



TRIAZ

group

Social Report

Fair Wear Foundation
Membership 2019

www.triaz-group.com



Social Report

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“Triaz Group, social standards are an important part of who we are. With our brand “Waschbär” we create products for a sustainable lifestyle. Together with the Fair Wear Foundation we actively take part in monitoring and improving working conditions worldwide.”

Katharina Hupfer, CEO of the Triaz Group

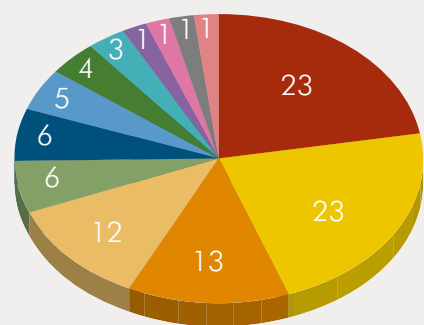
1. Summary: goals & achievements 2019

1.1. Figures of production

2019 was the eighth year of Fair Wear Foundation membership for the Triaz Group. In 2019 textiles and shoes came up to about 61% of the annual turnover of the Triaz GmbH. In 2019 the Triaz Group sold their own labels: Waschbär, Enna (Triaz’s own fashion brands), Grünheld and Minibär which comprised approximately 55% of

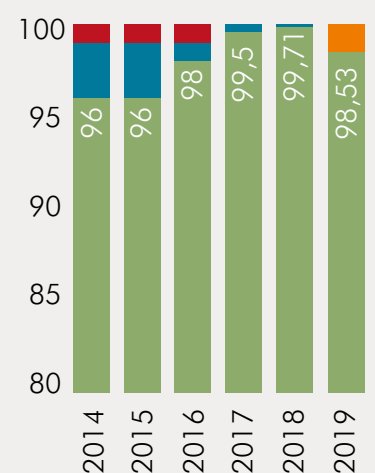
the textile purchasing volume. Textiles for own brands were sourced from 22 suppliers at 31 factories. The remaining 45% of the textile purchasing volume is covered by other brands. The focus of monitoring lies very much on the own label suppliers. But of course external brands also have to commit themselves to the Fair Wear

Production countries 2019 - TRIAZ own brands (textiles and shoes) (as % of purchasing volume)



23% Bosnia/Herzegovina
23% Turkey
13% Germany
12% China
6% Macedonia
6% Tunisia
5% Lithuania
4% Spain
3% Romania
1% India
1% Ukraine
1% Poland
1% Austria
<1% Greece
<1% Slovakia

Location and social performance of suppliers - TRIAZ own brands 2014 – 2019 (as % of purchasing volume)



Low Risk Country or High Risk Country but factory audited according to FWF standard
High Risk Country but factory audited according to other social standard (GOTS, BSCI and/or Sedex)
High Risk Country
High Risk Country but audited vi SA8000

Foundation Code of Conduct and indicate at which production sites the textiles for Triaz are produced. Additionally Triaz is auditing external brands. Triaz sources its own labels mainly from Turkey, Bosnia, China and Germany. Further countries of production are Spain, Tunisia, Macedonia, Poland, Ukraine, Lithuania, India, Slovakia, Romania and Greece. The main production country of total purchasing volume in textiles and shoes is Germany.

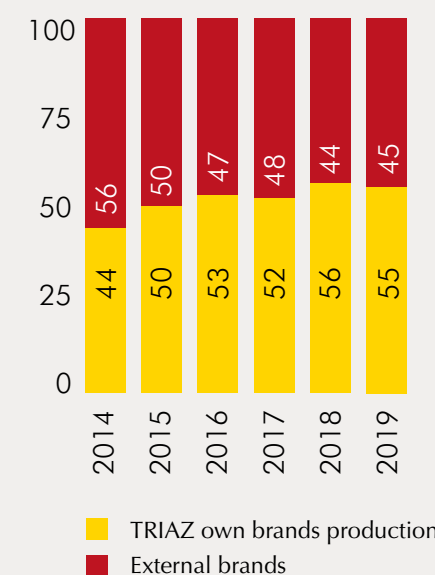
In terms of volume, Triaz sourced 98,54% of its own brand products in so called Low-Risk Countries and in factories that are audited to FWF standard. 1,45% comes from factories located outside low-risk Countries that are audited according to other social standards than FWF, e.g. GOTS, BSCI or SEDEX. In 2019 less than 0,1% comes from a factory that is not yet audited and outside a Low-Risk Country. Within the last few years it was possible to continuously raise the percentage of products coming from either Low-Risk Countries or from factories that were audited to FWF standard. This development is mainly due

to continuously extending monitoring actions at factories of own label production. Due to the high engagement regarding fair working conditions in the supply chain Triaz Group was classified within the leader category by the Fair Wear Foundation in 2019. This is the highest of category member brands can reach. We are very content to be rewarded with the leader status for the fifth consecutive year.

1.2. Triaz own ecological and social specifications

Triaz Group has its own ecological and social product specifications and uses for that the internally developed tool “article pass” for all brands they are working with. The social specifications are based upon the ILO Social Labour Standards and the UN Declaration of Human Rights. All suppliers have to commit themselves to producing according to these specifications and sign the article pass for each product they deliver. In addition, the Triaz Group is GOTS certified and the number of GOTS certified textiles increases steadily. Triaz

Volumes of TRIAZ own brands and external brands 2014 – 2019 - all textiles and shoe suppliers (as % of purchasing volume)



Low Risk Countries

Low Risk Countries in comparison to “High Risk Countries” are determined by the presence and proper functioning of institutions such as trade unions, worker committees, labour legislation and labour inspection, which can guarantee compliance with basic standards. All present member states of the EU except Bulgaria and Romania are considered to be “Low Risk Countries” as well as the European Free Trade Association EFTA Iceland, Liechtenstein, Norway and Switzerland.

Own production/External Production

Own production is the production in all factories that manufacture products which are commissioned by Triaz itself. These products are marked as Triaz’s own labels. External production is the production of other brands and where the products are sold under other brand labels.

has a clear position and written agreement with suppliers to not use sandblasting in jeans production. Additionally, every jeans manufacturer has handed in a written confirmation.

1.3. Introducing the Fair Wear Foundation Membership

When Triaz became a member of the FWF, the company informed all of its existing suppliers of this step and asked them to endorse the FWF Code of Labour Practice. A detailed questionnaire had to be filled out and signed. In doing so the suppliers confirmed that they accepted the Labour Standards and that they were prepared to work according to them together with Triaz Group. Possible new suppliers have to do this before starting a co-operation.

Questionnaire

Before co-operating with Triaz, every supplier fills out and signs the FWF questionnaire. Through this document Triaz receives basic contact data as well as information on the size, capacity and structure of the company. Furthermore, the document gives information on production facilities, certifications, existing social audits, the endorsement with the Code of Labour Practices and other efforts concerning sustainability. The questionnaire is a good self-assessment tool for suppliers and helps monitor the social performance.

1.4. Information sheet for workers

In order to inform workers about the Social Labour Standards and the process of monitoring and remediation, an information sheet must be displayed in the factories. Triaz makes sure that the sheet is displayed. The information sheet informs the workers not only about social standards but also about their possibilities to complain about problems with working conditions and gives them contact details.

1.5. Audits/Workplace Education Programme/Trainings

In 2019 social audits were conducted at 4 production facilities of Triaz own brand production:

one in Bosnia-Herzegovina, two in Romania, and one in the Ukraine. Two of these factories were re-audited: For one of the Romanian factories it was the second audit and for the factory in Bosnia-Herzegovina it was already the fourth audit. On the resulting Corrective Action Plans Triaz is working jointly with the factories and/or with its agents. There were two audits that were planned but did not take place in 2019. One audit was cancelled in the Ukraine because we ended our business relationship with the factory. This ended in a mutual agreement since our leverage at this place was below one percent. The other audit did not take place because our jeans manufacturer did not want to have an audit at the subcontracted wet processor. He argued that our leverage at his place was too little to justify such an intense audit processes at a factory that he only has indirect influence on. For these reason we visited this jeans manufacture in February 2020 and agreed on terms and conditions under which an audit of the wet processes entity can take place in 2020. The financial costs of the audits are always on Triaz. The factories need to support with their timely capacities for the audit organization.

In India we planned a workplace education training with a special gender module, but unfortunately our supplier did not manage to provide dates for the training to take place. We are currently working on finding new dates with the supplier. At the moment all activities are postponed due to the Covid-19 pandemic. Together with another Fair Wear Member we were conducting a Workplace Education Training with focus on communication in Turkey. With yet another Fair Wear Member we conducted training for two factories in Romania. This training involved the content of a Workers Education Programme (see information in box below) and additionally focussed on the communication between workers and management. The entire management took part in the training and active and fruitful discussions with the workers were had. The main topic of discussion was the salary of the workers. Workers and management showed a deep understanding for the arguments of the other side, nevertheless this

topic is constantly worked on. Together with the other Fair Wear Member Brand, we attended the training to get insight into the training methods and outcomes.

Workplace Education Programme

This programme of the Fair Wear Foundation is presently available in Turkey, India, Bangladesh, China, Romania and Tunisia. It is a workshop for factories to raise awareness and to inform workers as well as management about Social Labour Standards. It offers a very good preparation for conducting an audit and aims to help build awareness of labour practices in general, effective communication and grievance mechanism between workers and management.

Corrective Action Plan (CAP)

After an audit, the Corrective Action Plan (CAP) is used as a controlling instrument between Triaz and the manufacturer. A Corrective Action Plan is a list that specifies the outcomes of an audit. All listed corrective actions are scheduled with deadlines.

1.6. Workplan for 2020

Triaz is continuously working on existing Corrective Action Plans. The progress of workplace education programmes and other factory programmes will be followed up. Triaz plans to involve more and more suppliers in these programmes and will continue to implement the FWF procedures with new ones. With existing suppliers the progress is being monitored. This includes sending out FWF questionnaires to new and existing suppliers to ensure up-to-date data, asking for existing audit reports, etc. Triaz will continue taking a closer look at its external brands with a detailed questionnaire, checking improvements on the basis of existing reports from other organizations and of course conducting more audits at its factories.

About 4 social audits will be conducted at own brand factories during 2020: One re-audit in Turkey, one re-audit in China, one re-audit in Tunisia, one re-audit in Romania and the one audit in Turkey at a wet processing plant of a jeans manu-

facturer, which had to be postponed in 2019. The audits will be conducted either with the help of Fair Wear Foundation Audit teams or other especially trained audit teams.

Verification Audit

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

Re-Audit

After a first audit a factory is visited and audited at least every third year. In case of major corrections to be done, re-audits, of course, take place in shorter intervals.



2. About Triaz Group and Brands



The Triaz GmbH, situated in Freiburg, southern Germany includes the mail order company Waschbär. Triaz has around 340 employees. It is a leading company within the natural and ethical trading business. Triaz stands for the harmony of ecological, economic and social responsibility. The Triaz Group operates in Germany, Switzerland, Austria and the Netherlands.



With its huge range of products, a twice yearly published catalogue and a highly frequented on-line shop, Waschbär is one of Europe's largest distributors of ecological products. It was founded in 1987 and is renowned as a pioneer in ecological trading. The product range includes eco fashion made of natural fibres, shoes, natural cosmetics, wooden furniture, home textiles and household products. Minibär is a section of Waschbär with products for babies and children. It provides everything needed for a natural start in life including organic fashion, natural skin care, pedagogic and durable toys as well as wooden furniture. All our activities are based on ethical and ecological principles.

3. Sourcing Strategy

3.1. Sourcing strategy & pricing

Sourcing

Triaz works with agents, intermediaries or even directly with suppliers. New suppliers are selected according to a defined on-boarding process by the supplier management. The supplier management is a platform where all relevant departments are in continuous exchange about textile suppliers and supply chain management. New suppliers need to be approved by the buying and quality assurance departments as well as by the sustainability department. Approval is only given if the supplier fulfils all Triaz demands regarding ecological and social criteria. Before production starts, all factories that produce Triaz own-labels have to be visited by Triaz staff. A

Health and Safety Check is then done on site.

At the conclusion of each contract, the supplier has to sign three forms: the purchasing conditions, product specifications (article pass) and the FWF requirements (questionnaire).

Pricing

Retail prices support a sound and sustainable economy within Triaz. They are not defined to achieve maximum profit and maximum growth. All purchase prices are negotiated cooperatively with the suppliers. A vendue of orders to get lowest price offers is strictly against Triaz company policy. The purchasing price is never the main criterium for the selection of products. Instead important selection criteria are:

- Social working conditions
 - Ecological production
 - Efficient production machinery
 - Lead times
 - Product quality
 - Long lasting and cooperative partnerships
- No pricing pressure is exerted on suppliers. Instead corporate solutions are discussed. There is no strategical increase of the margin. The margin is not considered within the supplier rating nor connected to buyer's wages. Country studies with information on legal minimum wages and living wages are available for all buyers. Monetary penalties in general are an exception. Rather root cause analysis is done prior to that and cooperative solutions looked for.

3.2. Production cycle

Triaz produces catalogues with a new collection for its brand at least twice a year: one for spring/summer and one for autumn/winter. Eight months before catalogue delivery, the buyers begin visiting the suppliers and building up the new collection. Three months before catalogue delivery the suppliers receive their first order. For established products, Triaz plans long term. This allows the suppliers to buy the yarns and fabrics well in advance. In some cases, Triaz even prefinances this step. Triaz does not have fixed lead times.

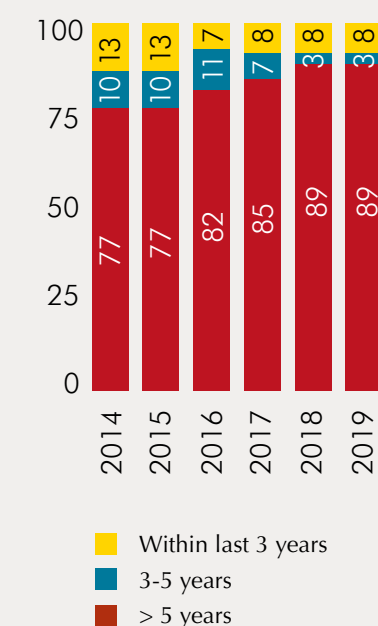
3.3. Supplier relations

Visits between Triaz and its suppliers take place at least twice a year. Triaz maintains long term relationships with its suppliers. This is especially necessary and common within the fair and eco fashion business. There are not that many opportunities to find suppliers willing to accept these strict specifications.

3.4. Integration monitoring activities and sourcing decisions

If a new manufacturer (own brand or external brand) does not accept the FWF standards, Triaz does not start working with the factory. Triaz will discontinue placing orders with an existing supplier, if that supplier strictly and after several attempts to convince him, will still not accept the FWF standards. If major issues are found during an audit, or major issues are reported within the complaint procedure, Triaz will urge the affected garment manufacturer to take immediate action. As a first warning Triaz would consider reducing the order to motivate the supplier to take action. In case of non-performance or unwillingness to improve labour conditions, Triaz will stop placing orders immediately. Triaz rates its suppliers annually according to certain aspects of performance, delivery time and sustainability. Based on these results Triaz, decides the amount of orders for the upcoming periods.

Duration of relationships with all textile and shoe suppliers 2014 – 2019
(as % of purchasing volume)



4. Coherent system for monitoring and remediation

In 2019 Triaz focused on production sites in Romania, Tunisia and Bosnia and Herzegovina beginning with monitoring and evaluating existing audits and conducting its own audits in co-operation with the Fair Wear Foundation or other organisations. When conducting an audit, the Labour Standards which are monitored are:

- Employment is freely chosen
- No discrimination in employment
- No exploitation of child labour
- Freedom of association and the right of collective bargaining
- Payment of a living wage
- Reasonable hours of work
- Safe and healthy working conditions
- A legally binding employment relationship



4.1. Romania

The garment industry is Romania’s fourth largest industry, however this country is a rather small supplier country of textiles for the Triaz Group. In 2019, 1% of Triaz own label production was manufactured in Romania.

Number of factories manufacturing for Triaz’s own labels in 2019:	3
Thereof audited by Triaz according to FWF standard:	3
Thereof audited by other social auditing organisations:	1
Thereof certified according to Global Organic Textile Standard:	0

The biggest challenges in Romania continue to be the low income and the high migration to Western Europe. The latter makes it difficult for management to find skilled workers, while losing workers due to migration at the same time. The greatest struggle at our Romanian production site therefore is the question of workers’ wages. Consequently, we conducted a Workers Education

Programme with a focus on communication. Two of the factories took part in this special FWF Workplace Education Programme. For one factory this was a new experience, while the other factory had already completed a FWF Workplace Education Programme before. At this factory, the enthusiasm for participating in this year’s event was somewhat reserved: directly after the previous programme, management had to face many demands with regards to wages which it was not prepared to meet. This had a negative effect for the working moral. As a result of the focus on communication during this year’s Workplace Education Programme, this frustration became clear and could be reduced. With the complete management team of both factories being present, there was a lot of in-depth discussion about the factories and the workers’ situation. Management and workers each developed greater empathy for the others perspective. As a result, the training had a big impact on the working atmosphere, mutual understanding and on how conflicts could be solved throughout different hierarchical levels.



4.2. Tunisia

Besides the mining industry, agriculture and tourism, the textile industry plays an important role in the Tunisian economy.

4% of Triaz own label production is made in Tunisia, where we focus exclusively on the production of trousers – mainly denim. One factory does the sewing while the second does the finishing (including wet processes) of the sewn products.

Number of factories manufacturing for Triaz's own labels in 2019:	2
Thereof audited to FWF standards:	2
Thereof certified according to Global Organic Textile Standard:	2

The Corrective Action Plan resulting from the audit in Tunisia showed that the main Labour Standards, where deficiencies need improving, are: Living Wages, Overtime and Health and Safety.

Following the audits in 2014 and 2017 Triaz has continuously worked together with the sewing factory on improvements. A Workplace Education Programme has already taken place twice at this factory. Issues concerning Health and Safety matters have been resolved. Increasing wages step-

by-step was the focus in 2019. To meet the challenge of living wages, the factory owner of the sewing facility started to connect the wages to the Euro to prevent wage shortings due to the high inflation rate in Tunisia. Unfortunately, during the test phase we realized that the currency value and the inflation rate were not aligned due to political circumstances. This could have led to even lower wages in certain months and would have been unacceptable. Instead, we have started the discussion of guaranteeing living wages for the workers with another Fair Wear Member as means of gaining more leverage at this factory.

The pace of change and the improvement of the findings within the Corrective Action Plan of audits has not been to our fullest satisfaction. Therefore, we are now implementing a tight monitoring of the introduced measures with the management. The results of this monitoring will be evaluated in 2020.

In the dying unit, Triaz is working together with another Fair Wear Member on decreasing the gap towards a living wage. This is helpful for us, since we hold only a small share of the company's total turnover. Workers have stated that the expense of health care is a constant threat to their living wage. Therefore the company is now looking into health care support for workers and their families.



4.3. Bosnia and Herzegovina

29% of Triaz own label production is currently made in Bosnia at one production site. Triaz has a very long standing relationship with this production site – for 18 years.

Number of factories manufacturing for Triaz's own labels in 2019:	1
Thereof audited by Triaz according to FWF standard	1
Thereof certified according to Global Organic Textile Standard:	1

The Corrective Action Plan resulting from the audit in Bosnia showed that the main Labour Standard where deficiencies need improving are: Living Wages.

About one a third of Triaz own label production is manufactured in this factory. The first audit was conducted in July 2013 with a very good result. So far the Health and Safety deficiencies could be solved to a major extent. The wages, already higher than minimum wage, are still being adjusted to increase them step-by-step to a living wage. To gain more detailed knowledge of wages in Bosnia, Triaz conducted

a special wages audit at this factory in 2015. In 2016 another re-audit took place. In 2017, in an important step towards a living wage, Triaz, together with the agent, financed an extra vacation payment for the workers, which the factory alone couldn't provide that year due to economic reasons. The audit in 2019 went in the same direction: wages are the pressing topic and with it comes the problem of finding skilled workers in the entire textile sector of the country. Additionally, this year the factory established a worker representation within its company. Since 2019 the factory has taken part in a project of the German development agency in which young, unskilled workers are trained for a job in the textile industry. The factory cooperates with a local school in order to provide training and a basic salary during the training (this is not common in Bosnia). This supports young people to start a career in the textile industry.



4.4. External production

Of course all suppliers of external brands have been informed that Triaz has adopted the FWF Code of Labour Practices and what the implications of this step are for them. This was done in the first year of membership with a copy of the Code of Labour Practices, accompanied by a first questionnaire, which asked to endorse the Code of Labour Practices. In 2013 Triaz started increasing its focus on its external brands and sent out an even more detailed questionnaire to set the basis for monitoring these brands as closely as its own brands. During the last years Triaz has conducted audits for factories of external brands. Two in India, one in Bosnia, one in Romania, two in Serbia and one more in India. Together with the external brands, Triaz is working on the remediation of findings. In 2019 Triaz, together with an external shoes supplier, decided to conduct an

audit in Romania. This audit will take place in February 2020.

In 2018 Triaz started a close cooperation with the label STEP for its external carpet production in India. STEP is an organization working in the worldwide carpet industry and supports brands to improve working and living conditions, fair wages, eco-friendly production and to exclude child labour. Audits and Trainings have taken hold and are showing good results. In 2019 we introduced Health Camps to workers in which the workers and their families receive medical treatment. A doctor, a physiotherapist and an eye doctor examine the workers and their families primarily to assess health conditions but also to provide help where needed. These Health Camps will continue in 2020.

5. Complaints procedure

Employees at factories working for FWF members have the possibility to lodge a complaint about non-compliance with a FWF complaints handler in their country. The Fair Wear Foundation subsequently contacts the FWF member, cooperating

with the factory and asks the member to handle the complaint.

In 2019, no complaint was handed in by factory workers of the factories working for Triaz.

6. Training and capacity building

6.1. Activities to inform staff members

All Triaz staff-members are informed about FWF membership and related news via the Intranet. New staff members involved in the execution of monitoring activities will be trained in a workshop about FWF and the Code of Labour Practices. Reports within sales meetings continuously inform about the social performance of suppliers.

In addition, every season employees at Triaz GmbH are given training about the latest collection and its specifics. Employees are also trained in the ecological and social principles of the company.

6.2. Activities to inform agents

Working with agents is a common practice within the garment industry in many countries. The Triaz sourcing department visits its agents at least twice a year (often accompanied by the sustainability department). Social Standards are an important subject during these visits. Agents jointly work with Triaz GmbH on the implementation of the FWF Code of Labour Practices. Audits are planned together and reports are jointly worked on. Triaz organizes workshops on social working conditions for agents at its headquarter in Freiburg, where

many topics can be discussed to make cooperation toward Social Labour Standards more efficient. Triaz informed its agents that the sustainability priorities within the next three years will be: Living Wage, Water and Gender Equality.

6.3. Activities to inform manufacturers and workers

In order to inform workers about Labour Standards and the process of monitoring and remediation, an information sheet must be displayed in the factories. Triaz sends copies of the information sheet in the relevant language to all the factories with the request to make it available to workers. The information sheet informs the workers about social standards and the possibilities to complain about problems with working conditions as well as listing contact details. Triaz makes sure that the information sheet is posted in all the supplying factories and is handed out to the workers during audits. Triaz encourages its suppliers to be part of the Workplace Education Programme and also to become a member of the FWF. Triaz also started a dialogue with representatives of the workers councils of the companies by introducing itself and its representatives as well as the sustainability principles of Triaz.

7. Transparency & communication

Working with the suppliers on social Labour Standards involves intense communication with all of them. Discussing the Code of Labour Practice improves the awareness of these important topics all the time. Besides informing its suppliers and staff, Triaz also informs the public about

the FWF membership on its homepage, via press releases, newsletters, fairs as well as in its mail order catalogues, the sustainability report and the annual social report. The Fair Wear Foundation Membership is a topic at all public events.

8. Corporate Social Responsibility

The Triaz GmbH originated as an Eco Business. The company started with products to reduce our ecological impact on the environment and it still stands by this basic philosophy when sourcing its products. Not only the environmental impact matters within textile production but also the improvement of social standards. That is the reason why Triaz joined the FWF. The membership is an active involvement in further improvements. The Triaz Group is GOTS certified. Triaz uses only

energy from renewable sources in all their offices. The whole company is carbon neutral (certified through Carbon Neutral/London).

The Sustainability Department at Triaz is responsible for Social Standards and the co-operation with the Fair Wear Foundation. The compliance to the ecological specifications and the GOTS certification is in their responsibility as well.



Monika Rothböck , Linda Enghauser, Joscha Hoffmann, Barbara Engel (Head of Department), Hannah Leicht.

TRIAZ

group

Address

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Brands

Waschbär GmbH (founded 1987)

Homepages

www.triaz-group.com
www.waschbaer.de

Product Range

Fashion, shoes, cosmetics, furniture, home textiles, bedding, household, goods, toys, books, food.

Sales Markets

Germany, Switzerland, Austria, The Netherlands

Distribution Channels

Mail Order, E-Commerce, shops

Shops (Outlet Stores)

Freiburg, Karlsruhe, Göttingen

Owners

Katharina Hupfer, Matthias Wehrle, Purpose Stiftung

CEOs

Katharina Hupfer, Matthias Wehrle

Number of Employees

327

Number of Trainees

15

Turnover

€ 72,9 million 2019;

Turnover Textiles and Shoes:

€ 44,2 million (as of December 2019)