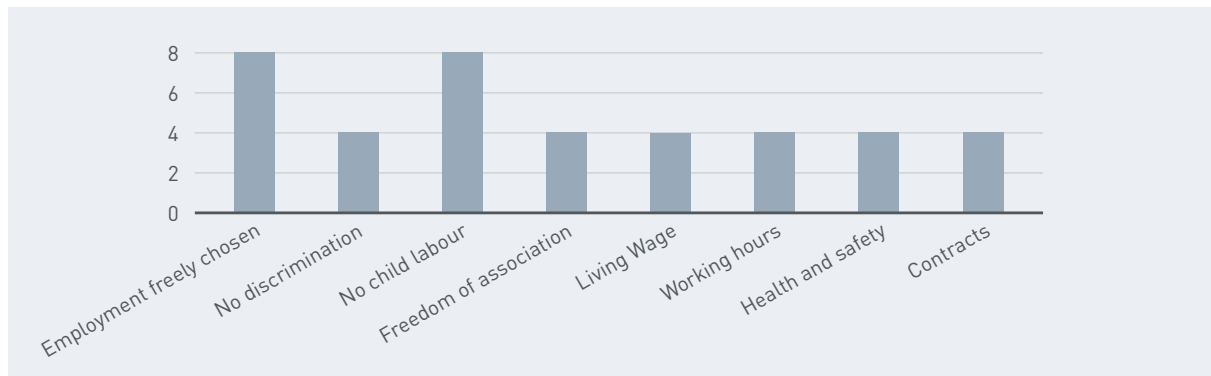
### LIVING WAGES IN CHINA

- ♦ At one production site, most workers already receive wages above the reference value of Asia Floor Wage for a 40-hour week without overtime.
- ♦ At another partner, this applies if bonuses in the form of meals and lodging are included in the calculation.

### III INDIA

Production sites	Audits		Implementation status	WEP Trainings	Complaints (worked on in FY 15/16)	Partners of further FWF members
	FWF	Others				
1	1	0	83%	1	1	1

### III SITUATION OF ADHERENCE TO SOCIAL STANDARDS



The production site in **India** makes scarves for hessnatur. It was audited at the start of 2014 and thereafter visited by an employee for social standards in order to discuss potential solutions directly on-site. Many individual measures in the health and safety areas have already been implemented. For example, there are now trained first aiders and a separate room for storing chemicals. In addition, an FWF WEP training was held that was expanded at the supplier's request to include more detailed aspects related to occupational safety. Following the training, worker representation was elected that now pursues the interests of the workers in dialogue with management. An anti-

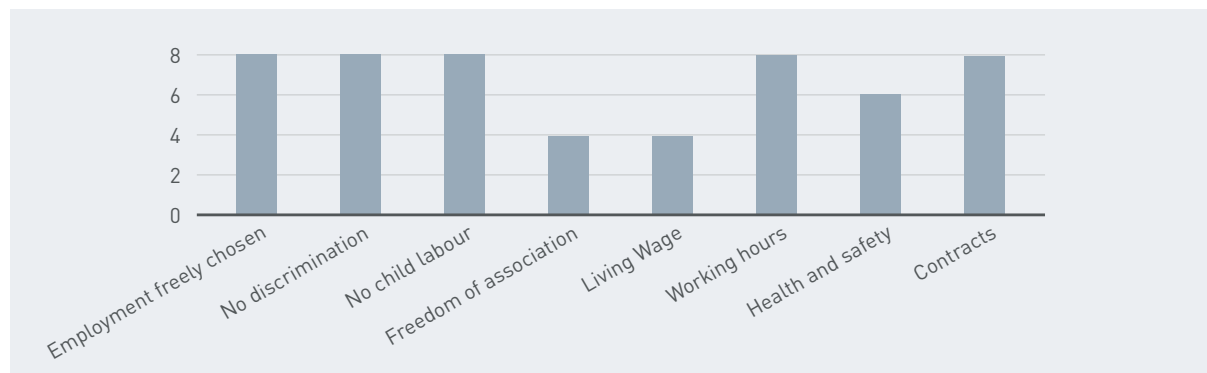
harassment committee was likewise elected by the workers. FWF provided training to the members regarding their duties.

Points that remain open primarily relate to disadvantages experienced by workers who do not have long-term employment contracts. This topic is a country-specific problem and is being handled in the context of complaints lodged by workers with temporary contracts after they have been dismissed. This is done in close contact with an additional FWF member, the producer and FWF (see also section 6.4 complaint management). A new audit is planned for the following year.

## ||| MOROCCO

Production Sites	Audits		Implementation status
	FWF	Others	
2	1	1	78%

## ||| SITUATION OF ADHERENCE TO SOCIAL STANDARDS



One production site in **Morocco** was audited by FWF for the first time the previous year. The Corrective Action Plan (CAP) was then discussed in detail during a visit by factory management and the local agency to hessnatur. The greatest challenges represent living wages. A works council and an occupational safety committee were already in place, nonetheless, improvements were needed in order for them to be functional. Minor deficiencies

in the occupational safety area were discovered as well. During the year under review, the employees for social standards were able to achieve significant improvements working closely with the local agency and the production site, including several measures that were difficult to implement. Cooperation with the second production site was terminated for strategic reasons.

### MANY IMPROVEMENTS IN MOROCCO

Amongst others, the following measures were implemented at the Moroccan production site following an audit:

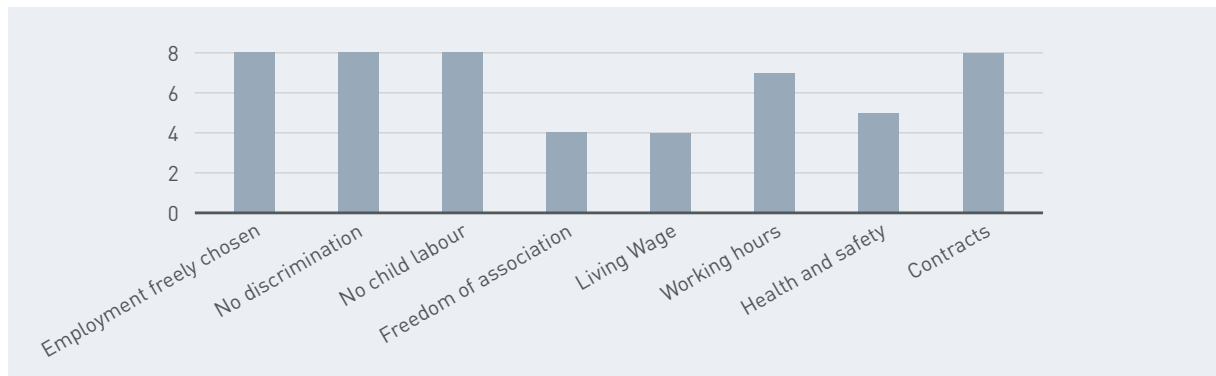
- ♦ A complaint process was developed, set out in writing and communicated to the workers.
- ♦ The existing works council including elected worker representatives now meets regularly and documents what was discussed in the form of minutes.
- ♦ An occupational safety officer was officially named and the occupational safety committee now meets regularly.
- ♦ Several specific improvements were made related to occupational safety, for example the installation of stair coverings to prevent accidents caused by slipping.
- ♦ An occupational safety expert provided training on the safe use of machines.
- ♦ A first-aid process was developed and posted.
- ♦ Formal errors in contracts for interns were corrected.



### III MACEDONIA

Production sites	Audits		Implementation status	WEP Trainings	Living Wage Project	Visited production sites	Partners of further FWF members
3	FWF	Others	43%	1	1	1	2

### III SITUATION OF ADHERENCE TO SOCIAL STANDARDS



Two producers in **Macedonia** were audited for the first time by FWF during the year under review. A hessnatur employee for social standards was present at one of the audits. This production site is a long-term partner in the development and production of hessnatur Jersey products. Since the audit, the CAP has been discussed on numerous occasions on-site so that several points have already been implemented. Cooperation with the third producer was terminated for strategic reasons.

The greatest challenges are in the areas of freedom of association and wages. Payments below the minimum wage were discovered at one producer during a holiday month. This was the result of a computational error. Amounts still owed to the employees were calculated, reviewed by hessnatur and promptly compensated by means of additio-

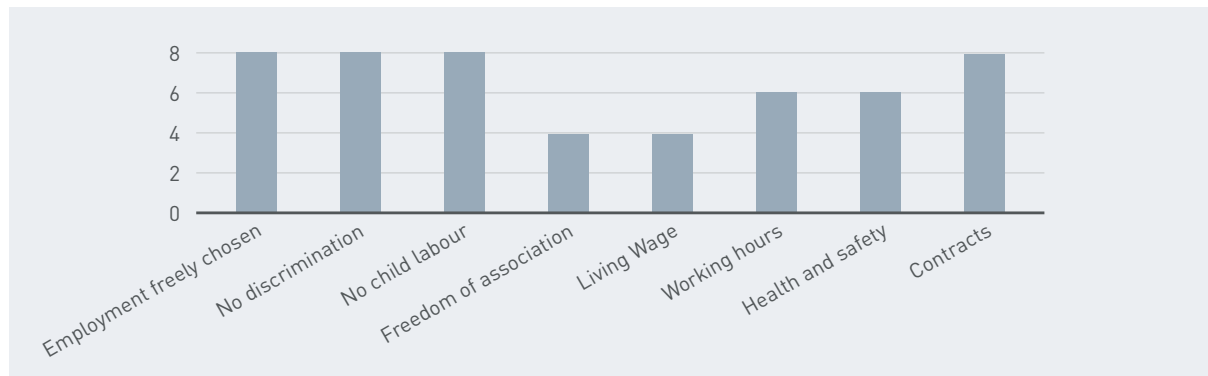
nal, paid holiday leave. An FWF WEP training was also held during the year under review. A translator was engaged for the training in order to take the different language skills of the participants into account. The election of worker representatives, existing communications channels and sufficient wages were specifically addressed in cooperation with an additional FWF member.

The producer continues to participate in the Living Wage Project. During the year under review, advancement in this regard was achieved through several visits by hessnatur. Proposals from earlier analyses were evaluated and agreement was reached to engage an expert to implement standard times and productivity increases (see also section 8.2 Living Wage Project Macedonia). At another producer, a fire alarm system was installed and activated following renovation work.

## III MONGOLIA

Production sites	Audits		Implementation status
	FWF	Others	
1	0	0	NA

## III SITUATION OF ADHERENCE TO SOCIAL STANDARDS



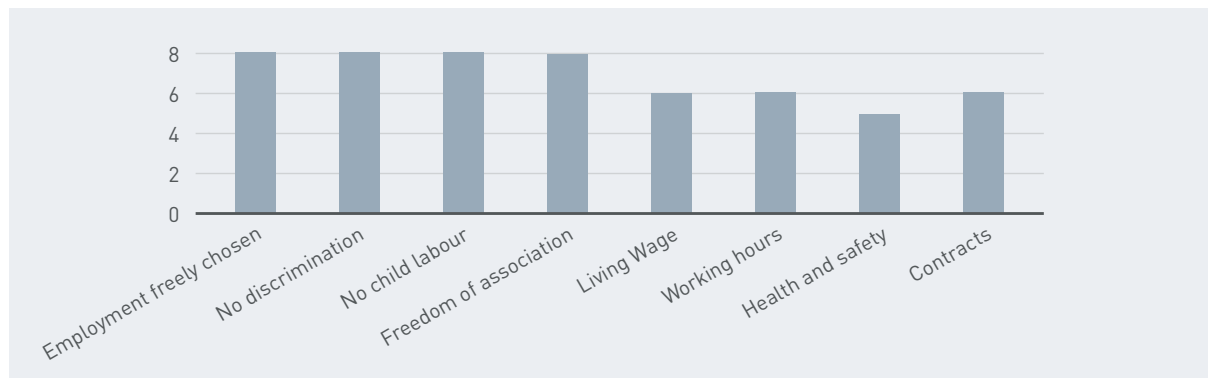
Fine products made of yak wool were produced in **Mongolia**. The last audit was conducted at the production site in 2011. Most of measures were then

subsequently implemented. Nonetheless, cooperation with the supplier was terminated during the year under review for strategic reasons.

## III PERU

Production sites	Audits		Implementation status
	FWF	Others	
11	0	6	80%

## III SITUATION OF ADHERENCE TO SOCIAL STANDARDS



Alpaca wool clothing and accessories from hessnatur are primarily produced in **Peru**. The Peruvian partners were audited some time ago. The greatest challenges identified in the audits related to occupational safety and contracts. Two hessnatur employees for social standards visited the producers following the audits so that most of the required measures have already been implemented. The hessnatur agent in Peru regularly visits the production sites, was on hand for the audits and provided local support for implementing the corrective measures. In addition, a Day of Social Standards attended by nearly all Peruvian partners was held

during the 2013/2014 financial year. Training was provided covering the eight core labour standards and complaint mechanisms at this event. Participants had the opportunity to share their own experiences related to implementation at their respective companies following the training.

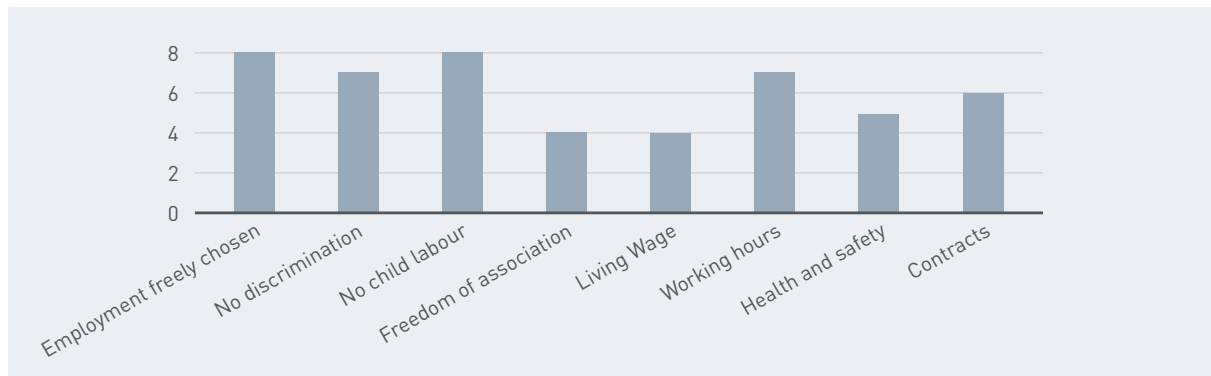
New audits at these production sites are being considered for the following year. Cooperation with some producers was terminated during the year under review for strategic reasons.

One partner was additionally subject to an external audit and hessnatur is working with the production site to implement needed corrections.

### III ROMANIA

Production sites	Audits		Implementation status	WEP Trainings	Partners of further FWF members
	FWF	Others			
4	3	0	41%	2	1

### III SITUATION OF ADHERENCE TO SOCIAL STANDARDS



Most production sites for hessnatur in **Romania** were audited by FWF in the past two years. The audits show that the greatest challenges are in the areas of freedom of association and wages. With regard to the topics of working hours and contracts, for example, incorrect or missing formalities were criticised at the smaller firms.

Numerous improvements were implemented at a newer production partner during the year under review that had just been audited the previous year. In addition to significantly improved employee

communications, a new building section was constructed with a larger storage room, thus permitting materials to be arranged more safely. An additional producer for example updated existing job descriptions and evaluation criteria in order to be able to evaluate the performance of its employees in a professional manner in line with their specific duties and skills.

The third producer was just recently re-audited. Accordingly, the results and measures will be reported in the following year after receipt of the audit report.

#### FOCUS ON COMMUNICATIONS AND FREEDOM OF ASSOCIATION IN ROMANIA

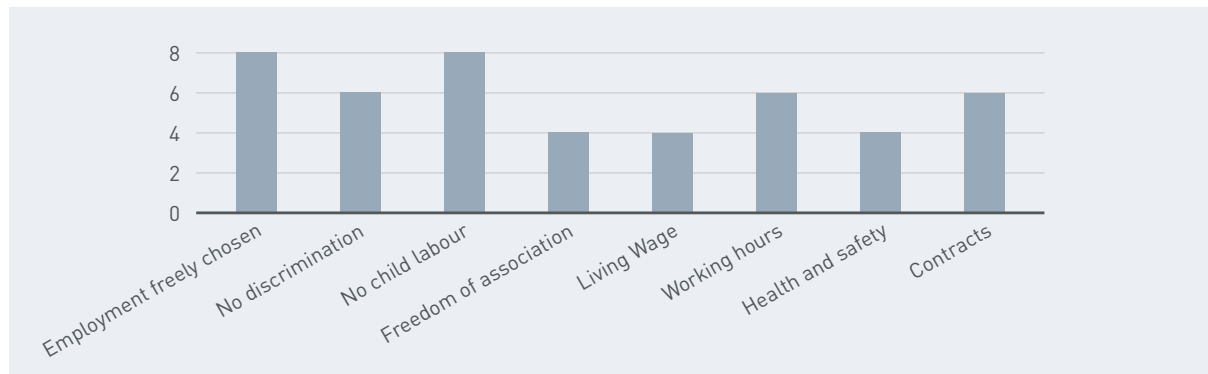
A large number of innovations for additional and more intensive dialogue between employees and management were introduced during the year under review.

- ♦ At one producer an employee is now responsible for social standards. She has close relationships to employees, elected employee representatives and management and advocates for constant improvement to working conditions.
- ♦ In order to create more team spirit a questionnaire was developed for example where employees could indicate what they would like to do together with their co-workers. An event in line with these responses is now being planned by management.
- ♦ Internal communications channels and opportunities to lodge complaints were also addressed at an FWF WEP training.
- ♦ Some employees are suffering from health problems. The shift system was expanded as part of improved dialogue so that employees will initially be provided some relief in the form of shorter shifts.

## THAILAND

Production sites	Audits		Implementation status	hessnatur Awareness Trainings	Visited production sites
FWF	Others				
3	3	0	71%	3	3

## SITUATION OF ADHERENCE TO SOCIAL STANDARDS



The long-term hessnatur partners in **Thailand** produce woven goods for hessnatur. The audits revealed difficult issues related to wages and freedom of association as well as numerous points in the occupational safety area. There is also a risk of discrimination against workers from Myanmar who are currently employed at two production sites.

Several specific steps were taken during the year under review in order to promote equal treatment

amongst workers. In addition, one employee for social standards travelled to all production sites. After her visit most of the other points from the audits were able to be corrected. These included many specific points for increased occupational safety or formal guidelines and processes that were newly developed or corrected. In addition, the hessnatur Awareness Training was held for all partners in Thailand. A new FWF audit is planned at one production site next year.

### FOR MORE EQUALITY AND BETTER OCCUPATIONAL SAFETY AT PARTNERS IN THAILAND

In light of typical risks of discrimination and numerous deficiencies in the area of occupational safety, hessnatur has actively sought improvements in these areas:

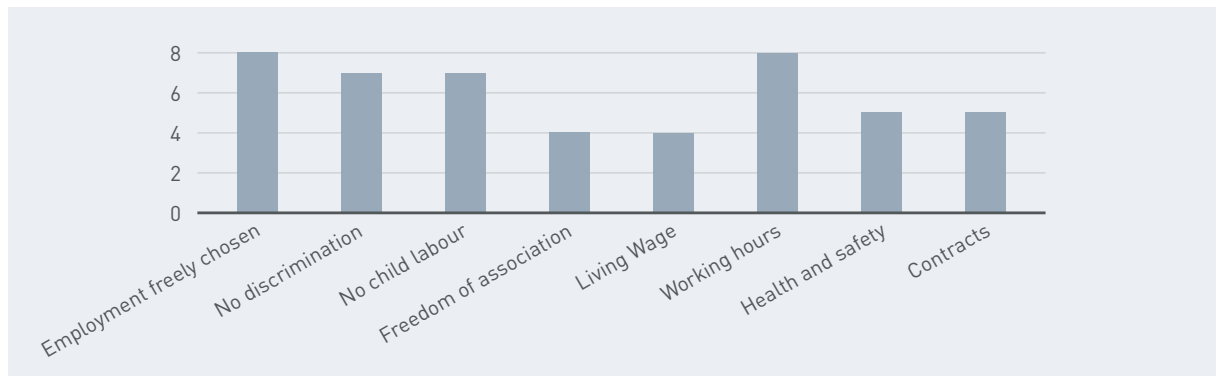
- ◆ Complaint processes were newly developed and posted next to complaint boxes.
- ◆ Important documents such as employment contracts or wage statements were translated into Burmese.
- ◆ New elections were held for employee representatives. In addition, the works council meets regularly including a representative from Myanmar. Issues that are discussed are documented in writing.
- ◆ Thai and Burmese workers were trained in mixed groups at the hessnatur Awareness Training sessions. One of the primary topics covered related to internal communication channels to management.
- ◆ Numerous safety certificates, such as for a lift, a compressed air tank or the power supply were reinspected and reissued.
- ◆ Health checks were conducted for the employees.
- ◆ An occupational safety committee now meets regularly in order to continually monitor and improve health & safety in the factory.



### ||| TUNISIA

Production sites	Audits		Implementation status	Visited production sites
	FWF	Others		
3	2	0	5%	2

### ||| SITUATION OF ADHERENCE TO SOCIAL STANDARDS



Starting with the year under review, a new supplier produces jeans for hessnatur at the production sites in **Tunisia**. Two of the producers were visited by hessnatur employees before the start of production. FWF audits were conducted for the first time at two producers only recently. The audits revealed challenges primarily in the areas of freedom of as-

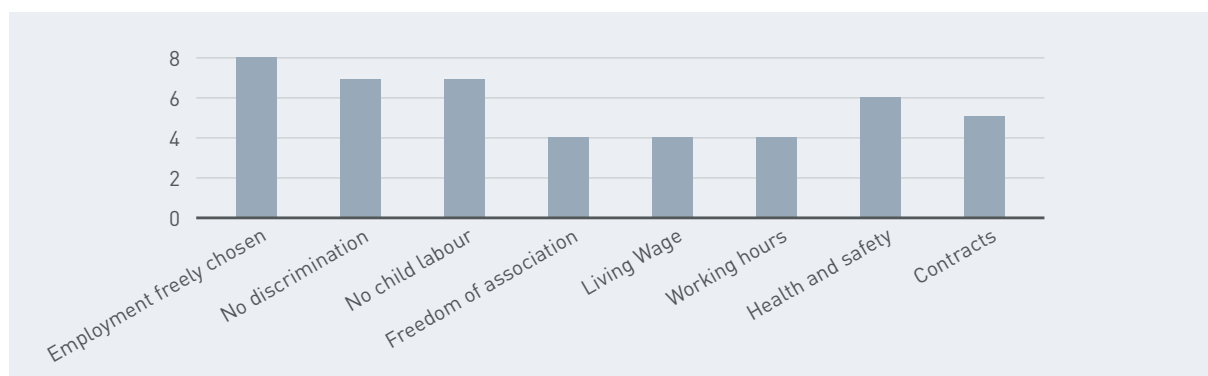
sociation and wages as well as occupational safety and contracts. Required improvements have already been discussed with the producers.

Visits by hessnatur employees for social standards in order to provide contemporaneous verification are planned in addition to other measures.

## III TURKEY

Production sites	Audits		Implementation status	WEP Trainings	Complaints (worked on in FY 15/16)	Visited production sites	Partners of further FWF members
FWF	Others						
16	7	3	41%	3,5	7	5	3

## III SITUATION OF ADHERENCE TO SOCIAL STANDARDS



Three of the producers were newly audited by FWF in **Turkey** during the year under review, some of them only recently, so that the implementation status indicated is rather low. In general, Turkey represents one of the countries with the greatest challenges related to social standards during the year under review. Need for action is required in particular in the areas of freedom of association, wages, overtime and contracts. Furthermore, numerous complaints were subject to further handling or were newly received. There are also additional risks related to Syrian refugees who are increasingly being employed illegally or under inhumane conditions in the industry - including unknown subcontractors among other issues.

During the year under review, hessnatur employees for social standards thus visited several producers together with the local agency and were able to analyse, agree or verify several measures on-site. In the case of several producers, elections were held for employee representatives for example who now

meet regularly with factory management. The experts for social standards were able to meet employee representatives and become familiar with their duties on-site at two producers. Risks related to Syrian refugees along with opportunities for training were also discussed at all of the visits. Two of the trainings agreed at the visit are scheduled for the following financial year.

Complaints are being handled in cooperation with two additional FWF members and additional brands. One producer changed its working hours model for example as part of these efforts: New working hours with less weekend work were introduced in order to reduce overtime. Employees at an additional producer did not receive any severance pay following its sudden closure during the 2012/2013 financial year. During the year under review, hessnatur achieved the payment of the still outstanding share in the amount of ten percent. Additional information regarding complaints is contained in Section 6.4 Complaint management.

## III VIETNAM

Production sites	Audits		Implementation status	Visited production sites	FWF Social Compliance Seminar
FWF	Others				
2	0	0	NA	2	1

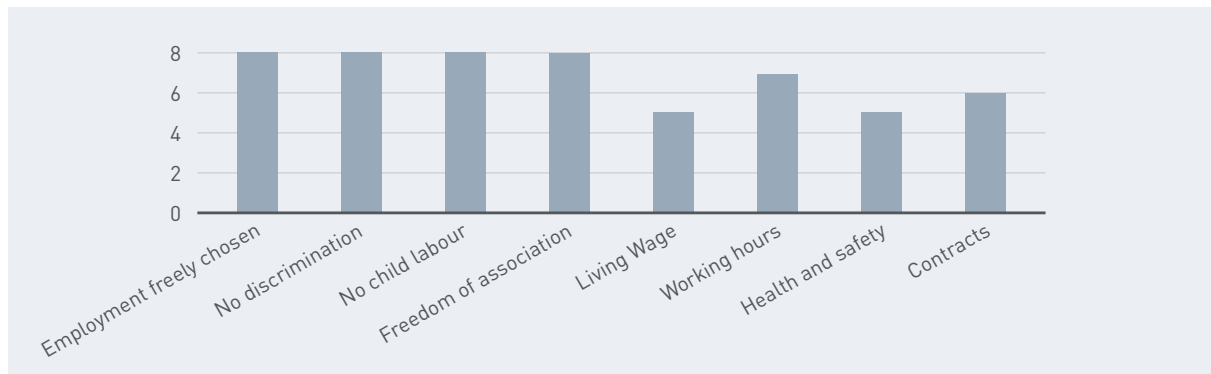
Shoes are being produced for hessnatur at two new production sites in **Vietnam**. A hessnatur employee for social standards visited both producers during the year under review. In addition, one partner attended an FWF Social Compliance seminar in Hanoi. Feedback from the attendee illustrated her increased knowledge of core labour standards and

specific ways in which they can be implemented. In addition, the attendee reported that industry-specific issues that are relevant in Vietnam in the area of social standards were discussed as part of a dialogue with other suppliers. Additional measures in Vietnamese factories are currently being planned.

### III BELARUS

Production sites	Audits		Implementation status	hessnatur Awareness Trainings	Visited production sites
	FWF	Others			
1	0	1	18%	1	1

### III SITUATION OF ADHERENCE TO SOCIAL STANDARDS



One production site in **Belarus** has been producing hessnatur Jersey products for more than five years. During the year under review, the producer was audited again on behalf of hessnatur.

After numerous improvements in the occupational safety area, improvements primarily still need to be made in the contract and wages areas. However, one positive note is that most employees already receive payments above the comparison value for living wages based on the Asia Floor Wage for a 40-hour week without overtime. A hessnatur employee for social standards was already able to verify some

improvements in the occupational safety area at a subsequent visit. Additional solutions were developed on-site and are currently being implemented.

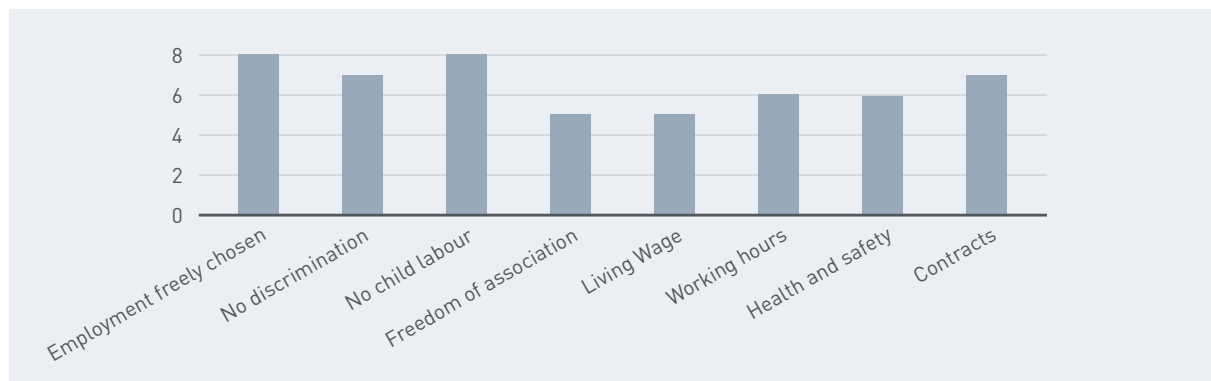
In addition, the partner attended the hessnatur Awareness Training for the first time. At this training, workers and management discussed what social standards mean locally and how the attendees themselves would define good working conditions. Existing communication structures, described by the employees as positive and intact, were discussed as well.

## 7.4 Situation and challenges – overview of all high-risk countries

After several audits during the year under review, complex challenges remained in the areas of freedom of association, living wages and reasonable working hours. Problems related to contracts mostly involve smaller formal errors. However, they also include country-specific conditions that, as such, cannot be resolved. Issues related to occupational safety present clear difficulties that may be resolved over the short- to medium-term. However, they continue to occur constantly. The issue of discrimination is difficult to measure during an audit, yet likewise requires awareness to be raised to an additional extent.

hessnatur monitors the implementation of improvements that are required and possible to solve in the short-term in a rigorous and detailed manner. Where there are pervasive problems, holistic solutions are developed on-site to a greater degree via personal contact. These solutions give consideration to the specific circumstances and thus make meaningful, long-term improvement in working conditions possible for the employees. hessnatur assumes responsibility jointly with its partners and will continue to provide them additional support during the coming year in the form of site visits, projects and trainings.

## III SITUATION AND CHALLENGES - OVERVIEW OF ALL HIGH-RISK COUNTRIES



### SIGNIFICANT IMPROVEMENTS IN HIGH-RISK COUNTRIES

hessnatur assumes responsibility and was able to achieve significant ameliorations together with the production sites:

- ◆ In the case of several partners, for example in Morocco, India or Romania, social standards managers were named in order to introduce or strengthen **management systems** for better working conditions at the production sites. The new FWF information sheet for employees was likewise distributed for posting at all producers.
- ◆ At many producers, for example in Thailand and Bahrain, new worker representatives were elected from the relevant at-risk groups in order to prevent **discrimination**. A committee to prevent harassment was introduced at one Indian partner.
- ◆ Works councils or social committees were newly elected or reactivated at a large number of partners in order to strengthen **freedom of association**. For example, there are now producers in Bulgaria, India, Thailand, Romania, Bahrain and Turkey with active worker representatives. During the year under review, hessnatur employees for social standards met them locally at two Turkish partners.
- ◆ Wages that are above the comparison values of local stakeholders for **living wages** are already being paid to most of the employees of four production sites in China, Bulgaria and Belarus. One partner in Macedonia is participating in the Living Wage Project in order to evaluate opportunities to raise wages by means of process optimisation.
- ◆ hessnatur orders could be completed during times of low production utilisation thanks to the NOS system. A partner in Bosnia and Herzegovina stated that this permits excessive overtime to be avoided. Specific measures for **reasonable working hours** were agreed and confirmed in the course of several visits by hessnatur employees for social standards after complaints on this issue had been submitted by employees at a Turkish production site.
- ◆ Most production sites audited implemented a variety of specific measures to improve **occupational safety**: Certificates for many safety aspects in Thailand were re-inspected and re-issued for example; a building project in India provided a new chemical storage facility; specific occupational safety trainings were held in Morocco, India and Thailand for example. New occupational safety experts were named as well at many partners. Occupational safety committees with worker representatives were specifically re-elected for this issue. At many producers they were trained for this role or existing committees were re-activated.
- ◆ Formal errors in **contracts** for interns were corrected at one producer in Morocco. An Indian partner took steps to avoid disadvantages for temporary workers: Dismissed temporary workers received severance payments as part of the process of handling a complaint.



## 8 ADDITIONAL MEASURES FOR IMPROVING SOCIAL STANDARDS 2015/16

hessnatur also provides support in addition to visits to producers and audits at the production sites in the form of training and other programmes. The measures all have the objective of increasing awareness of social standards, to effect profound improvement and to consistently improve working conditions.

### 8.1 Supplier training

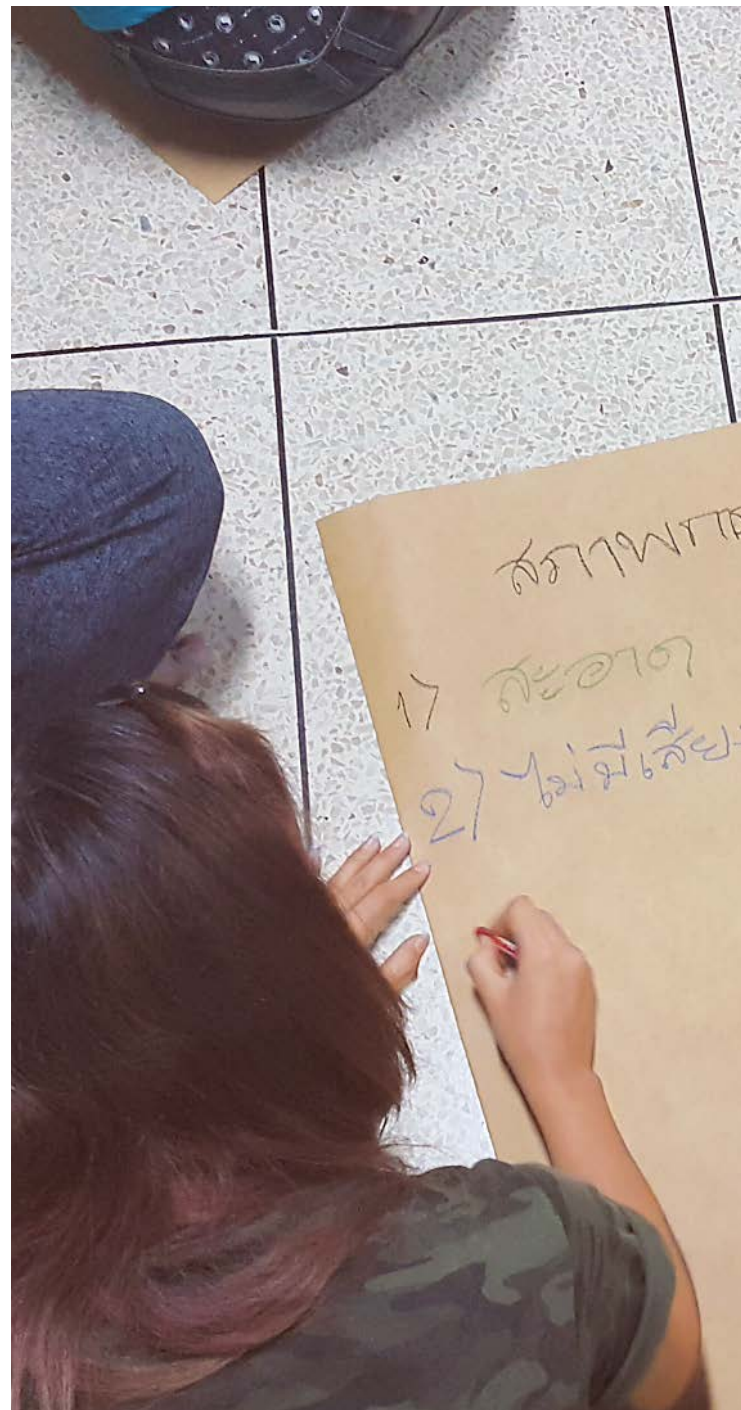
hessnatur provides support for its suppliers to attend trainings conducted by Fear Wear Foundation (FWF) as well as its own trainings.

#### 8.1.1 Worker Education Programme

The Worker Education Programme (WEP) was developed by FWF during the 2011/12 financial year. Its purpose is to heighten awareness of social standards at the factories. In addition, the intent is to inform both workers and management about their rights and obligations and raise awareness about this topic. As is the case with the audits, WEP trainings are performed by qualified trainers from FWF who know the local languages and customs. In addition to the core labour standards, the complaint management system is also an important component of the training along with improving internal communications at the producer. Because one thing is clear: An external complaint can only be the last step in all cases. What needs to be supported in particular is good internal communications and a trustworthy internal complaint system.

13 Partners took part in a **WEP training** valid during the year under review.

More than **50%** of the relevant purchase value\* was paid to production sites that attended a WEP training.



hessnatur partners participated in the first test runs: It proved to be the case that often willingness to do something was not lacking, but rather knowledge on the part of all attendees. Several additional production sites have taken part in WEP training since then. Two Chinese, one Romanian and one Macedonian partner attended during the year under review. Training reports and feedback from attendees confirm the positive effects of the

\* Relevant refers to purchase value at production sites in high-risk countries in which FWF WEP trainings are offered.

Group work  
at a hessnatur  
Awareness Training  
in Thailand



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## DIALOGUE

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## ON EYE-LEVEL

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**Good working conditions arise from  
open dialogue above all.  
Trainings for management and  
employees raise awareness  
on social standards locally and  
strengthen a culture of communication  
in the workplace.**

training on awareness of social standards. Additional trainings are planned for the following year for just this reason.

### 8.1.2 hessnatur Awareness Training

A comprehensive training concept for factories was developed by hessnatur as part of a master's thesis in the field of adult education. The concept includes an Awareness Training for workers and management at the production sites, as well as icons related to the eight core labour standards to provide a better illustration of the standards on posters and in training materials.

Similar to WEP trainings, both employees and management are provided training by local trainers with experience in the field of social standards on the eight core labour standards, mutual rights and obligations as well as communications mechanisms

#### III THE HESSNATUR AWARENESS PROGRAMME

- ◆ On-site Awareness Training for employees and management
- ◆ Icons for a better illustration of the eight core labour standards on posters and in the training materials

for improving working conditions. In this context, particular focus is placed on raising awareness by means of interactive group exercises, discussions and case studies. In the process, scenarios between management and employees are depicted. Participants themselves then develop solutions based on the specific existing conditions and communications channels in the production site.

hessnatur worked with experts and stakeholders such as FWF or the International Labour Organisation (ILO) from the outset when developing the concept. In addition, the materials were then reviewed and supplemented by training experts. The Awareness Training was first implemented in Nepal during the preceding financial year as a pilot project. An employee for social standards and the masters student were also on-site themselves. Thereafter, the concept was modified to take knowledge gained from the first run into account and an additional training session was held in Thailand. During the year

#### III IMPORTANT AWARENESS-RAISING AND SPECIFIC IMPROVEMENTS

- ◆ Supervisors were requested to calculate wages needed by employees to live themselves as part of interactive group exercises. This promotes understanding for the employees' circumstances and represents an important basis for paying appropriate wages.
- ◆ Thai workers and Burmese migrant workers were mixed in small groups in order to promote open dialogue. It became clear that the Burmese attendees often do not have the courage to present their complaints. The existing works council was expanded to include a Burmese worker representative after the training in order to ensure that specific complaints and concerns of the migrant workers are included.

under review, three additional producers in Thailand and Belarus took part in the training programme. Feedback from attendees confirms the positive effects. Questionnaires completed by both groups of attendees before and after each training illustrate the increased knowledge of social standards on the part of the participants as well as enhanced critical questioning of existing working conditions. Training reports as well as anonymous comments from attendees from the feedback questionnaires offer valuable additional information for a deeper understanding of measures planned following the audit. Trainings are therefore planned for the following year in additional countries.

5 production sites have attended the **hessnatur Awareness Training** to date.

40% of the relevant purchase value\* was paid to production sites that attended the hessnatur Awareness Training.

\* Relevant refers to purchase value at production sites in high-risk countries in which FWF WEP trainings are not offered.



### 8.1.3 FWF supplier seminar on social compliance in Vietnam

Interaction and exchange of information between production sites concerning social standards offer the opportunity to learn about practical improvements and best practice examples. In addition, it is possible on these occasions to speak openly about the economic effects or difficulties in implementation. hessnatur offers partners the opportunity to participate in workshops offered by FWF or by hessnatur itself. During the year under review, a shoe manufacturer in Vietnam attended an FWF Social Compliance workshop. Topics covered included social standards, their implementation, associated economic opportunities and the benefits of elected worker representatives. The resulting feedback documented raised awareness of good working conditions on the part of the production site and the positive perception of the workshop amongst colleagues in the industry.

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## 8.2 Living Wage Project Macedonia

A Macedonian production site who manufactures clothing for hessnatur is taking part in the Living Wage Project: The objective is to analyse the extent to which an increase in productivity may result in an increase in wages. An investigation of the production processes and an analysis of wages have already been conducted for this purpose. Experts have examined the production site and processes closely and summarised the results and proposed improvements in a report. The intent is to avoid downtime or coordination problems at the expense of the workers by better coordinating processes at the producer and deliveries from third parties.

The project was discussed amongst production sites, labour unions, worker representatives, FWF and customers at two on-site “round tables”. hessnatur participated in this discussion and worked on the development of potential solutions. Additional meetings were held on-site during the year under review. At these meetings, all department heads of the concerned production site, as well as the hessnatur social standards team and the head of purchasing evaluated suggestions from the previously-completed productivity analysis.

The result was to prioritise the introduction of standard minutes as the next step. Plans call for using

external experts in this process. This is currently being organised. In addition, a simple tool has been developed to measure productivity. This tool will be used on a preliminary basis to measure productivity in a systematic manner.

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## 8.3 Multi-stakeholder meetings

The annual German multi-stakeholder meeting was held in Augsburg in February 2016. It was attended by numerous German FWF members, labour union representatives and NGO's. Current topics as well as difficulties were openly discussed at the meeting. Some brands also presented innovative examples and specific solutions for improving working conditions at their production sites. Issue-specific experiences were shared at several workshops and new solutions were developed. The annual multi-stakeholder meeting for 2016 will be held in the coming reporting year.

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## 8.4 SA 8000 training for hessnatur employee

Both hessnatur employees responsible for work on social standards frequently work on-site in order to define and review sensible corrective measures. The SA8000 standard represents a standard for working conditions with requirements based on the conventions of the International Labour Organization (ILO), the UN's Declaration on Human Rights and national law. The standard also specifies that management systems that ensure implementation and continuous review of compliance with these criteria must be in place. As a means of expanding existing knowledge, the CSR manager for social standards who was hired in the preceding year completed the one-week SA 8000 Basic Training for Auditors including a written examination.

Amongst other topics, the training presented the specific requirements of the standard and how they are to be examined based on various sources of information during the course of an audit. Audit situations were presented in the form of scenarios and interactive exercises. Training was provided on the topic of performing an evaluation of the on-site situation based on the criteria included in the standard. Also covered for example was how required corrective measures can be defined in a targeted manner.



„WE ARE CONVINCED  
THAT EACH AND  
EVERY PIECE OF  
CLOTHING MAKES  
A DIFFERENCE.“



VIVEK BATRA

Vivek Batra (51), has been CEO of hessnatur since March 2016. Before that, he spent three years as a member of the company's advisory board. The native of India is a German citizen and has more than 25 years' management experience in the fashion industry and a variety of retail areas.

**Mr Batra, you have been CEO of hessnatur since March 2016. The company distinguishes itself from other textile companies in a variety of ways as the industry pioneer for sustainable fashion. What surprised you?**

First of all, I see myself as part of a larger continuity. As a member of the hessnatur advisory board, I have followed and supported strategic business development for three years. In this context, I have come to know hessnatur as a pioneer for sustainability and responsible action. What I did not expect in this form was the consistency driving the depth and breadth of work at hessnatur. The effects on people and the environment, production conditions and use of resources is examined in the case of each article of clothing, accessory, label or packaging material.

**You worked for conventional fashion labels for a number of years. Is hessnatur now becoming conventional?**

hessnatur will never be conventional. hessnatur remains the pioneer for fashion with responsibility, for "responsible innovation" from cultivation to clothes hanger. hessnatur shows that another path is possible and I am glad to be able to work for this type of company. When travelling for business I have seen untenable and intolerable conditions in textiles production. And I am firmly convinced that something needs to change and that something will change. The catastrophe at Rana Plaza marks a decisive point. More and more consumers want to know how, where and from whom their clothing is made. Consumer interest has increased markedly in the recent past. It will be increasingly difficult for the black sheep to hide.

**What needs to change in particular?**

First of all, corporate attitudes need to change. It is not enough to limit responsibility to each respective preceding step in the value chain. Systematically looking the other way has to stop. The Partnership for Sustainable Textiles is a first step in initiating change across the entire spectrum of the industry and in defining minimum requirements.

**hessnatur stands for high ecological standards. For some time hessnatur has been emphasising an orientation on fashion in particular. Is it not a contradiction to use the same approach as conventional fashion brands as a standard?**

I don't see that sustainability and fashion contradict each other. On the contrary, for me ethics and aesthetics make an unbeatable combination. We want to become more fashionable but we don't want to offer "fast fashion". Our approach can be described quite well with the concept "slow fashion". We want to focus on the clothing's intrinsic value and quality. Customers should be able to find their favourite pieces and enjoy them all for a long time. Individual components of the collection should be combinable with each other over a longer period of time. This is achieved by means of a uniform design signature across collections and product ranges. And our favourites leave nothing to be desired when it comes to style, fit, workmanship and quality of materials.

**Last year, hessnatur reached Fair Wear Foundation (FWF) leader status. Is this classification simply not taken for granted by hessnatur?**

First of all I would like to praise all employees whose commitment made the highest FWF ranking possible. By no means does hessnatur take it for granted that the highest rating will always be earned. Every company in FWF is evaluated based on its own specific improvements in the area of social standards. Additional improvements are always a challenge because hessnatur has already reached a very high level where social standards are concerned. Companies that have just started working with FWF have it somewhat easier. However that is not intended to be an excuse for us. We joined FWF ten years ago as the first German company with a clear goal of improving social standards at our partner companies. That remains our objective today.

**hessnatur has been part of the German Partnership for Sustainable Textiles from the start. Recently negative voices have been heard as well and the first companies have left the**

**partnership. Is there a threat that the standards will be watered down if companies like Aldi, Kik or Primark join the partnership?**

hessnatur joined the Partnership for Sustainable Textiles in order to show that responsible action is possible along the entire textile chain, from cultivation to clothes hanger. hessnatur was and is significantly above the minimum requirements discussed within the partnership. The partnership's desire from the start has been to set an example and impact the entire industry. For this reason participation by the largest players in the industry should generally be welcomed.

**How do you explain the disparity between demands and reality when it comes to the issue of sustainability. The word is being widely talked about but at the same time so much is still in a sorry state.**

hessnatur has set an example for sustainability for 40 years. Acting socially and ecologically counts amongst our core competences. This expertise and experience on the part of our employees has created a lead that conventional companies need to overcome. This represents a great need for reform depending on company size and complexity of the supply chain. In my view, the decisive factor is how seriously a company addresses the topic and commits itself to specific steps.

**So, responsibility is the issue?**

Of course! I believe that people truly accept responsibility when they become parents. It was the birth of their first child that sparked the desire for a fresh start in Heinz and Dorothea Hess. Their entrepreneurial spirit led to the founding of hessnatur and was intended to improve the textile industry, the entire world of textiles. Responsible innovation is a trademark of this success story.

**What are your ideas for the next 40 years?**

In my opinion, responsibility and courage on the issue of sustainability define the question "why?" we have survived as a company for 40 years. Namely, to make the world a better place. We are convinced that each and every piece of clothing makes a difference. Comparatively speaking, a purchase from hessnatur is better for people and the environment. And I believe that 386 people come to work each day highly motivated because they share this attitude. Even though there may be changes in the details, making this difference remains the guiding principle for our actions now and in future.

Interview: Sven Bergmann

hessnatur does a lot of things differently and advocates for social and ecological standards out of conviction. This makes it important to explain its actions internally and externally: What makes hessnatur special? How are things made? What are all the things that are done to make good working conditions possible? What justifies the price, quality and demands? hessnatur utilises a variety of communications forms aimed at different target groups in order to answer these questions in a transparent manner:

Each piece of clothing already has a hang tag that provides information on quality and the particular features of the fibres. Intensive efforts are made in the stores, in the catalogue and the online shop to communicate this information and the special features to the customer. Newsletter and blog provide detailed information on current topics. hessnatur has agreed to specific requirements by joining Fair Wear Foundation (FWF), is regularly audited and the results are published. Active press relations, numerous events and attendance of symposia and round tables communicate the idea externally and increase the perception of social standards. Employees at the stores are just as intensively trained as employees who work in the own customer call centre. As a result, each employee knows the story behind the collection and is able to tell this story in an authentic and understandable manner.

### 10.1 Internal communications

#### 10.1.1 New employee training

Each new employee receives training via a training package that was re-designed and introduced in the previous year. The concept comprises the four pillars “Getting to know the customers”, “Getting to know the textile chain”, “Getting to know the hessnatur brand” and “Getting to know the departments”.

New employees are familiarised with the fundamental values of hessnatur under the topic “Getting to know the brand”. This includes facts and figures, the history of hessnatur since its foundation and the values that set the company apart. This likewise includes the ecological and social standards and the specific manner in which they are implemented. In addition, a hessnatur employee for social standards specifically describes the eight core labour standards, membership in FWF and the hessnatur monitoring system for social standards.

#### 10.1.2 Workshop with the purchasing department

During the year under review, another workshop on the topic of social standards was held with the purchasing department. Two new employees have joined the purchasing team so that the monitoring system for social standards and inter-departmental

### III NEW EMPLOYEE TRAINING

GETTING TO KNOW the customers	GETTING TO KNOW the textile chain	GETTING TO KNOW the hessnatur brand	GETTING TO KNOW the departments
Observing customer service  Observing in the store	Processes in the textile value chain, guidelines, distinction to conventional production, etc.	Company values and vision, strategy, social standards, brand fundamentals and sustainability concept	Introduction to all departments: Key responsibilities, contact persons and interfaces, etc.

processes among purchasing and Corporate Social Responsibility (CSR) were addressed in detail. Specifically, the processes and respective responsibilities related to the approval of new suppliers as well as improvements to working conditions at existing suppliers were addressed. In addition, FWF check lists for occupational safety topics were discussed as additional aids to assessing the situation on-site at the production sites.

Close collaboration between these two departments represents an important basis for work on the social standards: The purchasing strategy is established jointly, decisions are made jointly as to where production will be, new suppliers must be examined by the employees for social standards and much more. In addition, the buyers travel often to the production sites and share their experiences regarding working conditions with their colleagues from the CSR department before and after their site visits.

## 10.2 External communications

hessnatur has produced clothing from natural fibres on the basis of strict ecological and social standards for more than 40 years. In doing so, the company assumes responsibility from cultivation to clothes hanger and considers the entire textile production process as a whole. The objective of external communication is to make sustainability as practiced in the company transparent, understandable and tangible for customers, suppliers and partners.

### 10.2.1 Transparency for stakeholders

#### The hessnatur sustainability report

The hessnatur Sustainability Report, first published in 2013 and comprising more than 100 pages, uses internationally recognised guidelines from the Global Reporting Initiative as a base and offers an overall picture of hessnatur as a company. The report considers environmental and social (working conditions, fair trade relationships) aspects and sustainable production all from a holistic point of view. In doing so, consideration is given to the entire textile chain, from fibre cultivation to production and shipment of the collection. The report includes consideration of all domestic and foreign production sites. All operational processes or environmentally-related factors from the logistics side are considered as well. The next sustainability report is planned for 2017.



Members of the customer council were among the first who got to know the 2016 spring/summer collection.

#### Critical monitoring of business development by the customer council

The hessnatur customer council has monitored strategic business development since its election in the summer of 2013. A spokesmen committee of twelve elected customer representatives meets with the hessnatur company management for discussions twice annually. In November 2015, the elected speakers were amongst the first persons who got to know and evaluated the new 2016 spring/summer collection. At the meeting, creative director Tanja Hellmuth explained the unifying theme for the design, overarching colour themes and the seasonal focal points for the individual “capsules”. Members of the customer council were guests at the festivities celebrating the company’s 40th anniversary in the summer of 2016. They met suppliers as well as “normal” hessnatur employees in addition to their discussions with company management.

#### Academic support

Given its exemplary approach, hessnatur is frequently in demand as an example for inquiries from students, academic theses or trade interviews. The company receives some 100 inquiries per year. The main topics of these inquiries include the sustainable approach, cultivation projects or responsibility for the entire textile chain. In collaboration with the CSR department and the respective experts at the company, hessnatur answers questionnaires and provides assistance to the extent possible.





The new hessnatur store in Berlin

### 10.2.2 Communications in print media, online and in the stores

#### Store concept and opening in Berlin

The hessnatur sustainable approach is also clearly on display in the stores. Two stores opened in Frankfurt and Düsseldorf in 2014 based on the new concept. In this context, both of these locations may primarily be distinguished from locations that were opened earlier by store construction and modern, transparent customer communications. A world map unites the social projects hessnatur stands for and informational leaflets provide an overview of the stages in the textile chain and the special features that distinguish hessnatur from other retailers. hessnatur has also had a presence in Berlin since December 2015. Initially started as a pop-up store, the store quickly captured the interest of the public and proved itself through a variety of events as well. Prior to opening, the new store teams receive extensive training on the social and ecological standards at hessnatur and cooperation with FWF for purposes of improving working conditions in clothing production around the world.

#### Communications in the catalogue and online shop

The hessnatur catalogue offers the opportunity to communicate worthwhile information on ecological and social topics to customers in addition to products on offer. The catalogue is still printed on

recycled paper in a print run of more than 500,000 copies. However, the trend is clearly moving in the direction of electronic media. hessnatur takes differing demands on the part of the customer into consideration by means of bespoke customer communications. Readers of the print catalogue regularly find editorial content related to specific materials or production projects, for example the introduction of the modal fibre. During the 2016 anniversary year, stages of company history as well as the Peru social project occupy prominent positions. These stories are likewise presented in the online magazine and are quickly updated.

#### Overview of core competences on the company website

hessnatur updated the contents and graphics of the company website during the year under review. In addition, content was published online for the first time in English. Readers can quickly find information about the company, materials and fabrics, social standards and ecological guidelines under the headers “People & values”, “Responsibility & transparency” and “Projects & innovations”. The company website places a clear focus on social and ecological standards. Links are provided to the hessnatur social report, the FWF website and the Brand Performance Check in order to provide as much transparency as possible. Collaboration with FWF, the hessnatur monitoring system for social standards, the video on the “FWF formula” and additional videos with an Indian supplier on the effect of the WEP training are included in addition to the eight core labour standards.

#### Social media and newsletter

Social media have created an entirely new foundation for customer communications in recent years. The direct path to the company was never easier for persons who are interested. Facebook, Twitter, Pinterest or YouTube are extensively integrated into hessnatur communications for precisely this reason. A lively exchange is held in real time that includes recommendations, remarks and comments. The hessnatur magazine provides regular reports on clothing, styling tips, insider promotions or initiatives such as the Fashion Revolution Day. After registering an e-mail address in advance, customers receive the hessnatur newsletter on a weekly basis which includes style recommendations, news or event tips. hessnatur also communicates directly with bloggers ever more frequently.

### 10.2.3 Raising awareness of social standards

#### Fashion Revolution Day

The third anniversary of the collapse of the Rana Plaza factory building in the vicinity of Dhaka, Bangladesh was 24 April 2016. More than 1,000 textile workers lost their lives there in 2013. More than 2,000 people were so severely injured that they can no longer work to this day. These figures once again show that a revolution in the fashion industry is essential. hessnatur participates in the global initiative Fashion Revolution Day each year for just this reason.

Calls were made for participation both in the magazine that is sent to customers as well as in all social media. On the day of the event, everyone was able to call attention to the respective origin of their clothing by wearing it inside-out and thus make a statement. hessnatur stores also took part and were able to open customers' eyes to this topic. Based on the theme "Who made my clothes?", hessnatur introduced workers from production sites in China, Thailand and Lithuania who make clothes for hessnatur. A personal statement was also posted on Instagram in addition to their picture and the message "I made your clothes". hessnatur products are made by people. hessnatur wants to raise awareness of this fact and promote critical scrutiny of the origin of fashion. hessnatur would like to take this opportunity to thank all partners who supported this initiative.

#### Fashion Made Fair book launch

Even though many people advocate sustainable action, it is not always easy to find what they are looking for. This poses many questions in the fashion area in particular: What does social responsibility mean? Which seals can I trust? How do I avoid harmful substances? A book by Ellen Köhrer and Magda-

lena Schaffrin addresses these questions: "Fashion Made Fair. Modern, innovative, sustainable", published by the Prestel Verlag in April 2016. hessnatur is presented in connection with a development project in Bangladesh: hessnatur developed a highly fashionable jeans fabric in collaboration with local partners that is dyed using natural Indigo and produced on traditional handlooms under fair working conditions. The authors portrayed 33 designers and labels in total thus showing the entire breadth of offerings for "modern, cool, elegant fashion with purpose". The book also addressed seals for materials and working conditions, research facilities and additional sources of information. hessnatur invited the authors to the stores in Berlin and Düsseldorf for the book launch.

**The point is to give a face to the people who make our clothing, to raise them out of anonymity and to thus demonstrate solidarity.**

Kristin Heckmann,  
Head of CSR



Workers at the hessnatur partners show that they manufacture hessnatur products on Fashion Revolution Day.

#### 10.2.4 Events

##### Vogue Fashion's Night Out

hessnatur participated in the Vogue Fashion's Night Out for the first time in September 2015 at its Düsseldorf store. As part of this event organised by the world's leading fashion magazine, brands open the doors of their stores for an evening with special offers or events. hessnatur primarily used this premiere to engage in an intensive exchange with customers in the metropolis on the Rhine. In addition to company managers, new creative director Tanja Hellmuth, marketing head Betina Breucha and CSR head Kristin Heckmann took questions from attendees. The overarching topic was the connection between fashion and sustainability. Models presented a view of the coming fashion collection at half-hour intervals accompanied by relaxed lounge music and cool organic drinks. Many visitors discovered hessnatur on this evening and used the opportunity to discuss the social and ecological aspects of fashion.

##### Berlin Fashion Week

hessnatur introduced itself at the Berlin Fashion Week for the first time in early 2016 with its own brand staging "Boulevard of Green" at the Hotel de Rome. In addition to a preview of the fall/winter 2016/17 womens' collection, visitors were greeted with a discussion of the topic: "Slow fashion - future or utopia?" Dr. Eike Wenzel, founder of the Heidelberg Institut für Trend- und Zukunftsforschung and Dr. Anton Kaiser, chief editor of the Frankfurter Allgemeine Zeitung, held a critical podium debate on the current environment for sustainable fashion. Some 50 journalists and bloggers observed the event at which critical topics such as working conditions in the global textile industry were addressed as well. The German Partnership for Sustainable Textiles was also subject to lively discussion.

##### Press trip to Vigilius

This year's press trip to Vigilius, in the Southern Tyrol region of Italy, was entirely devoted to the topic of "slow fashion". The 2016 fall/winter collection in hand, hessnatur invited 15 journalists from leading fashion journals to a hotel resort in a natural setting. Alongside head designer Tanja Hellmuth, who has creative responsibility for the collection, CEO Vivek Batra and CSR head Kristin Heckmann joined in taking questions from the media representatives. Fashion made of natural or recycled materials stood out in particular as a result of its

tactile qualities. The question that posed itself as a result was what distinguishes hessnatur from conventional sellers and whether there are limits to sustainable design. Kristin Heckmann discussed the special considerations when working together with suppliers and how hessnatur accepts responsibility for fair and ecological textile production.

##### Visitors from Bangladesh

A ten-member group of visitors from Bangladesh learned about hessnatur's model approach at the new hessnatur store in Berlin. The journalists were visiting at the invitation of the Gesellschaft für Internationale Zusammenarbeit (GIZ) and the German Federal Ministry for Economic Cooperation and Development (BMZ). The theme of their information trip was "Fair Fashion? Reporting about environmental and social standards in the textile industry. Views and facts from Germany". The journalists were particularly interested in cooperation with suppliers and quality requirements for sustainable products.



Above:  
hessnatur  
presents itself  
with the theme  
"Boulevard  
of Green"  
at the Berlin  
Fashion Week.

Right:  
Visit of  
Christiane Arp,  
Editor-in-Chief  
of German Vogue,  
at the hessnatur  
Store Düsseldorf  
during Vogue  
Fashion's  
Night Out.





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## 11 SOCIAL COMMITMENT

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As part of its holistic approach, hessnatur has committed itself to comprehensive social dedication. hessnatur supports initiatives and projects for a better world in Germany or wherever partners are located. At the same time, experts from the company are in-demand as participants in the Partnership for Sustainable Textiles or as speakers at public events in light of their years of experience.

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### 11.1 Commitment at the institutional level

#### German Partnership for Sustainable Textiles

In 2014, hessnatur was the first German company to sign the Partnership for Sustainable Textiles which was formed as an initiative of the German federal government. Restraint in the industry was very pronounced at the start. Well-known companies with a large market volume did not join the partnership until fall of 2015. The objective of the German Federal Ministry for Economic Cooperation and Development (BMZ) is to have at least 75 percent of the German retail market for textiles and clothing covered by the partnership by 2017. hessnatur is a part of the textile partnership's working groups

for social and ecological standards. In addition to a high degree of transparency and a minimum industry standard, hessnatur is advocating for a Best Practice Standard in order to provide momentum for additional improvements. The partnership adopted an initial list of prohibited chemicals that serves as a minimum standard in June 2016.

#### Copenhagen Fashion Summit

The Copenhagen Fashion Summit, organised by the Danish Fashion Institute for the first time in 2009, is the largest globally respected event on the topic of sustainable fashion. Under the patronage of crown princess Mary of Denmark, this year's meeting attracted attention world-wide. The organisers invited hessnatur CEO Vivek Batra to participate in the panel discussion with a brief presentation on the topic "Fashion and Politics". In his statement, he emphasised that, as an industry pioneer, hessnatur has broken new ground for 40 years and that the future belongs to innovative concepts. Fashion and sustainability need not conflict. Vivek Batra illustrated this connection using the German Partnership for Sustainable Textiles as an example. The textile industry cannot continue to use the lowest common denominator as a minimum standard. There should be competition for the best solutions. However, good intentions and announcing projects are one thing. Specific and verifiable implementation is what counts.

#### German-Israeli student exchange

In March 2016, hessnatur welcomed some 50 students from the Eldad High School in Netanya, Israel and the Ricarda-Huch-Schule in Gießen. The public relations department and the hessnatur employees for social standards organised a workshop in order to develop important factors for responsible textiles production together with the guests. Each working group addressed one of the three dimensions of sustainability, economy, ecology and social. The personal assessments of the students, as well as the areas of tension in which the company moves, were all addressed openly in the subsequent discussion of the results. Sustainability also has a price and therefore customers, companies and policy makers are pressed to bring about specific improvements. hessnatur received word in the fall of 2016 that the programme "School partnerships with Israel" had received the third prize for international student exchange programmes from the Conference of Education Ministers and the Federal Ministry of Foreign Affairs.



Vivek Batra discusses about „Fashion and Politics“ at the Copenhagen Fashion Summit.



## 11.2 The hessnatur Foundation – Research and development for applied sustainability

Cooperation with external partners, businesses and academic institutions enables the hessnatur Foundation to work in a networked and solution-oriented manner with the objective of developing and promoting practical solutions for sustainable economies. During the year under review, for example, evaluation approaches were developed for medium-sized firms in order to highlight the advantages of using renewable raw materials in textiles production. In a project for the charitable INKOTA network, the hessnatur Foundation provided training for the members on the particular challenges to sustainable leather production. On the basis of this knowledge, network partners were able to advocate for ecologically and socially sustainable leather and shoe production in a targeted manner.

Raising public awareness for the topic of sustainability represents another focal point for the foundation. The sustainability experts addressed respon-

sible action in the textiles and fashion industry at a number of presentations, panel discussions or trainings and thus brought their specialised knowledge to a wide audience. As part of efforts to promote young talent, hessnatur Foundation supported students at the AMD Akademie Mode & Design in the creation of a sustainable collection. Prior to starting creative work, experts from hessnatur and hessnatur Foundation lectured on fundamental requirements of sustainable textiles production. Specific modules addressed social and ecological aspects of textiles production and how they can be holistically integrated along the textile chain in addition to presenting 40 years of hessnatur experience in the industry. During additional working phases, specialists from hessnatur Foundation discussed the particular challenges that present themselves when using natural materials. The final presentations were subject to critical evaluation by a jury composed one-half of AMD faculty representatives and one-half hessnatur Foundation representatives. During the subsequent feedback discussions, all participants agreed that sustainability should be given much greater value as part of promoting the next generation of talent in the fashion industry.



hessnatur Foundation and a hessnatur expert for social standards supported students of AMD Akademie Mode & Design in the creation of a sustainable collection.

### 11.3 Helping others help themselves: Support for New SADLE in Nepal

#### Nepal: Help arrives

hessnatur has supported the communal project New SADLE in Nepal for a number of years. As part of this support it works together with charitable association Nepra e.V., an organisation that fights for the integration of people who have been cured of leprosy. Over time, employees have established personal contacts and friendships in the country. hessnatur regularly includes the high-quality products created in the workshops in its collection. Production came to a stand-still following a devastating earthquake in Nepal in 2015 completely upsetting the livelihoods of the people living there. New SADLE was able to re-start local production as one of first businesses thanks to donations raised through a sample sale organised by the works council, as well as further support provided by hessnatur. Not only could the weaving workshop, the tailor shop, shipping, carving workshop, the paper workshop, the day care centre and the nursing

home be rebuilt but they were even made earthquake-proof. New SADLE thanked hessnatur for the support from Germany in March 2016 in a “Letter of appreciation” written on handmade paper.

#### Nepal film project

The documentary film “Losing Touch” by Hartmut Schotte & Marie Nehles addresses the topic of leprosy as a “scourge of mankind”. Many people continue to contract this disease even though the bacterial infection is curable today with medical treatment. Religious prejudices often prevent early medical treatment and mean social stigmatization and isolation for most of those afflicted. The film chronicles the early stages and progress of the disease based on personal stories and shows people who have successfully beaten leprosy despite adverse conditions. New SADLE in Nepal is presented as an example that makes a great difference in this process: The social initiative provides healthy people and people who have been cured of leprosy a space in which they can reside, work and live together.



Buildings and surroundings of  
New SADLE in Nepal



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## 12 WHO DOES WHAT AT HESSNATUR?

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The Corporate Social Responsibility (CSR) department is responsible for the topic of social standards at hessnatur. It is part of an organizational unit together with purchasing, disposition and technology, headed by Helmut Schädler. Within the CSR department, Kristin Heckmann

and Elisabeth Schmidt are responsible for monitoring social standards and providing support to suppliers and production sites. In addition, Kristin Heckmann is head of this unit that is responsible for company ecological standards in addition to social standards.



From left to right: Elisabeth Schmidt, Helmut Schädler, Kristin Heckmann

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## KEY INDICATORS FOR SOCIAL STANDARDS

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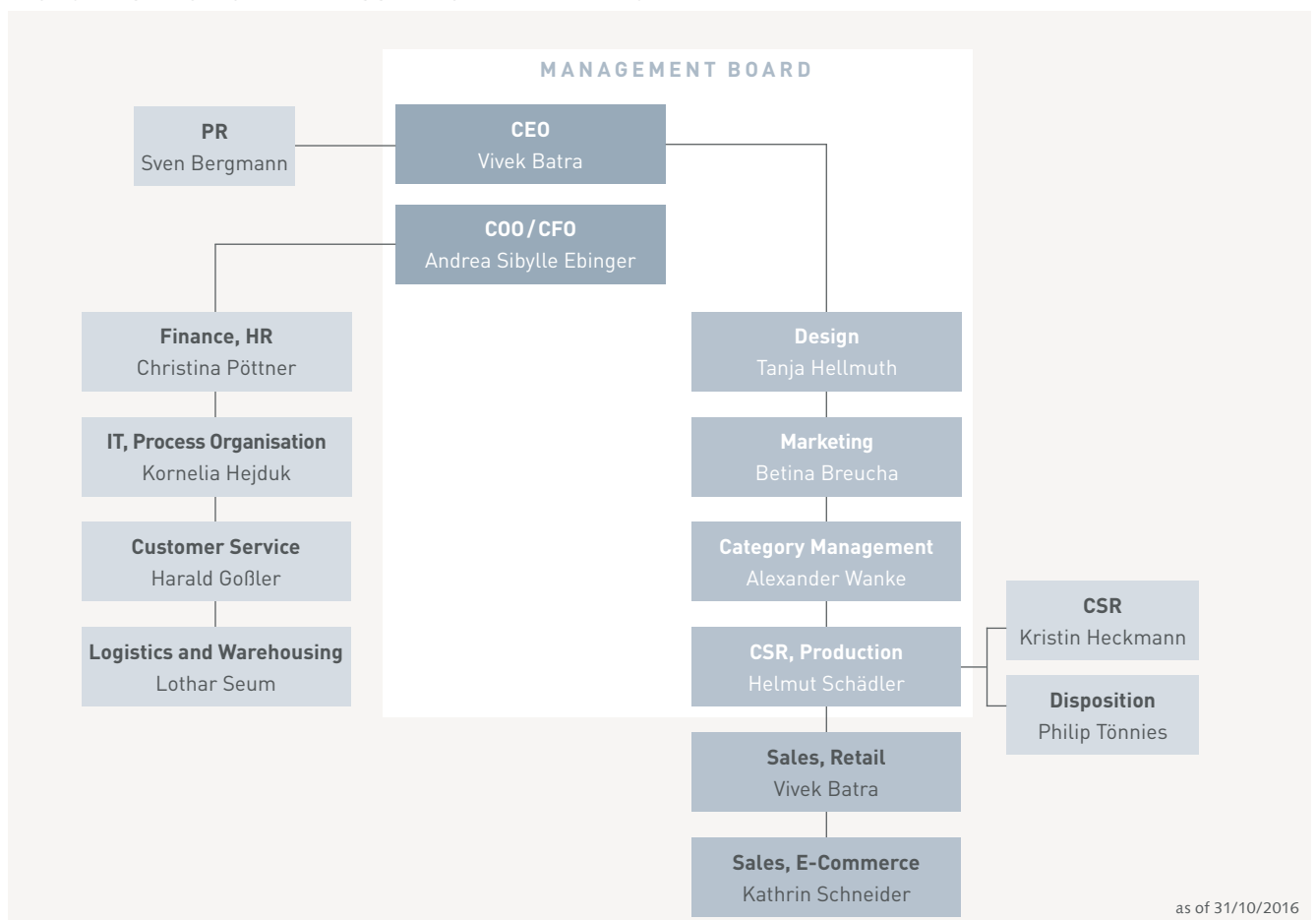
No. of suppliers	94
No. of production sites	138
No. of countries of manufacture	28
No. of production sites in EU countries	78
No. of production sites in Non-EU countries	60
FWF member since	2005

Statements and data  
in this report  
refer to financial year 2015/16  
(1 August 2015  
to 31 July 2016).

## FACTS AND FIGURES

Year of foundation	1976
Form of foundation	GmbH (limited liability company)
Market position	Market leader in the market for sustainable textiles throughout the entire German-speaking region
Product range	Sustainable fashion, home textiles and baby articles with approx. 800 designs and 8,000 items per season
Channels of distribution	Mail order (catalogue), stationary retail (stores) and E-commerce (online shop)
Distribution countries	Germany, Switzerland, Austria
Stores	Retail stores in Butzbach, Dusseldorf, Hamburg, Berlin, Frankfurt, Munich and residual stock outlet in Butzbach
Subsidiary companies	Hess Natur-Textilien AG, Langenthal (Switzerland)
Founders	Heinz and Dorothea Hess
Headcount	386
Trainees	9
Customer base	approx. 1,000,000

## III ORGANISATION OF THE HESS NATUR-TEXTILIEN GMBH





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## IMPRINT

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