



SOCIAL REPORT

for financial year 2014/15

1st of August 2014 to 31st of July 2015

for membership in the Fair Wear Foundation



hessnatur

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As a member of Fair Wear Foundation we want to go beyond a mere commitment to social standards on paper and to instead achieve concrete improvements for workers.

Ladies and Gentlemen,

The issue of sustainably produced clothing has entered the consciousness of mainstream society.

While ten years ago only individual people or initiatives were interested in sustainable clothing, nowadays more and more consumers want to know where and how their clothes have been made. The existence of unacceptable working conditions and life-threatening manufacturing conditions have become general knowledge.

Today, certifications and standards in textiles are subjects of discussion not only in the trade press but also in consumer and fashion magazines which now regularly report on the various stages along the textile supply chain and advise consumers on what to purchase.

Even when the heads of state and governments of the leading western industrial countries met in Elmau in Bavaria, the issue of sustainable supply chains and humane working conditions was near the top of the agenda.

Unfortunately, it took the Rana Plaza catastrophe with over 1,000 deaths to make a lot of people sit up and take notice.

There is another way and hessnatur has been showing that for many years now. In 2005, hessnatur was the first German company to join the Fair Wear Foundation. The intention in joining was to go beyond a mere committing of the clothing industry's social standards on paper and to instead achieve concrete progress of working conditions. In these endeavours the focus is on the eight core labour standards defined on the basis of the International Labour Organisation and the UN Universal Declaration of Human Rights.

Others have followed our example. In the meantime almost 20 companies from Germany have become members of Fair Wear Foundation. This group is expected to grow, now that some heavyweights in the industry have committed themselves to the alliance for sustainable textiles and to assuming responsibility for the entire textile supply chain and entering into partner-style communication with their suppliers. After all, social improvements can be achieved more effectively when there is an exchange of ideas and experience with other companies.

On the following pages you will find a detailed overview of our work on sustainability in the past financial year, whereby we have endeavoured to present our projects and business processes as transparently as possible.

hessnatur worked hard in the year under review to make sustainably produced clothing even more desirable. Cuts and fits have been reviewed in order to make the customers feel good in their second skin. The more people there are who choose sustainably produced clothing, the faster will be the change to more fairness in the textile industry.

Best regards

A handwritten signature in black ink, appearing to read 'M Sommer', with a stylized initial 'M'.

Marc Sommer
Managing Director



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Editorial information

The hessnatur Social Report is published annually as part of the membership in the Fair Wear Foundation. Copy deadline for this version was on 31st October 2015; the report is available in German and in English. Any designation relating to a person is to be understood as referring to both genders.

1 SUMMARY: GOALS ACHIEVED 2014/15

What have we done so far?

Humane working conditions in manufacturing and in production processes in harmony with nature have always been the hessnatur vision and formed the basis of its actions since its foundation by Heinz and Dorothea Hess in 1976. Since financial year 2014/15 hessnatur has taken on an even more fashionable orientation in order to make fashion and textiles that are sophisticated and desirable as well as sustainable.

For the area of social standards this means continuous cooperation with suppliers to improve working conditions in production plants. hessnatur works on **a partnership basis and eye to eye with its suppliers** and is in personal contact with its business partners, many of whom are partners of long standing, in order to face up to and grow with today's social challenges.

This is expressed also in the figures of the period under review: hessnatur has already been working closely for over five years with 56 percent of the 97 textile and shoe suppliers. Those suppliers are hessnatur's direct contacts and contractual partners, whereby one supplier often looks after several production facilities. In the financial year 2014/15 textiles and shoes were made for hessnatur in a total of 132 production plants. 125 thereof are based in the European Union or are production plants where working conditions were checked by Fair Wear Foundation (FWF) or another external organisation. In its capacity as a company cooperating with FWF hessnatur continues to be at a high level.

On-site audits in the production facilities are an important element in the implementation and improvement of social standards because they provide a way of determining the status quo of working conditions in the factories. The suppliers are then supported step by step as they improve the situation, as hessnatur regards progress in social standards as an **on-going process**. At hessnatur, the CSR (Corporate Social Responsibility) department is responsible for looking after working conditions in the supply chain. In addition to intensive personal contact between the CSR team and

all suppliers' frequent visits, training sessions and projects are conducted on site. The goal of all activities is to work out individual solutions which contribute to genuine improvements of working conditions.

For example, in the period under review operations in Turkey, China and Romania took part in FWF's **"Worker Education Programme" (WEP)**. Here, workers are trained on the eight core labour standards and in their rights and duties with respect to the implementation of the social standards. Another essential element in the WEP is the training in complaints mechanisms and internal communication.

In addition to the WEP it was possible to finalise the **hessnatur Awareness Training** for countries in which FWF is not active. After a pilot run in Nepal, training was given in a Thai factory. The aim of the training programme is to increase awareness of the eight core labour standards in the factories and to show possibilities of concrete implementation. The complaints systems play an important role here, too.

In September 2014 a second round-table meeting was held as part of the **Living Wage Project** in Macedonia and it was attended by the owners of a local hessnatur production facility together with the CSR team. Further approaches to improve the wage structure in the factory and next implementation steps were discussed at this meeting.

In Turkey three hessnatur suppliers took part in FWF's **Social Dialogue Seminar**. The subjects of discussion at this seminar revolved principally around the right to freedom of association and collective bargaining, which remains a challenge in Turkey. Furthermore, the CSR team went to Turkey on several occasions in order to work intensively on these issues with local partners. hessnatur's efforts subsequent to a particular incident were successful to restart a mutual dialogue among a supplier and a local trade union – an important basis for social dialogue.

hessnatur also proceeds innovatively and pragmatically in its **cooperation with other companies** in the textile industry: Accordingly, hessnatur frequently cooperates with other companies when processing complaints, planning and conducting audits, implementing audit findings and other measures such as trainings. It is often much easier to enforce

improvements in working conditions when several players pull together.

The measures to improve social standards are recorded, administered and evaluated in a **new data processing system** which hessnatur introduced last year. All data from the monitoring system are recorded in this system and can now be evaluated with much more precision and flexibility. The utilisation of the system is to be expanded next year and other interfaces are to be tested.

In addition to measures to improve working conditions in production facilities, hessnatur's internal and external communication contributes to having in-house employees work hand in hand with the CSR department and external stakeholders developing an increased awareness of humane manufacturing conditions:

In a **workshop with the Purchasing department**, the monitoring system for social standards was discussed in detail and relevant processes in which both departments are involved were refined. Furthermore, the colleagues were trained on health and safety standards with the help of the FWF checklist so as to enable them to use it on site. The training plan for new employees was revised, too. An **independent training module on the hessnatur brand and values** now puts an even clearer emphasis on social standards and on CSR work.

The editing council, which was set up in financial year 2012/13, met several times in the period under review. All relevant information and projects from all departments are being bundled in order to achieve a clear communication and more transparency. One result is the editing of the **online presentation of social standards** on the company's website: the website displays the eight core labour standards, including icons developed by hessnatur, and the monitoring programme for assuring and improving social standards in cooperation with FWF. Videos and concrete examples are included to enhance the impact of the presentation.

The **hessnatur customer council** also stands for transparency. The panel of spokespersons elected by customers offers a platform for a regular exchange of ideas between the companies, management and interested customers. Joint events are held regularly, such as for example hessnatur's visit to linen farmers in 2015. The council is informed at an early stage about current developments and possible

strategic reorientations and also included in hessnatur's decision-making process.

The CSR team is available for external enquiries too: in numerous talks, trade events and panel discussions, hessnatur **provides information and discusses** work on social standards and the challenges currently faced. In addition, opportunities are given to school pupils and students to come on tours on the premises. On these occasions the PR and CSR departments explain the company's approach, answer questions on the issue of social standards and give tips for sustainable consumption.

Social Projects at hessnatur are primarily advanced by passing on expertise relating to the development of materials and production techniques and the sale of the respective products. In the past financial year this was particularly true for the partner project **New SADLE** in Nepal, in whose workshops scarves are made both by healthy people and by people cured of leprosy. In April 2015 a powerful earthquake shook both the land and also New SADLE. hessnatur supported the reconstruction by giving donations and provided information at an event on the significance of the project to hessnatur.

hessnatur also participated on a national level: in October 2014 hessnatur was the first German company to sign the **"Partnership for Sustainable Textiles"** initiated by Federal Minister Dr. Gerd Müller. The aim of the partnership is to gradually assure sustainable production throughout the entire textile supply chain. During the foundation phase, hessnatur was the only German label represented in the steering committee and it continues to participate actively.

There were also some **organisational changes** in the past financial year: the Purchasing, CSR, Disposition and Technic departments have been combined into one organisational unit under joint management so that the areas with authority to make decisions on the supplier structure now cooperate more closely with the CSR unit. The team leader position was recreated for the CSR unit and a new employee was appointed as project manager for CSR. In addition, the **hessnatur Foundation – Research and development of applied sustainability** was founded. It offers an institutional platform for bringing sustainable business ideas to a wider general public.

Holistic Approach

hessnatur takes a holistic view of work on social standards. In cooperation with FWF, audits and visits to facilities help to ascertain the status quo of working conditions in the factories. However, the situation can only be improved if all factors leading to a deplorable situation are taken into consideration. There is frequently a lack of awareness of social standards among workers and management, there are certain factors that are specific to particular countries and cultures and requirements are set by other customers or special demands are made on production, all of which means that the settings in which solution approaches have to be developed often tend to be complex. Consequently, **a great number of different aspects have to be considered** if real improvements are to be made.

hessnatur therefore endeavours to ensure that there is broad interest in and awareness of the need to improve working conditions throughout the textile supply chain. For this purpose, supplier training courses, information events and discussions on the issues are held both internally and with external stakeholders. Audits, visits to factories and constant contact with manufacturers are strategies aimed at cooperating with suppliers to find practical and effective solutions for better working conditions. In doing so, hessnatur continues to develop constantly and in the coming year would like to face up to and grow with challenges presented by the textile supply chain together with its suppliers. **The cooperation with FWF is and continues to form an important basis** in maintaining the current standard and also in continuing to improve constantly.

2 ABOUT HESSNATUR

hessnatur is a label that offers sustainable clothing and textiles. It is headquartered in Butzbach (Hesse) and operates a branch office - Hess Natur-Textilien AG - in Switzerland. Products offered by hessnatur range from outer clothing for men, women and children, to nightwear and underwear, home textiles, baby clothing and accessories. Channels of distribution are our catalogue, online shop and five retail stores in Butzbach, Düsseldorf, Frankfurt, Hamburg and Munich and a residual stock outlet in Butzbach. Founded in 1976 by Heinz Hess in Bad Homburg (Hesse), hessnatur distinguishes itself through a holistic approach to business. Equal respect for humankind and the environment, dedication to the manufacture of high-quality, durable products in a consistently ecological and socially ethical method and open, transparent communication with customers, suppliers, employees and the public exemplify the corporate philosophy of hessnatur.

2.1 HESSNATUR – company history



Heinz Hess and his son Matthias, 1976.
(photo: authors own)

1976 FOUNDING YEARS

The foundation of the company is inspired by the birth of their first son: Heinz and Dorothea Hess develop the vision of strictly natural clothing. Together, they found the company in 1976 as a mail-order provider of “naturgemäße Waren” (natural merchandise) and introduce their first baby collection into the market.

The entrepreneurs build up a network of committed manufacturers and, with their help, hessnatur creates a sustainable production process throughout the entire textile supply chain. This process has been ecologically optimised for over three decades – from the cultivation of textile fibres through the production of yarns to the processing of textiles. With its ecological principles, the company creates examples which the conventional market also follows to this day.

1991

NATURAL RAW MATERIALS

hessnatur exclusively utilises natural plant and animal fibres for its textiles, preferably from certified organic sources. hessnatur lays the foundation for the certified organic production of raw materials in the 1990s. In order to meet the ever growing demand for toxic-free natural fibres, Heinz Hess initiates **the first organic cotton cultivation project worldwide in 1991** with the Sekem farm in Egypt. Unable to find investors, he funds the venture with personal capital. The project sets an example for further ecological, social, and cultural hessnatur projects throughout the world.

1993

NEW DIRECTIONS

In **1993** hessnatur founds Hess Natur-Textilien AG (Langenthal) in Switzerland with its own customer service and this subsidiary lays the foundation for hessnatur's future international growth.

With **establishing its online shop in 1997** the natural fashion label takes its first steps toward a channel of sales which now accounts for almost 50 percent of generated revenue.

Finally, in **2006**, the primarily mail-order oriented company takes a step in the direction of **stationary retail**: at the company headquarters in Butzbach, hessnatur establishes its 1,200-square-metre showroom. Additional showrooms follow in Hamburg (October 2007) and Munich (October 2008).

Entry into the US American market in the same year marks an important step in image building and brand awareness for the natural fashion label. At the start of 2013 hessnatur withdraws from the American market in order to concentrate on growth in Germany, Austria, Switzerland and other European markets.



1995

STYLE AND FASHION

During the mid-1990s, the direction of hessnatur's design changes course, shifting from under the "halo" of ecological clothing toward a fashion more suitable for everyone. Through quality, design, durability and disclosure, hessnatur succeeds in transitioning from a stereotyped "eco" image to a richly coloured, stylish and high-quality label for natural textiles.

In order to better forge new ideas in design, hessnatur engages native Majorcan **Miguel Adrover as creative director from 2008 to 2012**.

In **2010**, hessnatur initiates the first European design prize for sustainable fashion – the **Humanity in Fashion Award (HIFA)**, which was annually bestowed upon an up-and-coming green fashion designer.

2002

SOCIAL STANDARDS

Adherence to social standards has formed a fundamental part of hessnatur's business philosophy since its founding. Ever since then, there has been a mutual agreement with hessnatur's suppliers on the upholding of a common Code of Conduct. In order to promote socially acceptable working conditions in sewing facilities as well as to maintain transparency and accountability of those conditions for independent interest groups, hessnatur embarks on a course of cooperation with multi-stakeholder initiatives: in 2002, hessnatur develops a monitoring system together with the Clean Clothes Campaign. The system is designed to track and continuously improve working conditions. In its Code of Conduct hessnatur commits itself to the core working standards of the UN's International Labour Organization. These standards include that employment is freely chosen, that there is no discrimination in employment, no exploitation of child labour, freedom of association and the right to collective bargaining, payment of a living wage, no excessive working hours, safe and healthy working conditions and a legally-binding employment relationship.

In 2005 hessnatur becomes the first German business to join Fair Wear Foundation, which, in addition to auditing manufacturing facilities for adherence to social standards, also inspects and audits hessnatur itself for its work on improving labour conditions on a yearly basis.



2015 DESIGN INNOVATIONS

Ecologically sustainable denim looks

hessnatur has taken a major step forward in its jeans collection: with new production and processing methods it is now possible for the first time to produce all popular denim looks ecologically and in a socially responsible manner. In a fifteen-month development project all stages in the

production of jeans were examined: from spinning, over dyeing and washing up to the manufacturing of the finished product. Particularly laser treatment and oxygen bleaching have proved to be useful techniques. These processes are exemplary with regard to human toxicology and ecotoxicology and they

are dry processes which consequently save water. However, that is not all; they also offer new scope for the creative reinvention of jeans: the new technology allows for previously unimagined designs, patterns and pictures. The holistic approach commits hessnatur to examining the entire textile supply chain. This includes the cultivation of organic cotton, transport routes, washing, dyeing including waste-water treatment, socially equitable production and surface treatment just as much as giving consideration to recycling later. The Polish production facility is certified by GOTS (Global Organic Textile Standard) and the indigo dyes used in production undergo purification processes afterwards. All dyes involved are biodegradable and no genetically modified materials are used.

Zero Waste

In line with the Zero Waste slogan, the hessnatur collection of 2015 offers innovative cuts without wastage. Technology and design are coordinated in a totally new way in the design process. hessnatur is acting on “Zero8/15”, a university project developed by Simone Austen at the University of Applied Sciences in Hanover. Today she advances the project as an employee of hessnatur. Essentially, the garment is produced from the entire width of the fabric panel without wastage. 100 percent of the fabric area is used, which allows savings of up to 20 percent of the usual waste cutting.

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.



Awarded wedding dress by hessnatur – a design of the year 1996.

(photo: hn)

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, 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 on the part of 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 and 2011 Gold Medal in “Sustainable Retail Business” from the Bundesverbandes Verbraucher Initiative (a consumer-founded lobbying association for customer protection). The association 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.

III The continual advancement of hessnatur

since 1976	since 1985	since 1990	since 1995	since 2002	since 2015
Phase 1	Phase 2	Phase 3	Phase 4	Phase 5	Phase 6
Focus on fabrics	Focus on final-product finishing	Focus on raw materials	Focus on quality and transparency	Focus on brand and social standards	Focus on modern sustainability
wool, silk, cotton, and linen	no synthetic resins (formaldehyde), neem finish (natural moth-proofing)	cotton cultivation, production stages	quality, disclosure	“Clean” production, expansion	Fashion at eye level with established labels

2.2 HESSNATUR'S ten years membership in the Fair Wear Foundation



hessnatur is the first German member of Fair Wear Foundation (FWF) to improve social standards in the textile industry.

As part of the social dimension of sustainable action, the membership in FWF is a milestone in hessnatur's history. In 2005 hessnatur became the first German company to join the international multi-stakeholder initiative. Many others followed this example. Today, around 20 companies from Germany work with FWF. What began in Germany as a small working group has developed into a professional platform to improve social standards.

Today the processes and procedures, such as complaints management, have become a fundamental element in the cooperation. They serve as an example for other companies which declared their willingness to improve social standards in the Partnership for Sustainable Textiles. Furthermore, the consultative processes have been developing constantly through an increased number of member companies. For example, member companies are inspected regularly by FWF which is reported on publically.

Sewing is a production process involving a lot of manual work. For that reason FWF aims at improving working conditions especially in sewing facilities.

The membership in FWF was preceded by a pilot project to improve social standards with the Clean Clothes Campaign (CCC). The CCC – a network of over 250 trade-union and non-governmental organisations – and hessnatur have developed a management system which enables small and medium-sized businesses in particular to take on more social responsibility in the textile supply chain. In close cooperation a model was developed which follows a standardised course and is specially tailored to the structures and possibilities of small and medium-sized businesses. One result of these efforts was the decision by hessnatur in 2005 to become a FWF member.

Since then, work on improving labour conditions in the textile supply chain has been developed constantly. While factory inspections and audits were the core issues in early years, there has been a significant shift in focus in the meantime towards training and establishing functioning complaints procedures. Factory inspections have always focussed on ascertaining the status quo, which can then be followed by the phase of implementing improvements. The findings in the audits give rise continually to other measures in order to achieve long-term and, most importantly, enduring improvements in the production plants. Training courses and functioning complaints procedures have therefore been added as an essential part of work on social standards over the last years. On the one hand, this enables workers to make their voice heard. On the other hand training sessions specifically deal with possibilities of (internal) dialogue. However, the significance of internal processes for hessnatur as a company has also increased over the past years. Accordingly, the way in which the company's internal processes and practices help suppliers implement the required standards is constantly under scrutiny.

A lot has been done over the past ten years with regard to work on social standards but there are still more challenging tasks ahead of hessnatur to foster improvement of working conditions.



2.3 HESSNATUR – the ecological claim

hessnatur exclusively uses sustainable, high-quality fibres such as pure new wool, cotton and Modal® Edelweiss. The focus is on natural fibres which are preferably obtained from controlled organic cultivation or controlled organic livestock farming. The entire process of the textile supply chain from the cultivation of raw material to the shipment of the finished product is subject to stringent ecological requirements. These are defined in ambitious guidelines developed by hessnatur itself, which go far beyond mere compliance with statutory requirements. Adherence to the quality guidelines is inspected, documented and regularly checked by hessnatur employees as part of the management system for ecology. (Detailed information on ecology in production and on the product can be found in the Sustainability Report from page 63 on).

An overview of the hessnatur quality guidelines:

All requirements apply throughout the entire production chain – from the raw material to the finished product!

- sustainable raw materials, preferentially natural fibres, controlled organic cultivation/livestock farming
- no use of agents or manufacturing processes that would be harmful to health or to the environment
- stringent limit requirements based on the GOTS standard
- in-house quality inspection of the physical and ecological requirements
- enquiries about, evaluation and documentation of the hessnatur requirements
- independent external inspections

The Global Organic Textile Standard (GOTS) was developed in 2008 by the IVN (International Association of Natural Textile Industry) which hessnatur is member of. hessnatur is qualified by the independent accreditation institute IMO (“Institut für Marktökologie”) to sell GOTS certified products. hessnatur uses GOTS requirements as a basis for its guidelines, which means that GOTS is automatically adhered to.

hessnatur’s ambitious ecological standards have a significant impact on the health and occupational safety of the employees in factories throughout the textile supply chain. Auxiliary agents used in conventional textile production can harm the health of people coming into contact with them. Accordingly, through skin contact or air pollution workers are exposed to toxic, genetically harmful, carcinogenic, caustic substances or to substances that are in other ways harmful to their health. The workers on site are often not aware of the harmful effects of substances they work with on a daily basis. The hessnatur guideline rules out harmful or polluting substances and in this way protects workers from the far-reaching effects.

Furthermore, the strict guidelines set by controlled organic cultivation require that farmers work without pesticides and other chemicals. This preserves soil fertility, strengthens natural pest control and also has advantages for the people in the area: fertile soils can assure a long-term supply basis for farming families. Furthermore, the farmers are paid organic bonuses. The preferential cultivation of materials from controlled organic cultivation or controlled organic livestock farming therefore creates a basis for better living conditions of farmers in the locality.

Examples from fibre cultivation in particular make clear that ecological and social responsibility are often mutually dependent. For that reason, hessnatur always views these aspects holistically – in accordance with its integral principle.



SOCIAL

*hessnatur assumes responsibility
through on-going collaboration
with its suppliers for continuous
improvement of social standards.*

3 HESSNATUR – THE SOCIAL STANDARDS

hessnatur has summarised its requirements for socially fair production in the social standards it has drawn up for all suppliers. These are based on the core labour rights defined by the International Labour Organization (ILO) as well as the Universal Declaration of Human Rights and they explicitly govern the working conditions in supplier facilities:

hessnatur has been a member of the internationally active Fair Wear Foundation (FWF) since 2005. As part of its membership, a monitoring system to assure compliance with our social standards in the sewing facilities has been developed and anchored within the company. The Corporate Social Responsibility department of hessnatur is responsible for implementing and monitoring the social standards.

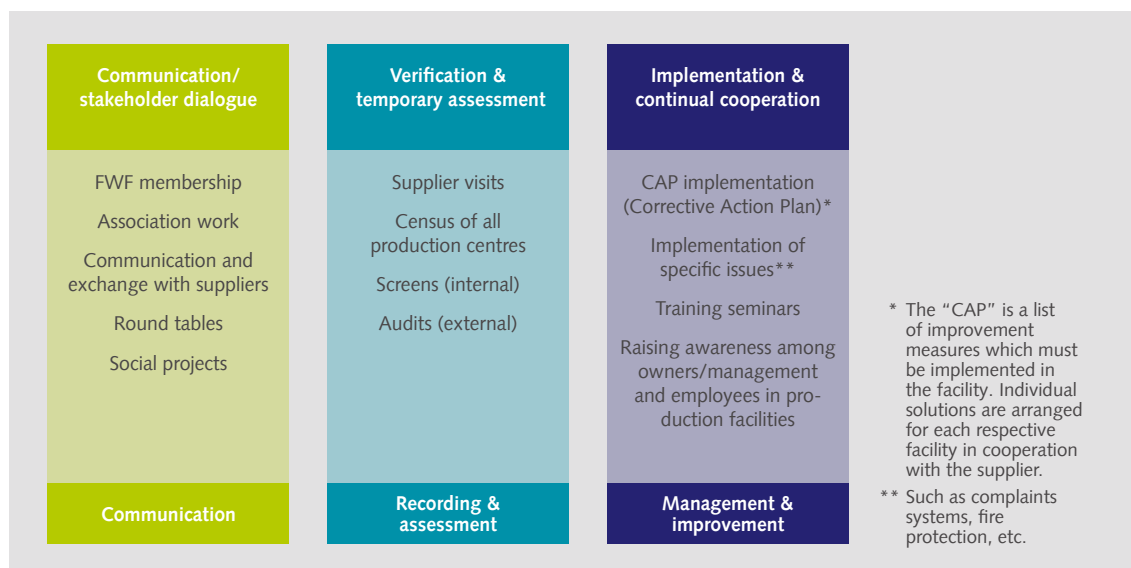
FWF, which is made up of trade union representatives, NGOs and manufacturers' associations, monitors the work performed by hessnatur, checking and ensuring that it is correct. Moreover, a national multi-stakeholder board, created to ensure the involvement of German interest groups, monitors the implementation of social standards at brands in Germany. In addition to FWF and hessnatur, the Clean Clothes Campaign and IG Metall (Metalworkers' Trade Union) are also represented on this board.

Hessnatur social standards and statutory regulations

hessnatur's social standards govern numerous issues that are equally addressed by local legislation in the countries of manufacture – but sometimes varyingly. In cases of discrepancies between hessnatur's social standards and local legislation, the more stringent regulation always prevails. Sometimes, however, local legislation is contradictory to hessnatur's social standards. Some countries, for example, impose legal restrictions on trade union freedom. In such cases, hessnatur cooperates with FWF to identify alternative solutions and explore new avenues. An example in the area of trade union freedom: in "Worker Education Programme" trainings (WEP trainings), which are conducted by FWF experts, employees are informed about their rights and their means of asserting them. In addition, the installation of in-house complaints systems encourages dialogue between employees and management.

hessnatur's social standards are implemented according to a three-pillared management system. The system was developed to improve working conditions in sewing facilities and to follow hessnatur's responsibility as a company.

III The three-pillared modell



Icons of the eight core labour standards

	Employment is freely chosen		Payment of a living wage
	There is no discrimination in employment		No excessive working hours
	No exploitation of child labour		Safe and healthy working conditions
	Freedom of association and the right to collective bargaining		Legally-binding employment relationship

The eight pictograms were developed by hessnatur in order to make the contents more accessible and the significance of the eight standards attractive and self-explanatory at first glance. In some factories the social standards are already hung up in a new format including the pictograms. In this way they are communicated in a clearer way to the employees.

hessnatur's social standards

Employment is freely chosen

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

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).

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).

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 recognised

(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).

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.

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).

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.

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.

4 HOW ARE SOCIAL STANDARDS IMPLEMENTED?

Humane working conditions can only be assured when all relevant parties work together. Therefore, hessnatur developed a monitoring system which includes the necessary steps that have to be taken in the cooperation with all relevant actors throughout the textile supply chain and with FWF.

4.1 COOPERATION with hessnatur's suppliers

4.1.1 hessnatur's suppliers

Establishing stable, long-term partnerships forms the basis for hessnatur's cooperation with its suppliers. 86 percent of 97 suppliers have already been working with hessnatur for longer than one year. In fact, 56 percent of suppliers have worked with hessnatur for five years or more. This is necessary in light of the fact that hessnatur's manufacturers are generally real experts in processing certain natural fibres such as silk or in respect of individual product groups: sweaters, for example, socks, jackets or coats. Specific ecological and processing technology expertise is built up over years of cooperation. Therefore, the maxim that capability and quality are more important than the lowest price holds true for hessnatur.

4.1.2 Selection of new suppliers

Although hessnatur constantly strives to cooperate for the long term with its suppliers, sometimes a change to a different manufacturer is unavoidable. This might be because of quality standards, for instance, or due to technical requirements or changes in the manufacturing range. Great care is taken when selecting new suppliers.

The Management, the Purchasing department and Corporate Social Responsibility (CSR) share a clearly agreed guideline for suppliers which stipulates, for instance, that products are manufactured in certain countries only in conjunction with a corresponding social project (for example New SADLE in Nepal). As a general rule, facilities are visited by hessnatur staff before cooperation begins with a new supplier, thereby ensuring that the manufacturer can meet hessnatur's quality, ecological and social requirements. Moreover, a procedure coordinated by the Purchasing department and CSR comes into play: among other things, this procedure ensures that no initial production begins before the CSR team has inspected and approved the supplier.

4.1.3 Cooperation with agents

hessnatur collaborates with on-site agents in certain production countries – Turkey, Italy, Portugal, Thailand and Peru. They organise and

III Number of sewing facilities per country of production, as of 30.09.2015

EU countries	No. of production facilities	Non-EU countries	No. of production facilities
Austria	2	Bangladesh	1
Croatia	2	Belarus	1
Czech Republic	5	Bosnia and Herzegovina	2
England	1	China	9
Germany	27	India	1
Hungary	6	Macedonia	3
Italy	11	Mongolia	1
Lithuania	6	Morocco	1
Poland	7	Nepal	2
Portugal	5	Peru	11
Romania	4	Sri Lanka	1
Slovakia	3	Thailand	3
Spain	1	Turkey	13
		Ukraine	1
		Vietnam	2
Total	80	Total	52

monitor production on behalf of hessnatur and act as important contacts for the manufacturers. The agents therefore receive very intensive training focusing on the ecological and social requirements of hessnatur. This occurs both at hessnatur as well as on site in the production facilities. Additionally, these agents work particularly closely with the respective hessnatur “experts” – Purchasing, Quality Assurance and CSR.

4.1.4 Suppliers and production countries

In financial year 2014/15 hessnatur worked with 97 clothing, shoe and accessory suppliers, involving a total of 132 sewing facilities. More than half of the production facilities are situated within the EU. The number of suppliers is necessitated by the wide spectrum of products offered by hessnatur, ranging from outer clothing for men, women and children, to baby clothing, home textiles and shoes. As was mentioned before, some manufacturers specialise in certain natural fibres or product groups, which also factors in the number of sewing facilities. This specialisation though assures the high ecological and technological processing standards necessary for production.

4.1.5 Why hessnatur does not manufacture in Europe exclusively

Many “specialists” in the processing of certain fibres happen to be located in countries where these fibres are cultivated. For example, hessnatur mainly purchases merchandise from China that is made from indigenous fibres such as silk, hemp or fine-quality hair such

as cashmere. Both the cultivation and processing of these fibres are largely done in China nowadays; they are scarcely obtainable in other countries and it is logical to keep the processing of these fibres within the area of their cultivation where the expertise regarding the specific processing is located also. Centres of competence for cotton processing, for example, are located today in Turkey while the expertise for the processing of jersey and nightwear lies in Germany and in the Baltic region. At the same time, garment manufacturers, especially in Germany, are increasingly shutting down. Expertise is being lost. hessnatur is working closely with the German production sites to preserve expertise.

Whenever hessnatur decides to produce in non-European countries, working conditions within facilities are screened intensively, new suppliers are thoroughly chosen and hessnatur commits itself to specific projects within those countries. Accordingly, hessnatur cooperates with Nepra e.V. for instance – a German association which cares for ostracised victims of leprosy in Nepal. In the workshops of the Nepalese partner association New SADLE, previous leprosy patients and healthy employees work together in a familiar environment, where they receive free medical care, child care, and educational opportunities. hessnatur supported the enterprise in the implementation of the change to non-toxic dyes in the hand-dyeing process and schooled the facility in technical know-how for textile production. Moreover, textile products produced by New SADLE are part of the hessnatur collection: for example scarves or Pashmina shawls, which are known for their exceptionally high quality are sold by hessnatur to support the New SADLE project.

Yarns from the production of hessnatur garments.



4.2 THE MONITORING SYSTEM for the implementation of social standards

Unlike the upstream production phases such as spinning, knitting or dyeing, there is still little automation in the sewing of clothes. A substantial amount of manual labour is necessary – often under great pressure exerted by time and cost restraints. Subsequently, this area of production deserves exceptional attention. Although hessnatur provides shoes, accessories and care products, textiles are

III The textile chain explained with the example of a T-shirt



1. FIBRE CULTIVATION

In ecological production the seeds come from controlled organic cultivation.

The observance of crop rotation, the use of natural fertilisers and natural pest control and the preservation of social structures are crucial here.



2. SPINNING

Attention is paid in the production of yarn to ensuring that there is no contamination with conventional fibres. The desired result is attained without additives. Production facility rules are subject to hessnatur's strict standards.



3. WEAVING/KNITTING

When the fabric is being produced, the yarns are protected by natural sizing agents against wear and tear.

Furthermore, recycling systems are used and depending on the state of the waste water it is passed through a purification plant with at least two stages.

4. FINISHING

In accordance with hessnatur guidelines, bleaching is done only with oxygen, dyeing is done with dyes which do not contain heavy metals and printing is water-based. The fabric properties are optimised according to highest ecological standards, for example by means of calenders.



5. MANUFACTURING

This phase of production is conducted under high pressures of time and wage constraints and people frequently work under appalling conditions. hessnatur maintains close contact with the suppliers and works in cooperation with FWF for the continuous improvement of the working conditions.



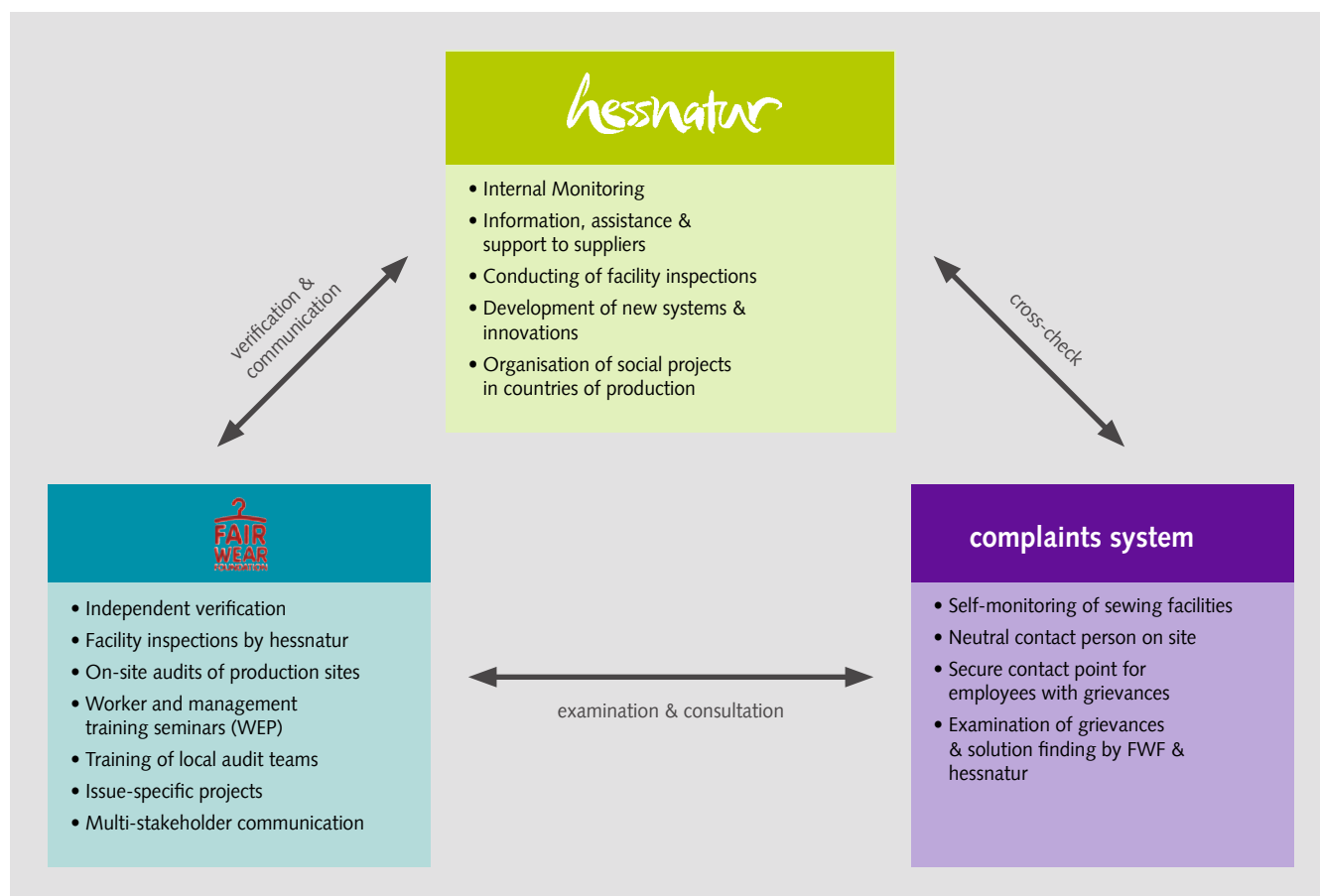
6. TRANSPORT

hessnatur focuses its production in Europe. Thanks to the hessnatur guidelines, chemical preservatives are dispensed with. Short distances and an environmentally friendly packaging complete the last stage of the article's journey to the customer.



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

III The 3 core elements of the monitoring system for social standards



still the basis of hessnatur's product line. Approximately 92 percent of revenues are generated with textiles. Progress in sewing facilities is documented and tracked through facility inspections and audits.

Another distinctive feature at hessnatur is that under its holistic approach the aspect of social responsibility also includes the area of ecology. Farmers, for instance, can thus be guaranteed better living conditions if they switch to organic practices in agriculture or animal husbandry for plant or animal fibres. This example demonstrates that the areas of ecology and social standards are directly linked and must be considered holistically. Further information can be found in hessnatur's Sustainability Report (p. 54).

This means:

- hessnatur is responsible for implementing and monitoring social standards in sewing facilities.
- FWF inspects the work performed by hessnatur and performs audits of production facilities on behalf of hessnatur.
- impartial complaints handlers give workers added security.

To meet hessnatur's needs, a management system for social standards must have:

- the provision of comprehensive information to the manufacturers on the social standards, the means of implementing them and the monitoring system,
- a written confirmation by the manufacturers of their acceptance of and compliance with hessnatur's social standards,
- regularly conducted facility inspections,
- the introduction of the FWF complaints system in sewing facilities,
- administration and evaluation of data.

4.2.1 Exchange of information with suppliers

Sharing information with suppliers forms the basis of jointly implementing hessnatur's social standards in sewing facilities. New suppliers in particular are provided with very detailed information. In addition to the standards themselves, all suppliers also receive information pertaining to hessnatur's monitoring system as well as the ensuing requirements and responsibilities for the suppliers. Queries can be discussed with hessnatur's contacts at any time.

At the same time, the suppliers provide comprehensive information relating to the sewing facilities (e.g. headcount, status of implementation of social standards, etc.). These details form the basis of the planning of monitoring measures.

4.2.2 Confirmation of the social standards

The hessnatur social standards are given to each supplier who must confirm them in writing. No confirmation, no partnership!

Additionally, each facility receives a version of the social standards in the local language, which must be made accessible for the employees. hessnatur enquires about this and monitors it by requesting photos during on-site tours of the facilities.

4.2.3 Facility inspections on site

Facility inspections provide comprehensive "snapshots" of the status of implementation of our social standards in production sites. They form the basis of intensive advanced work on the standards. The facility inspections examine both occupational safety and facility documentation: employment contracts, payrolls, insurance documentation and working hour records. Audits performed by FWF also include interviews with workers.

In addition to the audits performed by FWF and other independent experts, hessnatur is increasingly conducting its own facility inspections in which the "hessnatur screen" serves to further implement social standards. The selection of facilities for inspection focuses primarily on operations in critical countries and suppliers who are particularly important for hessnatur.

Inspections are also conducted when there are indications of problems in a sewing facility, for example when staff complaints are received. Facility inspections identify areas in need of improvement at a given sewing facility. Accordingly, a Corrective Action Plan (CAP) is drawn up on the basis of the audit report – irrespective of whether the report relates to an audit performed by FWF or an inspection conducted by another external organisation. The CAP represents a list of improvements that must be implemented at the facility. Individual solutions are drawn up for the respective

production sites in cooperation with the suppliers. A clear time schedule to determine which measures must be implemented by which deadlines is agreed on. hessnatur commits to the implementation of the CAP together with the supplier. The latter submits regular reports on the status of implementation and documents its progress. Additionally, a follow-up audit is performed on site, either by a FWF audit team or by hessnatur staff.

The full implementation of hessnatur's social standards in a facility is a process that can take several months or even years, depending on the general conditions prevailing in the respective country of manufacture. If the social standards are not implemented in full, hessnatur provides implementation assistance and support in order to improve the situation at the facility and establish fair working conditions. The cooperation with the supplier is only terminated if these efforts do not produce the desired success or if facilities fundamentally contravene hessnatur's social standards.

Visits to production facilities are normally planned, scheduled and carried out on site by hessnatur staff. Additionally, a "Verification Audit" is provided by FWF, which differs from a "normal" audit in that FWF, rather than hessnatur, selects which supplier is to be audited and when. In this way, both the work of the supplier on site, as well as hessnatur's hand in the implementation of social standards in regards to that supplier can be monitored.

4.2.4 Complaints system

The FWF complaints system serves as an additional safeguard for social standards by giving the workers in the facilities the means of approaching an impartial contact outside the facility if problems arise. FWF trains these "complaint handlers". They review grievances and forward them to hessnatur via FWF in Amsterdam. hessnatur then develops a solution together with the affected suppliers.

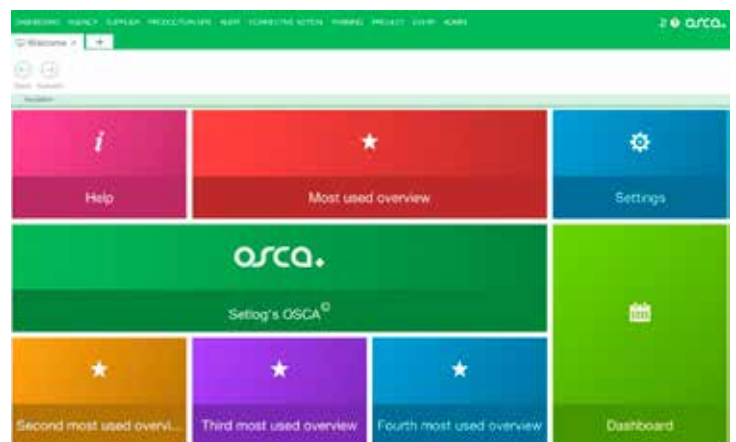
The system is introduced within the facility and the on-site representative is announced publicly. This occurs in three possible ways:

- when facility audits are performed by FWF,
- when FWF contacts visit the facilities,
- by including the name and details of the contact on the copies of hessnatur's social standards, which are posted in the local language.

In addition, hessnatur encourages in-house complaints systems and propagates on-going dialogue among management and staff.

4.2.5 Data management

In the past financial year a new data processing system called "Osca" was developed in cooperation with Setlog. The data from the hessnatur monitoring system, i.e. the addresses of the sewing workshops, the data and findings from the inspections of production facilities, the status of implementation of corrective actions are recorded, administered and evaluated in the system specially designed for those purposes.



Osca makes it possible, for example by means of interfaces, to automatically import and export CAPs and automatically calculate the status of implementation. The corrective actions can then be filtered, e.g. according to country or standards, which allows important analyses.

The most used functions of the new data system can be entered directly via quick access buttons.

Furthermore, the system provides support by automatically calculating time in the planning of new measures and the implementation of work assignments arising from company visits such as audits for example. Functions allowing monitoring of recently made changes or gaps in information raise the quality of the existing data.

The data is treated confidentially of course. In the coming financial year hessnatur will expand the use of the system and test suppliers' direct access to the system.

5 COOPERATION WITH THE PURCHASING DEPARTMENT

In general, all hessnatur employees are familiarised with the special features of hessnatur and are given training in the social and ecological standards as soon as they start working for the company. In addition, new employees are informed about the social standards and the monitoring programme in the course of the regularly held basic training sessions.

Furthermore, more detailed information is made available for other departments which are directly affected by the social standards. This applies also to the Purchasing department with which a workshop regarding the issue of social standards was held last year. Effective cooperation can be ensured in this way.

5.1 THE OVERALL PURCHASING STRATEGY

As part of medium-term planning in financial year 2013/14 hessnatur developed a tool for planning the sourcing of raw materials and the supplier structure. Core elements are material procurement on the one hand and supplier planning on the other.

This strategic project must be seen against the background of changed market conditions. There is a perceptible shift in the textile procurement market from the customer to the provider (supplier). This development is evident in the steady increase of both – the price of materials and the costs of production. The high quality requirements mean that the selection of materials is becoming a special challenge for hessnatur. In addition, the requirements set for hessnatur materials also have the effect of further limiting the available materials. Accordingly, the suppliers with which hessnatur works are specialists in their respective fields. With some partners special materials (such as for example the hessnatur Mongolian merino) and finishing methods (beeswax coating) have been developed over a lengthy period. This can involve a relative degree of mutual dependence on both sides. If the business relationship with one supplier ends or if hessnatur's demand exceeds a supplier's capacities, it is difficult to find alternative suppliers within a short time.

On the other hand, the supplier would also be dependent on hessnatur's economic situation. hessnatur has therefore taken stock and on the basis of expertise and forecasts it has precisely defined both the materials and the countries in which production should be further developed or maintained and where involvement is less constructive.

The result is a clear orientation toward production in Europe and a focus on countries and regions in which particular materials originate or where the relevant expertise can be found.

Building on this analysis and against the background of fair and sustainable dealings with the suppliers, two ground rules were established: a supplier should never have more than 30 percent of the hessnatur range and the share of hessnatur in a supplier's production should also not exceed 30 percent.

Furthermore, a tool with criteria for the precise evaluation of the individual suppliers which serves as the basis for a supplier assessment interview was developed. In the year under review this tool was further developed by the Corporate Social Responsibility (CSR) department in order to be able to evaluate the performance of the suppliers in the area of social standards with even greater differentiation: the evaluation is now done on the basis of the individual production facilities, several of which often produce for hessnatur under one supplier. Even if the supplier is the contact for hessnatur, a major part of the willingness to cooperate and assume responsibility to improve working conditions lies with the production facilities themselves. Furthermore, the way in which production facilities handle workers' complaints, which hessnatur receives through the Fair Wear Foundation complaints hotline, is now being evaluated.

A woman and two children are standing in a high-altitude, grassy landscape. The woman, wearing a brown hat and a red and white plaid poncho, stands behind the children. The children are wearing hats and colorful clothing. In the background, several alpacas are grazing on the grass, and snow-capped mountains are visible under a cloudy sky.

ECOLOGICAL

*The production focus is on Europe.
Special materials are sourced in
their countries and regions of origin.*

5.2 INTER-DIVISIONAL supplier evaluation meeting

Twice per year, coinciding with hessnatur's peak seasons, a supplier evaluation meeting takes place. Multiple departments including Purchasing, Technik, Accounting and CSR who are in charge of the implementation of social standards and the ecological quality of materials take part in it. The various aspects of doing business with suppliers are appraised. Was the quality satisfactory? Did the supplier deliver on time? Were there any problems with working conditions, for example complaints from workers or were any problems detected during a facility inspection? Finally, this inter-divisional evaluation board decides equitably whether work with a supplier will be further expanded or reduced.

5.3 THE PURCHASING department

Following changes in the past financial year, the departments Purchasing, Disposition, Technik and the CSR department now form one organisational unit. The buyers in particular work closely with the hessnatur suppliers. They decide on the basis of the supplier evaluation interview which supplier should produce which products for hessnatur. To ensure the upholding of social standards by the suppliers and in their production facilities, the CSR department works closely and cooperatively with the Purchasing team. If a supplier commits an infringement against the hessnatur standards that is contrary to the agreement, the CSR department has the right and the obligation to point this out and if necessary to have orders for supply stopped.

5.3.1 *Integration of social standards into the purchasers' decisions*

In addition to general evaluations of suppliers, a daily evaluation between the Purchasing and CSR teams is essential. Provisions for suppliers are defined in general, but specific solutions must still be developed time and time again. Close cooperation within hessnatur is fundamental.

• **Procedures in selecting new suppliers**

As already described, there are endless reasons why hessnatur should choose to work together with a new supplier. Finding a supplier suitable for hessnatur is the job of the Purchasing department. Only when social standards have been inspected can the facility become a new supplier for hessnatur.

• **Supplier guide**

The supplier guide is the standard manual for all suppliers. It contains all information regarding the requirements for hessnatur, be they ecological, terms of delivery, buying conditions or social standards. The supplier guide must be signed by every supplier of hessnatur. No signature, no partnership. This is ensured by both the Purchasing and CSR team.

• **Audit planning**

A new audit plan is prepared at the beginning of every financial year. The plan establishes which supplier is to be visited, informed and monitored for social standards and how this is to be accomplished. The plan is continually coordinated with Purchasing. An important note is that audits are not performed during a supplier's peak production period. This guarantees that the management as well as the employees truly have the time to devote to issues regarding social standards during a facility tour.

5.3.2 *hessnatur's production cycle*

For over three years, the collection creation process from product development to distribution has been continually optimised at hessnatur.

The goal is to coordinate all activities around the collection creation process as best as can be in order to ensure the scheduled completion of the collection as well as its distribution. Ten departments work side by side in this process: the Executive Board, Category Management, Design, CSR, Purchasing, Technik, PR, Media Design, E-Commerce and Distribution.

The scheduling plan for collection development is an important controlling instrument in ensuring efficient and trouble-free operation in a seasonal collection creation process.

It contains clearly defined deadlines for milestones and tasks and thus establishes responsibility, accountability and transparency in day-to-day operations for all involved parties.

The current target and actual status is reviewed in weekly meetings and controlling measures are initiated in a timely manner when necessary in order to meet deadlines.

The continual improvement of internal processes is also associated with this practice in order to reduce extreme workloads in peak production times and duplication in work on the one hand and to attain a high level of scheduling security for an optimal delivery to customers on the other hand.

hessnatur has been supported by a new PDM (Product Data Management) software as of the last season. This enables an optimally transparent communication with respects to all data involving a product design, including current work-flow status. The software consequently ensures fast, central access to information for all departments involved in the collection creation process and reduces processing time.

The collection creation process is illustrated with an example from the spring/summer season in the following overview.

III The collection creation process

Target deadline	Timeframe
Collection development	February till March / April
Supplier evaluations	February
Concept presentations	April
First sample fitting / First sample evaluations	May till July
Final article selection	June / July
Order releases for the entire season	August
Photography and catalogue production	August till December
Product delivery	November / December
Catalogue dispatch	Mid-January



For hessnatur modern production and traditional techniques are no contradiction but an ideal complement.

5.3.3 “Never Out of Stock” products

In addition to the production cycle described above, hessnatur introduced “Never Out of Stock” (NOS) products in financial year 2011/12. NOS articles are products such as underwear, baby rompers, bedding or towels which are always offered in the product range. The twelve textile suppliers currently involved in this system are granted a long-term purchase guarantee for these articles. This gives the suppliers scope to schedule their production procedures better. Steady production capacity utilisation mitigates seasonal fluctuations and relieves peak periods in production. This allows a better distribution of the manufacturing time required by the workers and avoids excessive overtime and also fosters an even basic income for the workers at reasonable working hours. This effect was also confirmed by a factory in Bosnia-Herzegovina which produces NOS articles for hessnatur. The production facility itself described how this system allows better production planning. The audit conducted also confirmed that the working hours are well spread out and that no excessive overtime is done.

The products ordered well in advance are then called off in accordance with hessnatur’s actual requirements, whereby, as described, the specified minimum purchasing quantity continues to be guaranteed. If problems do arise on the side of the supplier at the time of the shipment, hessnatur shows flexibility and helps the suppliers resolve the issue in an uncomplicated manner.

6 CONTRIBUTORS TO THE VERIFICATION OF SOCIAL STANDARDS ON SITE

In addition to supplier visits and inspections by hessnatur staff, hessnatur also enlists external, independent experts and entities. These authorities are presented below. Special attention is given to Fair Wear Foundation (FWF)* and its auditing procedures. Additionally, the hessnatur screen and complaints management are presented.

6.1 FAIR WEAR FOUNDATION



FWF is an international organisation, headquartered in the Netherlands. The organization's goal is to improve working conditions within the textile industry, as well as to promote social responsibility overall. Businesses which join FWF commit themselves to implementing and monitoring social standards within their production facilities.

What makes FWF distinctive is its status as what can be termed a multi-stakeholder organization. That is, all aspects of textile production are represented as members: non-governmental organizations (NGOs), labour unions, trade associations, manufacturers and merchants. Thus, the broadest possible range of stakeholder participation is made possible to engage in the improvement of working conditions in apparel production.

Based upon the International Labour Organization's (ILO) core labour rights, FWF has developed its own social standards, which hessnatur has also adopted. In cases of variation or contradiction between FWF standards and those of local legislation, the higher requirements apply respectively. These social standards as well as the requirements pertaining to their implementation are summarised in FWF's Code of Labour Practices. FWF members formally consent to this code, as well as to the validation of its adherence by FWF.

The fundamental principles of FWF's Code of Labour Practices are:

- manufacturers take responsibility for their supply chain.
- labour standards meet the widely accepted ILO conventions and the UN's Universal Declaration of Human Rights.
- the implementation of social standards is to be understood as an on-going process, possibly taking years.
- locally involved parties are to be included in audits and corrective measures.
- the implementation of FWF's Code of Labour Practices by members is independently audited ("external inspection" or "verification").

FWF not only performs audits of supplier operations. Each member company must submit regular reports to FWF addressing progress or grievances. Furthermore, each member company itself is inspected on a regular basis, i.e., once per year.

Distinctions of Fair Wear Foundation

Audits, i.e., facility inspections, are conducted by local FWF-trained audit teams from the respective country of production. They are an inherent part of the monitoring system for hessnatur's social standards. As a result, cultural and regional characteristics can be taken into consideration. Communication becomes easier and trust is higher compared to that which would be given to foreign inspectors.

Experience has shown that employees possess little knowledge of their rights and responsibilities. FWF educates in this respect through WEP trainings. A neutral system for complaints enables employees to turn to competent, local representatives in order to address problems. The team's audit report is submitted only to hessnatur who then forwards it to the supplier or production site under inspection. During the audit the shop management must be present. The audit team must have access to the workshop and all other important facilities.

* For more details, see www.fairwear.org



PIONEERING

hessnatur joins Fair Wear Foundation as the first German member brand in 2005. Fair Wear Foundation assesses production sites but also hessnatur for their work on improving social standards.

Audits by Fair Wear Foundation

An audit team usually consists of three inspectors: an administrative inspector, a health and safety inspector and an inspector who carries out interviews with the employees. An audit takes about 1 ½ to 2 days.

The following dialogues and inquiries occur during an audit:

- interviews with the management and its staff,
- interviews with several employees; a portion of these interviews are usually carried out away from the production site,
- discussions with local groups, such as labour unions, trade associations, local authorities, and other involved organizations,
- inspections of company documentation, especially those connected to payroll accounting, hiring of employees, and timekeeping,
- inspection of safety conditions and hygiene in the workplace.

Before FWF's audit team submits its report to hessnatur, the results are discussed with the management of the production site which was visited. If the working conditions within the facility do not meet the required social standards, the audit team prepares recommendations for improvement in the form of a "Corrective Action Plan" (CAP). These recommendations are also discussed with the management.

After the audit, an arrangement is made between the production site and hessnatur regarding essential improvements. In other words, a time frame is agreed upon within which the CAP is to be implemented. The implementation is then verified through a follow-up visit by FWF or an additional audit.

This type of cooperation factors significantly in the hessnatur brand and is indispensable. Adherence to internationally accepted social standards is a matter of course for both hessnatur and our customers. We are certain that our suppliers, as constructive business partners, share these values and are actively supportive in both the monitoring of social standards as well as the implementation of improvement measures.

6.2 INSPECTION through independent consultants and other organisations

Since 2009, hessnatur has encouraged all of its suppliers to submit a detailed report on measures for social standards already in place. This procedure also had an added advantage of strengthening ties with suppliers and heightening awareness of fair working conditions.

Many suppliers have disclosed to hessnatur that social audits have already taken place in their facilities, in some cases by internationally recognized and independent organisations. Insofar as our suppliers agreed, we used these results to mutually implement further improvements to social standards on site. Thus double audits can be avoided, saving time and reducing costs for all parties.

III The "hessnatur screen"

hessnatur does not just want to get to know its manufacturers well, but also take a very close look at them. This is why hessnatur performs its own on-site inspections to assess the implementation of the hessnatur social standards.

hessnatur experts examine compliance with the social criteria by performing detailed facility inspections that also include occupational safety and documentation inspections. The "hessnatur screen" covers everything from the correct installation of the fire extinguisher right up to the inspection of the employment contracts. In addition, face-to-face contact creates a good basis for cooperation in an environment of mutual trust.



6.3 FACILITY INSPECTIONS by hessnatur

The “hessnatur screen”, a procedure for facility inspection by hessnatur employees, was developed in 2008. The computerised hessnatur screen is optimised after every facility tour, accommodating the conditions on location as well as our own requirements. In the course of various facility tours, the hessnatur screen has proven to be a valuable complement and aid to the preliminary work of FWF audits.

6.4 COMPLAINT MANAGEMENT

All hessnatur suppliers are given the Code of Labour Practices at the beginning of the cooperation. This not only contains the eight social standards in the local language but also cites the contact for any complaints that might arise. Furthermore, all suppliers and those responsible for production sites must confirm that the social standards are adhered to and that the Code of Labour Practices is hung up for the employees in the factory to see. In the past fiscal year this was increasingly checked by requests for photos of the displayed information. Only when the social standards and the contact for any complaints are on view can employees submit complaints on site.

In financial year 2014/15 a total of ten complaints arrived at hessnatur through the complaints hotline from workers of production sites in Turkey. The complaints and the actions taken are described in brief below.

A local newspaper described workers protesting in front of a factory because they had been fired for being members of a trade union. The complaint formulated from this was followed by a lawsuit in which it was declared that the notices of termination had not been given in accordance with the law. After this, the supplier re-hired some of the employees. It is nevertheless difficult to gain full clarity on the case retrospectively. For this reason, hessnatur in close cooperation with other brands tried to encourage dialogue between the trade union and supplier. Following attempts at mediation over a long time and many face-to-face talks on site hessnatur succeeded in bringing both the trade union and the supplier to the table. This created an important basis for further communication and possible reconciliation. Training to improve communication between workers and management is being worked on with another brand, too.

hessnatur received three further complaints from Turkey in relation to an unfair procedure in the dismissal of workers. People involved claimed, for example, that they had been dismissed because of their state of health or had been put under pressure to give in notice. No unlawful procedure could be found in the documents in the following retrospective investigations conducted in cooperation with FWF. However, the complaints give rise to the impression that there are general communication problems between workers and management. A WEP training already took place for the factory management and this is now to be expanded to include workers.

Another complaint was made on the issue of the restricted freedom of association and unfair dismissal for membership of a trade union. Together with FWF it was decided to tackle the issue holistically and to conduct an audit for a deeper analysis of the situation. After the audit another complaint was received, also relating to unfair dismissal. No unlawful dismissal procedures were discovered subsequently. However, it appears that in this case too there are problems regarding the communication between workers and management. For that reason, a WEP training is presently being planned. Furthermore, the complaints are being included in the implementation of the CAPs.





Three more complaints were received from another supplier's employees. Two complaints related to a delay in the payment of wages and one to a delay in the registration with the social security system. The cases were discussed with the supplier, a WEP training was given and a verification audit conducted. The audit confirmed the complaints to some degree so that CSR staff discussed the issues again during an on-site visit. In face-to-face discussions the supplier assured that wages would be paid on time in future, which still has to be verified. Furthermore, the supplier participated in the social dialogue seminar.

The complaints received in the year under review make clear that employees in Turkey are increasingly aware of their rights and therefore more frequently avail of the possibility of complaining and claiming concessions. At the same time it becomes apparent that communication between staff and management does not function at a level adequate for solutions to be worked out internally – because the complaints hotline is supposed to provide workers with added security but only in case internal attempts at clarification fail. hessnatur is aware of this, incorporates the complaints in the follow-up of CAPs and will continue to encourage dialogue between the parties involved in the course of visits and trainings on site.

7 MONITORING MEASURES WITHIN THE FINANCIAL YEAR

7.1 OVERVIEW of the monitoring measures

Inspections of social standards are conducted as part of the monitoring system at hessnatur. This system based on three core elements has already been covered extensively. In the following chapter the implementation of the system and measures taken in the individual production facilities in high-risk countries with relevant buying volume will be presented.

FWF differentiates between countries with a lower risk and countries with a higher risk. In this case risk relates to the adherence to local laws and international standards. In countries with a lower risk the adherence to the laws and standards is as a rule well inspected and monitored by the legislators. These countries include the member states of the EU with the exception of Bulgaria and Romania. However, in what are referred to as high-risk countries, a discrepancy is often evident between existing laws and their observance. For that reason there is a greater need for action in relation to working conditions in these countries. As a basic rule, 90 percent of the purchase value must come from production facilities which are either located in low-risk countries or audited.

Depending on the extent of necessary improvements, their implementation can take several months. In financial year 2014/15 hessnatur's work with the following production facilities has involved the implementation of results from audits, company visits and dialogue with suppliers. The results are implemented irrespective of whether the supplier was visited by FWF, by hessnatur, by an independent expert or by an internationally accepted organisation.

Before the detailed results of the individual audits are presented, an overview of the status quo is displayed in the following figure.

III Number of the production facilities by countries, visits and audits*, status 30.09.2015

Low-risk countries			High-risk countries		
Countries	TOTAL NUMBER of facilities	Number of facilities visited by hessnatur in FY 14/15	Countries	TOTAL NUMBER of facilities	Number of audited facilities
Austria	2	0	Bangladesh	1	1
Croatia	2	0	Belarus	1	1
Czech Republic	5	0	Bosnia and Herzegovina	2	2
England	1	0	China	9	8
Germany	27	9	India	1	1
Hungary	6	6	Macedonia	3	1
Italy	11	0	Mongolia	1	0
Lithuania	6	5	Morocco	1	1
Poland	7	5	Nepal	2	social project
Portugal	5	6	Peru	11	10
Slovakia	3	0	Romania	4	3
Spain	1	0	Sri Lanka	1	1
			Thailand	3	3
			Turkey	13	10
			Ukraine	1	0
			Vietnam	2	1
Total	76	31	Total	56	43
Corresponds to a purchase value of :		47 %	Corresponds to a purchase value of :		50 %

*Some production facilities were audited several times. In this case, production facilities are counted only once and referring to the most recent status.

This corresponds to a purchase value (FOB) of 97 percent of facilities which are either located in low-risk countries or were audited.

In the following, the detailed challenges in the individual high-risk countries with relevant buying volume are presented in tabular form. These are the results of audits conducted over the past three years. Status: 30th September 2015.

The percentages cited indicate how many of the findings from the last audit could be remedied or improved so far. As quantity and complexity of the findings as well as the time needed for implementing improvements can vary significantly, this value cannot be used to compare countries with each other or to compare one year with another. For example, if a factory with one small finding had not yet remedied it, it would have a degree of implementation of zero percent. However, this would be a much

III Key indicators for the evaluation

- 8 satisfactory result
- 6 shortcomings which are to be improved in the short term / rather easy to remedy
- 4 shortcomings which are to be improved in the medium-term or long-term / more difficult to remedy
- 2 shortcomings which were not remedied in spite of requests to do so
- 0 no willingness to cooperate / supplier refuses dialogue

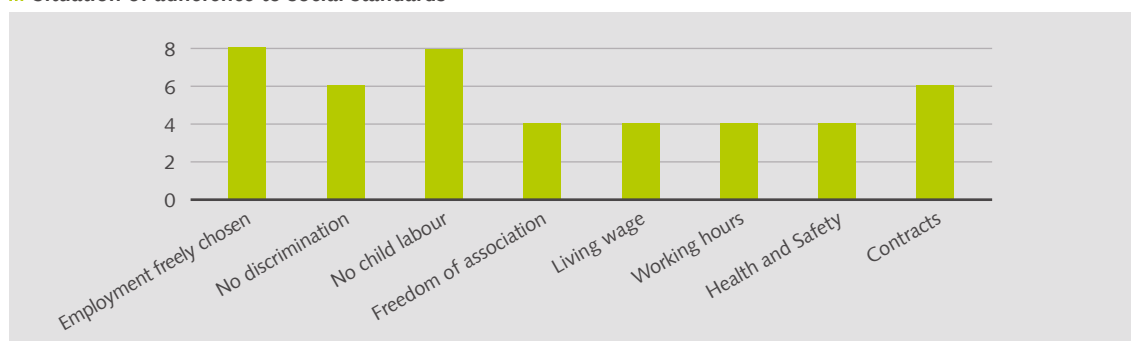
better level than a factory with ten findings of which so far 50 percent have been remedied. If a production facility with an implementation status of 100 percent was audited another time, this would not mean that there were no new findings. At hessnatur work on social standards has the nature of an on-going process.

7.2 SITUATION AND CHALLENGES faced in the individual high-risk countries

||| BANGLADESH

Production facilities	Audits		Implementation status	Accord on Fire and Building Safety	Visits by hessnatur in FY 14/15
	FWF	Others			
1	0	1	13 %	1	2

||| Situation of adherence to social standards



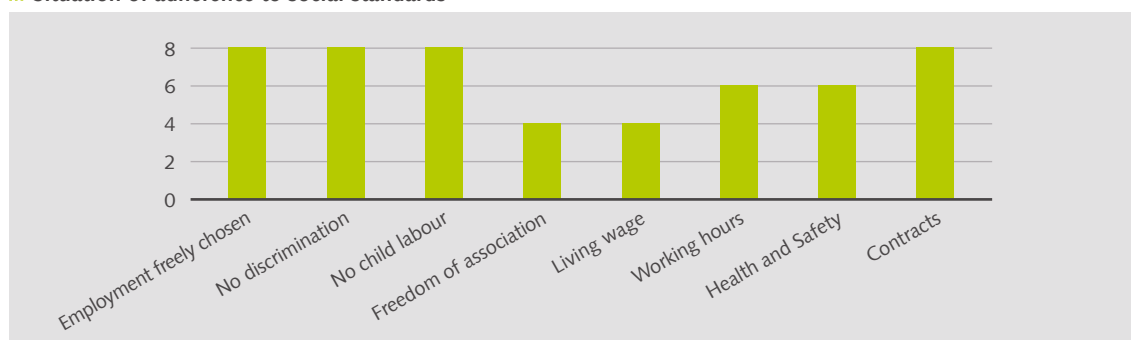
In the year under review a supplier in **Bangladesh** produced baby bodies for hessnatur. Under the Bangladesh Accord on Fire and Building Safety, the supplier is still

regularly controlled by an external organisation. The production took place in the frame of a project which is finished and is therefore no longer active.

||| BOSNIA AND HERZEGOVINA

Production facilities	Audits		Implementation status
	FWF	Others	
2	0	2	68 %

||| Situation of adherence to social standards



Two production sites in **Bosnia and Herzegovina** with which hessnatur has been enjoying a long-term cooperation manufacture mainly knitwear and underwear.

The audit findings highlight issues regarding living wages and working hours. In the course of continuous contact with one supplier a person of trust was appointed in a relatively small,

family-run factory. Employees can now turn to this person when they have complaints instead of appealing to their supervisors. Moreover, the "Never Out of Stock" system (NOS system) developed with hessnatur made it possible for a supplier's capacity to be utilised more evenly throughout the year and in that way overtime could be reduced. Further measures are being tackled with the suppliers' cooperation.

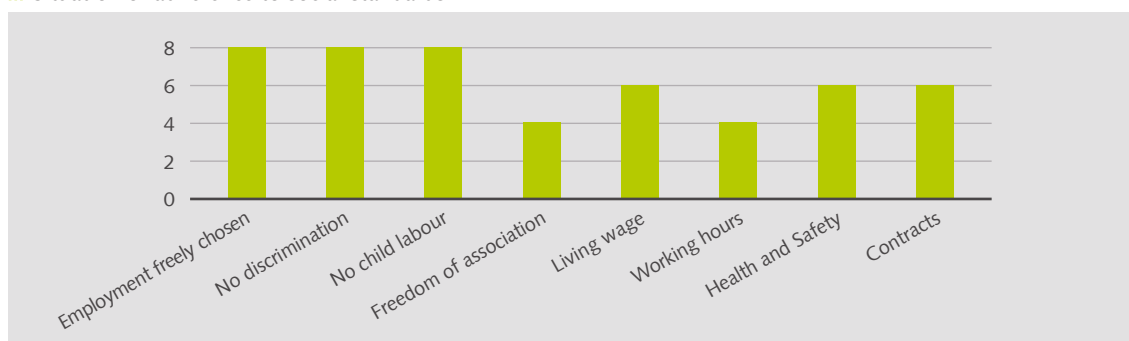


Employers have to provide Personal Protective Equipment, but also, it has to be ensured that workers are aware of risks and actually take preventive measures.

||| CHINA

Production facilities	Audits		Implementation status	WEP trainings	Visits by hessnatur in FY 14/15
	FWF	Others			
9	6	2	26 %	5	6

||| Situation of adherence to social standards



In **China** products are frequently made out of silk and hemp for hessnatur as this is a special area for these raw materials. hessnatur has already been working with most of the Chinese suppliers for over five years. In the past financial year a major part of the production facilities were audited again.

The main problems found regard freedom of association and working hours. On account of the state-controlled trade unions

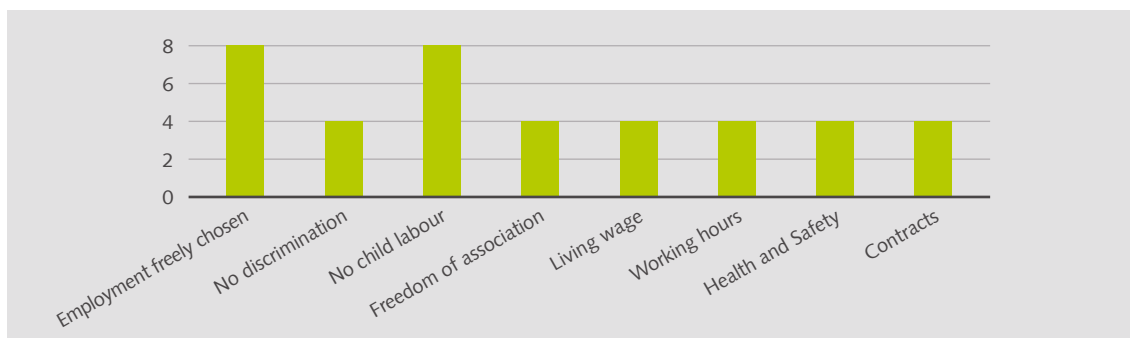
it is difficult to ensure workers' freedom of collective bargaining. A positive factor here is the development in wages: in one factory most workers already receive salaries above the living wage*. In another factory the same applies if bonus benefits in the form of food and residential facilities are included. With respect to the new, recently conducted audits, hessnatur is in close contact with its suppliers and will continue to promote improvements on site in the coming financial year.

* The Asia Floor Wage Campaign recommended level applies and the wage paid for a 40-hour week without overtime.

INDIA

Production facilities	Audits		Implementation status	WEP trainings	Visits by hessnatur in FY 14/15
	FWF	Others			
1	1	0	65 %	1	1

Situation of adherence to social standards



hessnatur works with a German supplier whose production facility in **India** was audited at the beginning of 2014. The audit revealed a number of problems, so that the CSR team visited the factory and discussed potential solutions directly in the locality. A lot of individual measures from the area of health and safety have already been implemented. As an example, there are now trained first-aid workers as well as a separate room for storing chemicals. A WEP

training was conducted in addition, which at the supplier's request was expanded to include occupational safety aspects. After this, a worker representation group was elected, which now asserts the workers' interests in dialogue with management. hessnatur is in close contact with both the supplier and the factory as well as with another FWF member also producing there. Work on the unresolved points is continued in close cooperation.

MOROCCO

Production facilities	Audits		Implementation status
	FWF	Others	
1	1	0	16 %

Situation of adherence to social standards



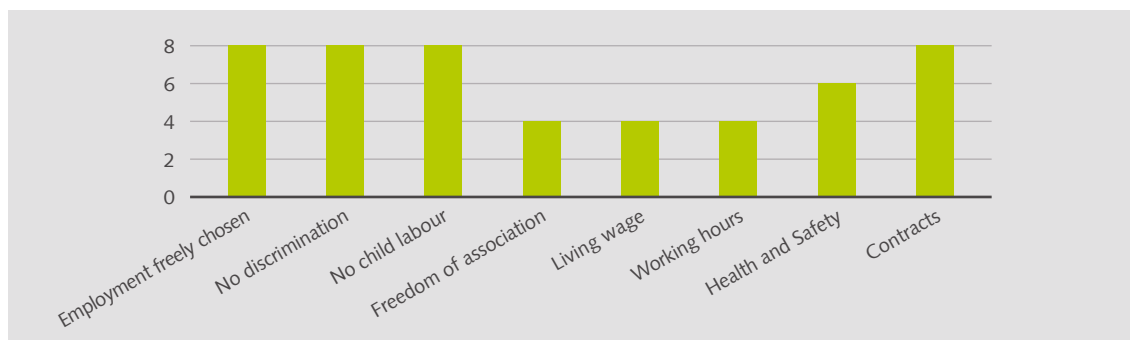
The new production facility in **Morocco** was audited by FWF recently for the first time. The greatest challenges here are living wages. A works council already exists but improvements

extending to active functionality are still needed. This and other issues have already been discussed with the supplier and will be improved in the coming financial year.

III MACEDONIA

Production facilities	Audits		Implementation status	Living wage project	Visits by hessnatur in FY 14/15
	FWF	Others			
3	1	0	17 %	1	3

III Situation of adherence to social standards



Macedonia continues to be an important manufacturing country for hessnatur: a large amount of jersey is produced here in long-standing cooperation.

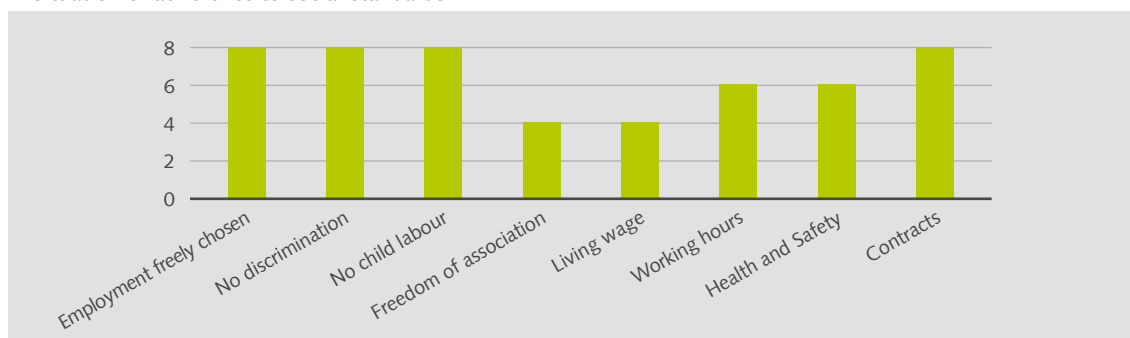
Here too, it was possible to improve further points: in cooperation with another label which also is a FWF member, one production facility

for example gave training on the Code of Labour Practices and the FWF complaints hotline for workers. As part of FWF's living wage project, one hessnatur supplier took part in a round table in Skopje. The measures agreed on will be further implemented in the next financial year. Also, new audits will be conducted.

III MONGOLIA

Production facilities	Audits		Implementation status
	FWF	Others	
1	0	0	NA

III Situation of adherence to social standards



In **Mongolia** fine products are made of yak wool, which hessnatur has had produced for many years. The last audit in the production facility was conducted in 2011 and since then

most points have been implemented. Last year the factory relocated. Therefore it is currently still in the process of re-equipping itself and establishing a routine at the new location.

PERU

Production facilities	Audits		Implementation status	Day of social standards
	FWF	Others		
11	0	10	94 %	11

Situation of adherence to social standards



Alpaca and other types of wool are manufactured into clothing items and accessories for hessnatur in **Peru** especially.

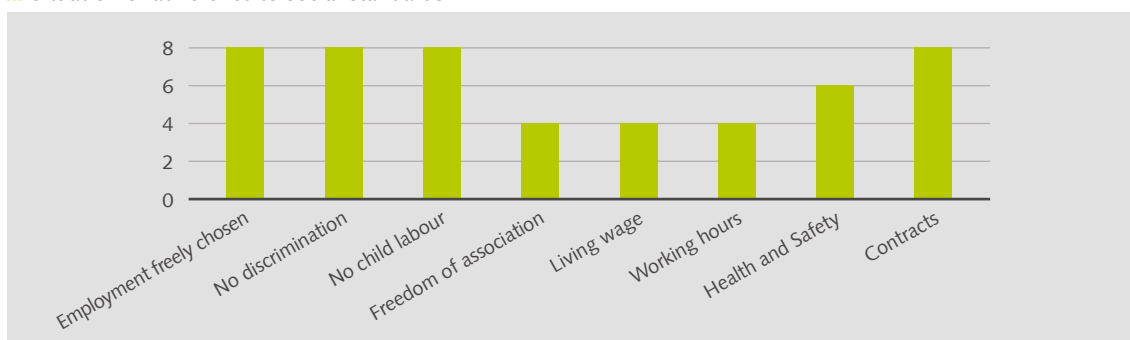
The main challenges in Peru relate to occupational safety and contracts. For example, short-term contracts with workers were found,

as is common in Peru. Our suppliers here were already audited some time ago so that already a great number of measures could be implemented. In particular, the CSR team's visit to some suppliers after the audits contributed to this. New audits are planned for the coming financial year.

ROMANIA

Production facilities	Audits		Implementation status	WEP trainings	Visits by hessnatur in FY 14/15
	FWF	Others			
4	3	0	7 %	1	4

Situation of adherence to social standards



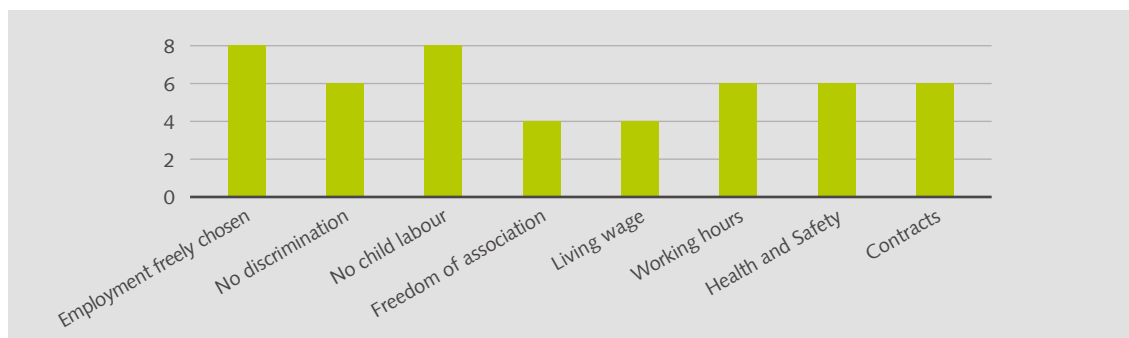
An audit was conducted recently in the production facility of a new supplier for hessnatur, so that now most suppliers in **Romania** have been audited over the course of the last three years. Noticeable here are above all challenges relating to collective bargaining, wages and occupational safety.

It was already possible to implement some measures and hessnatur has been in close contact also with the new supplier for efficient, long-term improvements. For example a WEP is planned at this supplier's production site for next year.

THAILAND

Production facilities	Audits		Implementation status	WEP trainings	Visits by hessnatur in FY 14/15
	FWF	Others			
3	3	0	45 %	1	3

Situation of adherence to social standards



hessnatur has been working with the Thai suppliers for several years also. All factories were audited by FWF over a year ago; additionally a verification audit took place recently. Altogether, the greatest challenges relate to wages and freedom of association. Also, more complex points were found with respect to occupational safety and contracts, next to others which are rather easy to remediate.

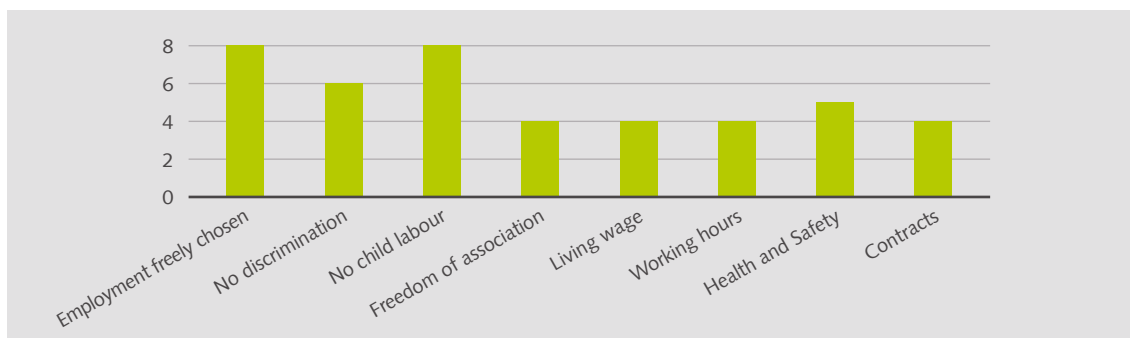
Through intensive contact it was possible to implement a great number of individual measures. Accordingly, two of the suppliers for example conducted their own training sessions on improved occupational safety. Fire extinguishers are now regularly inspected and continuous improvements in occupational safety are being systematically planned ahead. Furthermore, hessnatur developed its own concept for increasing workers' awareness of social standards. In this context the hessnatur awareness training was conducted for the first

time in a Thai factory, in which management and workers were trained separately on social standards. In **Thailand** it is quite common to find that there are Burmese workers who are disadvantaged to some degree because they often don't speak or read the local language. During the training sessions Thai and Burmese workers were trained in small mixed groups. The subjects discussed included internal structures to communicate with management. It became clear that the Burmese workers in particular did not use the existing complaint system because of a lack of clarity about how the system worked and also because of cultural reasons. The mixed groups encouraged dialogue between the employees of different origins; the existing complaint system in the factory was discussed and the possibilities of improving working conditions were worked out together. The latter was also evaluated during the training's part with the factory management.

III TURKEY

Anzahl der Betriebe	Audits		Umsetzungsstand	WEP trainings	Social Dialogue Training	Day of Social Standards	Complaints	Visits by hessnatur in FY 14/15
13	FWF	Others						
	6	4	25 %	2,5	3	4	10	20

III Situation of adherence to social standards



Turkey is one of the most important manufacturing countries for hessnatur as most cotton articles are made there. Accordingly, most of the suppliers have been audited so far, five of them in the year under review alone. One audit was discontinued by a supplier in the financial year gone by; the CSR team is currently still working on achieving clarity and resolution in this incident.

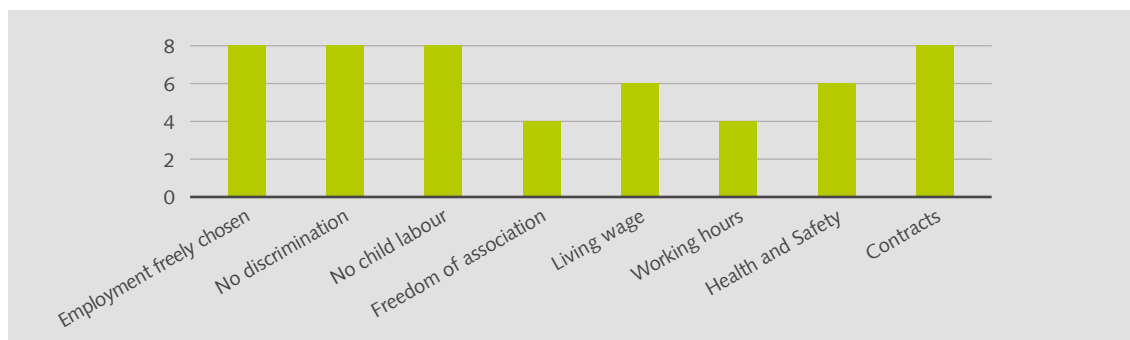
The greatest challenges lie in the areas of freedom of association, wages and working hours. A great number of health and safety issues emerged too, some of which can be remedied in the short term and others in the medium term. The problem of social security contributions (shown in the figure above under “contracts”) still remains a topical one. Furthermore, hessnatur received several complaints from Turkish workers relating to overtime and free unionisation among other things.

Several points were worked on over the past financial year. It was already possible to implement some individual measures for improved safety at the workplace. It was also possible to make some advances in the areas of social dialogue through intensive cooperation many face-to-face talks as well as visits on site. Accordingly, the CSR team brought a supplier and trade unionists to the table and in this way was able to lay an important foundation stone for further dialogue. Furthermore, several suppliers took part in WEP trainings and three suppliers participated in the Social Dialogue Seminar held by FWF, which focussed on the issue of free unionisation. Moreover, hessnatur assisted a FWF delegation trip and organised a workshop and production facility tour at a local supplier's factory. Participants in the delegation were representatives of FWF, trade unions (international and local) and a Dutch fashion association.

III VIETNAM

Production facilities	Audits		Implementation status
	FWF	Others	
2	0	1	0 %

III Situation of adherence to social standards



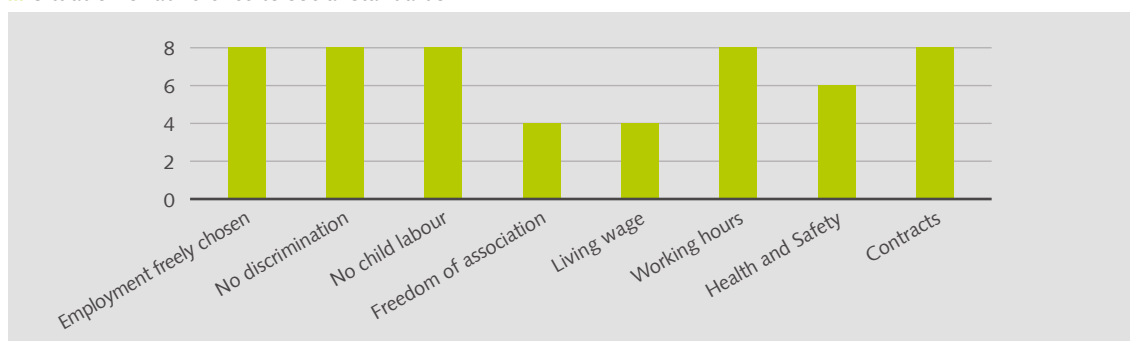
Since the past financial year hessnatur has been cooperating with two new shoe suppliers, who each have production sites in **Vietnam**. An external audit is already available in one of the factories. The greatest challenges emerging

from it lie in the areas of freedom of association and overtime and are being tackled in dialogue with the factory. Other measures in the factories in Vietnam are being planned.

III BELARUS

Production facilities	Audits		Implementation status	Visits by hessnatur in FY 14/15
	FWF	Others		
1	1	0	100 %	1

III Situation of adherence to social standards



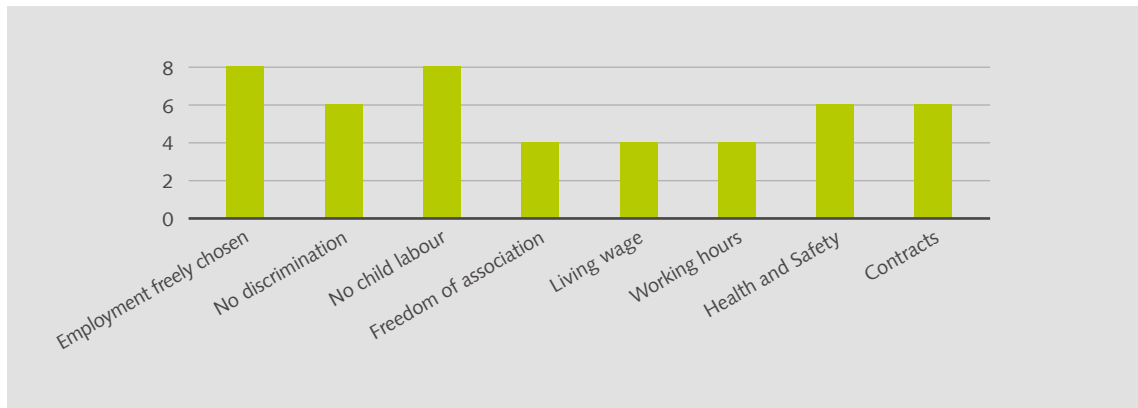
One of hessnatur's jersey suppliers has a small part of its production made in **Belarus** where a FWF audit was conducted in 2012. A lot of issues particularly in the areas of health and occupational safety were implemented within a short time. Larger issues such as wage structure and freedom of association were tackled throughout the course of communication with hessnatur and could be implemented as well. By the factory first calculating the time needed to manufacture a product, the basis for the

payment of living wages was created. This was followed by a calculation of the wage per minute needed for a net living wage per month appropriate to the working hours. Furthermore, a detailed Enterprise-Resource-Planning system and progressive production methods ensure efficient production and reduce downtime caused by planning errors. As a result, there are now more resources available for the payment of living wages, which are currently being paid to most employees in the production facility.*

* The recommended "best practice" level for all industries in the Vitebsk Region of 2012 applies and the wage paid for a 40 hour-week without overtime.

7.3 OVERVIEW of the situation and challenges in high-risk countries

III Situation and challenges – average throughout all high-risk countries



Again, several audits took place in the year under review. On average the greatest challenges continue to lie in the areas of freedom of association, living wages and reasonable working hours. Next to that, improvements are still needed in the areas of health and safety and contracts in some production facilities. Discrimination remains a topic which is difficult to assess in audits and in general. However, it is obvious that more work has to be done in this regard.

hessnatur is currently in the process of implementing the measures which can be achieved in the short term in the recently audited production facilities in coordination with the suppliers. In addition, the long-term issues which are more difficult to solve are being advanced as before through trainings, projects, visits on site and partner-style exchanges of ideas and experience.

8 MEASURES TO IMPROVE SOCIAL STANDARDS IN FINANCIAL YEAR 2014/15

In addition to company visits and audits in the production facilities, hessnatur also provides support by means of training courses and other programmes. All measures are aimed at boosting awareness of social standards, implementing improvement measures and steadily improving working conditions.

8.1 SUPPLIER training courses

hessnatur supports its suppliers in participating in training courses provided by Fair Wear Foundation (FWF) and its own training programmes.

8.1.1 Social Dialogue in Turkey

“Social Dialogue” stands for clear communication and fair negotiations between workers

and employers. This includes a great number of activities ranging from discussions to jointly finding solutions between workers and management inside a factory and extending to collective bargaining negotiations on a national or even international level. The aim “is to promote consensus building and democratic involvement among stakeholders in the world of work” (ILO, 2008).

Particularly in Turkey it has become evident over the past years that problems in communication emerge again and again in dialogue between workers and management. Reasons for this include a low degree of awareness of workers' rights among management and the workers themselves, virtually no functioning complaints systems and a low level of tolerance of trade unions.

FWF has developed the Social Dialogue Programme to boost awareness of the problems and discuss specific improvement possibilities. Several measures intended to contribute to improving dialogue have been compiled in this programme. WEP trainings contribute to this as did a visit in April with FWF, trade union representatives, representatives of associations and hessnatur. This visit focused on dialogue above all. In addition to visits to production facilities, a seminar was organised on the issue of social dialogue and one of hessnatur's partners welcomed the delegation in its own facility. Three hessnatur suppliers also took part in the FWF seminar at the end of the visit.

Social Dialogue continues to present a major challenge in Turkey. However, with the on-site visit, the seminar and above all the WEP training hessnatur was able to lay an important foundation stone for further work on this issue.

8.1.2 Worker Education Programme (Fair Wear Foundation)

The Worker Education Programme (WEP) was developed in the financial year of 2011/12 by FWF and serves to heighten awareness of social standards in the factories. Workers and also management are to be informed about their rights and duties and sensitised for the issue. As is the case with FWF audits, WEP trainings are given by qualified trainers from FWF who speak the local language and are familiar with local practices. Important elements in the training courses are in addition to the eight core labour standards the complaint management system and the improvement of communication within the facilities. For one thing is clear: an external complaint can always only be the last resort. The main areas to be supported are good internal communication and an internal complaints system that can be trusted.

hessnatur suppliers took part in the early test runs: it became evident that the problem was often not a lack of willingness to do something but a lack of knowledge among all those involved. Since then, some other hessnatur suppliers have undergone WEP trainings: this financial year two Turkish partners, a factory in Romania and five Chinese suppliers took part in FWF's WEP training. Further training courses are planned for the next financial year.

8.1.3 hessnatur Awareness Programme

As part of a master thesis hessnatur developed an overall training strategy for factories. The strategy comprises the Awareness Training for workers and managers in the factories, an e-learning tool and icons for the eight core labour standards. The icons are displayed in the training material and support a clearer understanding of the eight core labour standards. In this financial year the Awareness Training was conducted as a pilot project in a production site in Nepal. The CSR team was also on site. After the practical trial and the evaluation, a few adjustments were made and a second training course took place in Thailand. Similar to the WEP training described in the above both employees and management were trained by experienced trainers on site on the subject of the eight core labour standards, mutual rights and duties and communication mechanisms to improve working conditions. Special focus lies here on raising awareness through interactive group exercises, discussions and case studies. This is done by presenting the participants with potential problems between employees and management and instructing the participants to work out possible solutions themselves on the basis of existing conditions and communication channels. Improvement possibilities are then discussed with employees and management together to heighten awareness among all who are involved. In addition specific improvement possibilities to suit the factory's individual situation are developed. Further awareness trainings will be conducted in the coming financial year.

hessnatur focuses on continuous contact with its suppliers, who participate in several events concerning the issue of social standards in the production countries.



8.1.4 Living Wage Project in Macedonia

A Macedonian production facility which manufactures clothing for hessnatur is participating in a project run by FWF. The aim is to analyse the degree to which an increase in productivity can lead to an increase in wages. For this purpose, the production procedures were examined and the salaries were analysed. Experts scrutinised the facility and production processes and summarised the results as well as improvement proposals in a report.

Ultimately, the project is to attain higher wages for the workers. Coordination of procedures within the production facility and with outside suppliers is to be improved in order to prevent downtimes or coordination problems occurring at the workers' expense.

During a "round table" the results of the project were discussed by manufacturers, trade unions, workers, FWF and brands. hessnatur took part in this discussion and was involved in the development of solution approaches.

Another round table in which the previous year's results were presented and the next steps were discussed was conducted in September 2014. Again, hessnatur and its supplier participated. At a following meeting, the supplier and its production facility in Macedonia once again confirmed its willingness to be involved in the project. In addition, the various possibilities of how living wages could be attained in this specific factory were collected. Another meeting on site is planned for the next financial year to advance the project and tackle further measures.

8.2 MULTI-STAKEHOLDER-meeting

FWF's annual international multi-stakeholder-meeting was held in Amsterdam in April 2015. A great number of brands and manufacturers from various areas were represented, as were Non-Governmental Organisations (NGOs), trade-union federations, Dutch government employees, trade association representatives, representatives of FWF and many other participants. Clear key issues were the avoidance of excessive overtime, the attainment of living wages and the prevention of discrimination and harassment of women. These issues were debated in small groups and solution approaches discussed. Experience gained in previous projects, which was presented briefly before, was included in the discussion and served as orientation.

Topical issues were presented in lectures also. On the occasion of the second anniversary of the collapse of Rana Plaza on 24 April 2013 there were discussions on the consequences so far. This included a description by Dutch Minister Lilianne Ploumen (NL Ministry for Foreign Trade and Development Cooperation) of the means which governments have to protect human rights in international trade. The day offered a good opportunity to discuss ideas and experience with other companies and NGOs on an international level.

In March 2015 the annual German multi-stakeholder-meeting in Idstein (Germany) was held also. A great number of German members of FWF, trade union representatives and NGOs took part in this, too. In the course of this meeting topical issues and also difficulties were discussed openly. Some brands also presented innovative examples and specific solutions to improve working conditions in their production facilities.

A woman wearing a blue baseball cap, a grey t-shirt, and dark blue trousers is working on a high-voltage electrical substation. She is leaning over a metal railing, possibly inspecting or adjusting the equipment. The background shows a large, complex structure of electrical insulators and metal framework, with a red and blue object visible in the upper left. The scene is outdoors, and the ground is wet, reflecting the light.

AUTHENTIC

*The focus is on people.
hessnatur raises awareness so
that workers themselves contribute
to shaping working conditions.*

Sustainable fashion which captures people's sense of zeitgeist

Ms Hellmuth, you have been Chief Creative officer of hessnatur since April 2015. Before that, you worked at a premium label for several years where you were last responsible in Management for Design, Marketing, Product Management and Procurement. The focus there was on trend and quality. What appeals to you about the work at hessnatur, the leader in the sustainable fashion market?

Since the company's beginnings in ecological baby clothing the hessnatur range has been growing steadily. Now, in the face of ever tougher competition, it is time to give the hessnatur brand a strong character and a readable face which meets the spirit of the time and appeals to a wide clientele. In the past, I supervised the development of a lifestyle collection, starting with the design, continuing through marketing and extending into all areas. I was therefore able to create a coherent "DNA", a design language which everyone could read and identify with – the customers just as much as all the people involved in the process of creating the collection.

I would like to use this expertise to sharpen structures at hessnatur. The basis of this new signature is of course the major pool of hessnatur competence in materials and values from which I can draw: since its foundation hessnatur's hard work has gained its customers' confidence and it now enjoys the highest degree of credibility in its adherence to its ambitious social and ecological standards.

This is of course a wonderful starting point for my work. It is an extraordinary opportunity to be able to build on this experience. My experience with design and brand language meets with this competence in sustainable production: I am looking forward to this task and have great confidence in what we will achieve.

You spoke of the high social and ecological standards at hessnatur. At the same time you intend to make the brand distinct and above all more fashionable. How can these aspects be reconciled? What role do these standards play for you in the creative process?

The standards of sustainability do not set any obstacles in my view. On the contrary, I see them as terms of reference which inspire creativity in the course of the development of a collection: For almost 40 years now, hessnatur has been offering textiles made of natural fibres and has accordingly built up a special competence in handling natural raw materials. These fibres with their specific properties are themselves a source of inspiration: to reinterpret natural fabrics in their three-dimensionality, to cleverly sort through what is available and to create applicable products requires a high degree of creativity. Furthermore, almost all looks from conventional fabrics can be developed with sustainable means too. hessnatur resorts here to



TANJA HELLMUTH

Tanja Hellmuth is 44 years of age and has been CCO of hessnatur since April 2015. She studied painting, sculpture and design and last worked for many years in the management of a premium German label. Here she manages the area of Design, Marketing, Product Management and Procurement. In addition, she has founded her own design and consulting agency.

valuable development potential: through close, partner-style contact with our suppliers and in cooperation with our manufacturers' technical experts, we can usually produce the desired appearance and haptics sustainably too. In addition, I can rely on our products being produced under humane working conditions. These underlying values are inspiring and I would like to contribute to spreading them.

Applicable products, what does that mean for hessnatur's future fashion?

Fashion is applicable if it appeals to the customers by expressing the era's zeitgeist, culture and attitude to life. It is desirable, aesthetically pleasing and of a high quality. hessnatur's future fashion is purist and timeless. The collections are becoming more compact, more readable, with more distinct designs and in monochrome but high-quality and flattering colours. We will attract attention by means of separates in vibrant colours and reduced clear prints. But just so that everything fits into the overall idea and the style is not outmoded. It is a matter of further improving colourfulness, materials, haptics, finishing, fits and feel-good quality in order to create favourite garments that will be taken out of the wardrobe again and again.

Is that sustainable fashion then?

For me, fashion is what is aesthetically appealing. In my eyes there is no ecological or fair fashion but instead design directions which are either pleasing or not. The issue of sustainability is now increasingly important in the conventional fashion world too; However, the textile industry's complex supply chain and production chain makes it difficult for conventional labels to enter into sustainable designing afterwards.

It's different at hessnatur because this company has its origins there! Unlike other labels, hessnatur's entrepreneurial activities have been based from the beginning on humane working conditions and on manufacturing conditions that are in harmony with nature. With this approach, creating timeless, aesthetic fabrics is sustainable fashion.



On your website we find the wabi-sabi quotation “Reduce everything to the essential but do not remove poetry“. What does that imply for your work at hessnatur?

The essential is with what and on what we are working, which is transforming high-quality materials into customer-oriented products that are in line with market requirements while taking account of the highest social and ecological standards. Poetry here means giving a softness to the products to generate a sense of well-being and warmth, breathing a soul into them and picking up the customers' sense of zeitgeist. Combining the values of sustainability with aesthetic desirability: that is my formula for work at hessnatur.

Interview:
Elisabeth Schmidt and Natalie Soondrum

10 COMMUNICATION

Whenever possible, hessnatur searches out and supports direct dialogue. Transparent communication throughout the entire supply chain and with all employees, customers and interested parties is fundamental to hessnatur's approach to sustainability. Every employee is enrolled in technical training upon joining the company, whereby he or she is instructed in the social and ecological standards at hessnatur, as well as in the qualities and characteristic features of materials. Additionally, hessnatur offers a number of programmes informing and supporting an open discourse with customers, employees or other stakeholders. hessnatur takes the observations and comments of customers very seriously and is transparent in its communication of business practices on the internet, in catalogues and reports, in its showrooms and at events. In November 2013, these efforts were rewarded with the gold medal in the category of "Sustainable Communication in Retail 2013" by the Verbraucher Initiative e.V. (a national consumer protection lobbying association). Promoted by the German Federal Ministry for the Environment, the project analyses the six strongest selling areas of retail sales. As the only company from the textile industry, hessnatur was bestowed with a gold award.

10.1 INTERNAL communication

10.1.1 Training of new employees

Each new employee receives a course package, which was re-designed in the year under review and implemented for the first time. The strategy consists of the four pillars "Getting to know the hessnatur brand", "Getting to know the departments", "Getting to know the textile chain" and "Getting to know the customers".

In the new "Getting to know the hessnatur brand" pillar the fundamental values held by hessnatur are imparted to new employees. These include facts and figures relating to the development of hessnatur since its foundation and the values which distinguish the company, including the ecological and social standards and how these are implemented in concrete terms. In addition, the eight core labour standards, the membership in the FWF and the described monitoring programme are spoken about in concrete terms.

After the initial runs the new training plan will be evaluated and improved by the Human Resources department in the coming financial year, whereby the experts from the relevant fields will be integrated intensively.

III Training for new employees

GETTING TO KNOW the hessnatur brand	GETTING TO KNOW the departments	GETTING TO KNOW the textile chain	GETTING TO KNOW the customers
½ day	1 ½ days	½ day	3 days
The company's values and vision, strategy, social standards, brand bases and more	Presentation of all departments: main duties, contacts and interfaces and more	Processes throughout the textile value-added chain, guidelines, difference from conventional production and more	<ul style="list-style-type: none">- Work shadowing during contacts with customers (2 days)- Work shadowing in the store (1 day)

10.1.2 Workshop Purchasing Department

In this fiscal year too, a workshop on social standards was conducted again with the Purchasing department. The monitoring system for social standards was reinforced here again. In more specific terms, discussions centred on the processes and respective responsibilities in the approval of new suppliers and also the improvement of the working conditions on the premises of existing suppliers. Furthermore, the colleagues from the Purchasing department were trained with the aid of the FWF checklist for Health and Safety Standards so that they would be better able to use it on site. Close cooperation between the two departments is an important basis for the work on social standards:

together, they decide on the purchasing strategy and agree on where production will be done, new suppliers must be investigated by the CSR team and a lot more. Furthermore, the buyers frequently travel to the production facilities and before and after the visits they discuss the working conditions on site with the CSR colleagues.

10.2 EXTERNAL communication

hessnatur has been producing natural clothing in adherence to the strictest ecological and social standards for nearly forty years, whereby the entire textile production process is overseen and developed. The goal of making the company's principles of sustainability transparent, comprehensible and tangible to customers, suppliers and partners is implemented by means of comprehensive communication measures. Beginning with a declaration of all of its textiles through which customers learn how and where every product is produced, continuing with regular awareness campaigns around ecological and social issues – including service hotlines dedicated to specific issues, and extending to hessnatur's customer council, which operates at the level of company policy and promotes an exchange of ideas and experience between customers, employees, and management. In the course of recurrent testing campaigns, customers have additional opportunities to

put hessnatur products through their paces at no cost and share what they have determined with other consumers on blogs and public forums. The regular publication of social and sustainability reports round off the open dialogue with all target groups interested in the company.

10.2.1 Sustainability Report

In summer 2013 for the first time hessnatur recorded its extensive commitment and the status quo in handling sustainability in a “Sustainability Report”. This publication, which extends to over 100 pages, builds on the annual Social Report for membership in the FWF and follows the internationally recognised guidelines of the Global Reporting Initiative (GRI).

The Sustainability Report offers lobby groups an insight into the company's history and strategic direction and into the spheres of activity of economy, ecology and social issues. The aim is to provide transparent information on progress in the areas of sustainable economic activity, environmental protection, product stewardship, employees as well as responsibility in the supply chain and in society. In doing so, the company's fundamental values and the current status are presented using concrete performance indicators and development prospects in each case. An open discussion is conducted on where hessnatur is already well established and where there is still potential for improvement in the implementation of the company's values. The aim is to ensure that each stakeholder group, such as for example employees, suppliers or customers, will be able to find the information which is of relevance to them in the report. The report also offers a working basis for hessnatur itself: hessnatur's own work is scrutinised critically and specific objectives for the holistic further development formulated. The report will be published again in 2017.



The first sustainability report of hessnatur offers a detailed insight into the corporate values and processes of hessnatur. The next report will be published in 2017.

The variety of hessnatur shown on 400 m² in the fashion metropolis of Düsseldorf – modern store design, barrier-free shopping and natural materials for the construction, such as natural woods and rammed clay, constitute the core of hessnatur's new appearance.



10.2.2 Store concept and customer communication

In spring 2014, hessnatur began a new chapter in its company history by opening stores in Frankfurt and Düsseldorf with a new concept. Both locations set themselves apart from existing stores mostly through the design and construction of the showroom floor and by the modern and transparent customer communication. A world map brings together the social projects in which hessnatur is engaged and vertical banners provide an overview of the stages throughout the textile chain as well as the specifics with which hessnatur distinguishes itself from other labels. The new showroom personnel in Frankfurt and Düsseldorf received extensive training in hessnatur's social and ecological standards and the company's cooperation with FWF for the improvement of social conditions in worldwide clothing manufacture at hessnatur's company headquarters in Butzbach.

10.2.3 Communication in catalogue and online shop

The hessnatur catalogue is a good way of giving customers worthwhile information on the ecological and social issues pursued by hessnatur. However, the effects of the rising ascendancy of the Internet and the expanding contact possibilities are bringing

about changes in needs and buying behaviour. Customers do not plan their purchases weeks in advance but wish to be served at the point of time they determine. hessnatur has taken this into account by changing the frequency of catalogue dispatches and re-launching the online shop in 2013/14. In addition to the two large catalogues in the summer and in the winter, further catalogues co-ordinated with the specific time of the year respond more purposefully to customers' interests. In some catalogues the hessnatur's ecological and social standards are described, including the eight core labour standards and the cooperation with FWF. (Autumn 2014: pages 4-5, Winter 2014: pages 10-11, Home 2014: pages 44-45). Ecological projects and two social projects were presented also: in Burkina Faso, hessnatur promotes the cultivation of organic cotton. Doing so creates a sustainable means of livelihood for the farmers in the locality. The New SADLE social project in Nepal enables people cured of leprosy to find a way back into normal everyday life and into society (Autumn 2014: pages 6-7, Winter 2014: pages 44-45). The winter catalogue in 2014 also featured the textile chain of a T-shirt. The cooperation with FWF was addressed in the description of the garment-making process step (Winter 2014: page 71). The now ten-year membership in the FWF was also presented (Autumn-Winter 2015: page 4 and the included size chart: pages 74-75).

In the past fiscal year too, the significance of the hessnatur online shops for the mail-order business has increased further. The shop with its large-scale pictures offers a much more intensive user experience and simultaneously a wider range of information on each product than the catalogue can. The images of the individual products were enlarged last year to enable the best possible visual presentation of a material's haptics and wear comfort. To arouse enthusiasm for sustainable fashion, hessnatur relies on the reciprocal permeation of emotions and information. The shop is currently being reworked so that hessnatur's social standards will be highlighted directly in the shop in future too.

The social and ecological standards are presented online in an area which is connected to the online shop. In the past financial year the contents were revised in cooperation with the CSR department. In addition to the eight core labour standards the site now features the cooperation with FWF, the hessnatur monitoring programme for social standards, the video on the FWF formula and other videos from an Indian supplier showing the impacts of the WEP training. To create the highest degree of transparency, there are links to the hessnatur social report, the FWF website and the hessnatur Brand Performance Check.

10.2.4 Social media and newsletter

Social media are extensively integrated in hessnatur communication. A lively exchange of recommendations, notes and comments is conducted on Facebook, Twitter, Google and YouTube. The hessnatur blog provides constant reporting on news about the hessnatur company, new collections and trends, events and movements such as the Fashion Revolution Day.

The year under review also saw an appeal for funds for the partner project New SADLE run by the Nepra e.V. association. The funds were needed for reconstruction following the earthquake in Nepal and the handover of the donation was reported. hessnatur also publishes news in its newsletter every week. This is sent to customers who subscribe to it by e-mail. Subjects dealt with here were, for example, the accession to the German Partnership for Sustainable Textiles and also the core labour standards in the context of International Women's Day.

10.2.5 Customer council

Since summer 2014 the hessnatur customer council has been providing support for the strategic corporate development. A panel of spokespersons composed of twelve elected customer representatives meets twice a year to talk with the hessnatur management. A special cultivation project carried out by hessnatur was on the itinerary for this year's summer excursion: it has been ten years since the first articles made of Hessian linen found their way into the hessnatur collection. All the more reason on this important birthday to visit the farmers, who, with great personal involvement and a lot of commitment, cultivate flax for hessnatur every year. In June, Management also invited the spokespeople from the customer council to talk with the Plitt and Haberlach families. The intention was that this visit on site would give them the opportunity to form an impression of this year's harvest and the project's special requirements. The great challenges arising as a result of the shift in the climatic conditions became clear also. Dry soil in May makes the basic conditions for flax cultivation in Central Europe more difficult. Concentration in trade plays its part in worsening the market position of small-scale farming operations.

10.2.6 Support of the Fashion Revolution Day

hessnatur supported the Fashion Revolution Day this year too: Two years ago, on the 24th of April, the nine-storey Rana Plaza in Sabhar, a suburb in the Bangali capital city of Dhaka, collapsed. This building, which had been extended upwards illegally and had serious safety shortcomings, housed several textile manufacturing companies. Over 1,000 people were killed and over 2,000 injured, most of them seriously. This prompted the foundation of the international "Fashion Revolution" coalition of designers, academics, writers, brands and others. This movement calls for systematic changes and more transparency in the textile value chain and declared the 24th of April to be Fashion Revolution Day. With the question "Who Made your clothes?", customers, designers, brands and all interested people are asked on this day every year to think about the people who made their clothes. This draws attention on an international level to the problematic nature of working conditions in the textile value chain and serves as an important basis for improvements.

hessnatur developed a limited-edition T-shirt especially for this occasion. It was worn on Fashion Revolution Day by employees in the shops in Butzbach, Frankfurt, Hamburg, Düsseldorf and Munich and in the hessnatur administrative centre. The T-shirt was worn inside out, i.e., with the label showing. Clothing was turned inside out on all mannequins in the shop windows and entrance areas. The central theme of the “Who made your clothes?” campaign was displayed in the sales areas of all shops and information postcards were handed out to the customers. Customers were asked through social media to wear their hessnatur clothing inside out, to take a photo and to post the photo with a short statement on why sustainable clothing was important. For this there was the chance of winning the Fashion Revolution Day T-shirt and natural cosmetics. The underlying intention was to draw the attention of customers and passers-by to the Fashion Revolution Day and encourage them to question the origin of their clothing. The campaign's message was: Be curious! Find out! Do something! The television station RTL Hessen also followed hessnatur's activities, interviewed employees and broadcasted its report on Fashion Revolution Day.

10.2.7 Information evening and donation to New SADLE in the aftermath of the earthquake in Nepal

hessnatur supports the New SADLE partner project run by Nepra e.V. for many years now. In its workshops, people cured of leprosy work side by side with healthy people to produce Pashmina shawls. The project is aimed at the

re-integration into society of people who are often marginalised because of their disease. Specialised knowledge was imparted and this helped the facilities to produce high-quality products and for example change to non-toxic dyes in hand dyeing processes. A powerful earthquake shook the country in April 2015. Houses were destroyed and people injured at the New SADLE production facilities too.

To aid reconstruction and get the economic operation up and running again, hessnatur donated to New SADLE the entire proceeds from the last sale of samples organised by the works council. The sum that was raised was topped up by hessnatur management to a total of 6,500 euro. This money goes directly to aid reconstruction and to the benefit of the people affected in Nepal. Chitra KC, head of the New SADLE project, and Juliane von Gordon of Nepra e.V. accepted the donation in person during a visit they paid. Some days previously in the world shop in Bad Nauheim both had reported on their work and the current challenges in Nepal. At the event, Kristin Heckmann, head of the CSR team, provided information on her last visit to the New SADLE workshops and the significance of the project for hessnatur.

10.2.8 Press trip to Vilnius

The outcome of the hessnatur press trip in the year under review was not clear at the beginning but it turned out to be a great success. The visit paid by our suppliers to our exemplary production site in Vilnius met with an even greater response: 15 journalists followed the call to find out more about the textile chain and specifically to view a garment making factory. The list of newspapers and magazines from Germany and Switzerland whose interest was aroused ranged from the Condé Nast publishing house and Süddeutschen Zeitung magazine to the Noveaux and freundin magazines. To further fan the enthusiasm for hessnatur evident in the fashion press in particular, Marc Sommer, Tanja Hellmuth and Nana Agic came to talk on site with the media representatives who had travelled from Germany and Switzerland. Surrounded by pristine landscape, the journalists were very interested in hessnatur's fashion offensive and the special materials and fabrics, while the patterns and designs from the coming autumn/winter collection and the plans for the spring/summer collection of 2016 aroused keen media interest to.

Employees of hessnatur wear the Fashion Revolution Day shirt inside out to draw attention to the initiative for scrutinizing working conditions in the textile chain.





In Vilnius journalists got to know the hessnatur materials and a production facility on-site.

10.2.9 Formation of the hessnatur Foundation—Research and Development of applied sustainability

By setting up the hessnatur Foundation for Applied Sustainability in the year under review, hessnatur has fulfilled a long-held wish of company founder Heinz Hess and created an institutional platform to bring ideas about sustainable economic activities into a wider public domain. The decision was taken both with a view to the fortieth anniversary of the company in 2016 and also in response to ideas from the “Partnership for Sustainable Textiles” initiated by Federal Minister for Economic Cooperation and Development Dr Gerd Müller. Cooperation with partners, companies, associations and scientific institutions is to from an essential element in the hessnatur foundation. Environmental protection, textile ecology, development cooperation and social issues define the foundation's task profile. Other priorities of the public-utility commitment lie in the communication and the furtherance of a sustainable awareness. After all, the foundation wishes to promote research work and the development of materials in the spirit of an integral, holistic approach.

10.2.10 Workshop on sustainability with a German-Israeli student exchange

In March 2015 school pupils from the Ricarda-Huch school in Gießen hosted Israeli pupils from the Eldad High school in Netanya, Israel to discuss future responsibility for ecology, social affairs and economy as the three dimensions of sustainable action. They had selected hessnatur as an example of an actual textiles supplier on whom they could base their discussions of issues and attempts at balancing priorities in responsible fashion production. The pupils, divided into three groups, thought up critical questions for the company, which were then posed by spokespersons. Afterwards, the pupils checked their results against the concrete example provided by hessnatur, and the CSR unit explained the course navigated by the company in the aspirations to do justice to the varying priorities of economy, ecology and social matters.

For the pupils the visit to hessnatur was one station as part of an overarching exchange theme of “Holocaust commemoration and sustainability: learning to understand historical responsibility as part of social sustainability“. After the workshop each pupil created a sustainably produced hessnatur T-shirt inspired by ideas and impressions gained at the event.

11 WHO'S WHO AT HESSNATUR?

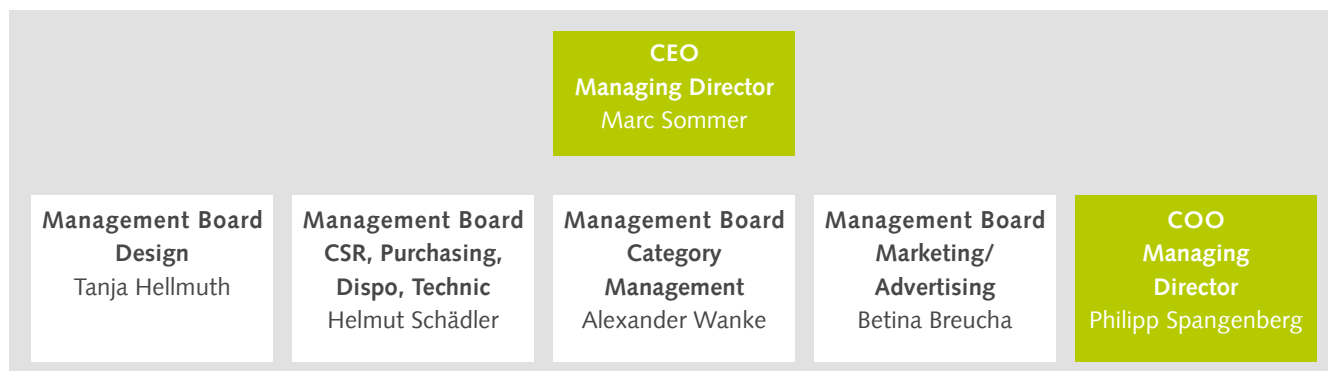
Responsibility for the issue of social standards is assumed at hessnatur by the Corporate Social Responsibility (CSR) department. Following changes in the past financial year, the Purchasing, Disposition, Technic and CSR department now form one organisational unit, led by Helmut Schädler.

In the CSR department Kristin Heckmann and Elisabeth Schmidt are responsible for monitoring social standards and communicating with and assisting suppliers. Furthermore, Kristin Heckmann is team leader of the department which in addition to social standards also takes responsibility for the company's ecological standards.

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



III Organisation of Hess Natur-Textilien GmbH



status: 30.10.2015

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	Full range of natural textiles approx. 1,000 designs and approx. 10,000 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, Düsseldorf, Hamburg, Frankfurt, Munich and residual stock outlet in Butzbach
Subsidiary companies	Hess Natur-Textilien AG, Langenthal (Switzerland)
Founders	Heinz und Dorothea Hess
Headcount	370
Trainees	8
Customer base	approx. 1,000,000
Annual turnover	approx. € 68,000,000

SOCIAL STANDARDS: KEY INDICATORS

No. of suppliers	97
No. of production facilities	132
No. of countries of manufacture	28
EU share in clothing manufacture	58 %
Non-EU share in clothing manufacture	42 %
FWF member since	2005

Statements and data in this report refer to financial year 2014/15 (1st of August 2014 to 31st of July 2015).

IMPRINT

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