



Social Report for the financial year 01/10/2008 – 30/09/2009  
for Membership in the Fair Wear Foundation



## Social Report 2009 – fairness and social responsibility

Ladies and Gentlemen,

To ensure social aspects in our company is hessnatur's philosophy since 33 years. Unfortunately the decision for social standards in the supply chain was for a long time a decision for or against the supplier.

Thanks to our membership and cooperation with the Fair Wear Foundation we are nowadays able to develop business culture, to brace workers for ethically correct working conditions and to avoid exploitation.

In this Social Report 2009 we document our regular checks and audits at the production sites. With these tools we can ensure that all people working for the production of hessnatur textiles are working under ethically correct working conditions.

Our team "Innovation & Ecology" works closely together with the international organisation Fair Wear Foundation (FWF). As an external Institution FWF supports hessnatur in conducting independent audits and factory visits. During the time at the production site internationally known social standards are checked and documented. On top hessnatur visits production sites to check the status quo and to work with them in implementing social standards (hessnatur-Screen).

This Social Report 2009 shows steps and improvements taken in implementing social standards during our last financial year and to show the current status at hessnatur's production sites.

hessnatur – on the way to equal rights.

Best Regards,



Wolf Lüdge  
Managing Director hessnatur

## Table of Contents

Table of Contents .....	3
1. About hessnatur .....	4
1.1 Our ecological mission and statement.....	4
1.2 Our milestones .....	4
2. hessnatur's social standards .....	5
3. How do we implement our social standards?.....	7
3.1 hessnatur - Goals .....	7
3.2 hessnatur - Suppliers.....	8
3.3 Selection of new suppliers .....	8
3.4 Cooperation with Agents.....	9
3.5 Suppliers and countries of manufacture .....	9
3.6 Why don't we only manufacture in Europe? .....	10
3.7 hessnatur's monitoring system.....	11
3.8 Inspection focus on sewing factories.....	12
3.9 Modules of the monitoring system .....	12
4. Monitoring measures 2009 .....	15
4.1 Fair Wear Foundation Audits .....	16
4.2 Checks by independent organisation .....	18
4.3 Checks done by other international organisations in the fields of social standards.....	19
4.4 Factory checks done by hessnatur .....	19
4.5 Status of implementation of improvements resulting from previous audits .....	21
5. Communication at hessnatur .....	21
5.1 Internal Communication.....	21
5.2 External Communication .....	21
6. Who does what at hessnatur? .....	22
Facts & Figures .....	23
Imprint .....	24

## 1. About hessnatur

hessnatur is a mail order company for strictly natural clothing textiles. The company is headquartered in Butzbach (Hessen) and operates branch offices in Switzerland and Austria. With a staff of 310 employees, the company generated revenues for EURO 58 million in the financial year October 2008 – September 2009. The products offered by hessnatur range from outer clothing for men, women and children, to nightwear and underwear, home textiles, baby clothing and accessories.

### 1.1 Our ecological mission and statement

We only use pure, top quality natural fibers, such as pure new wool, cotton or linen, which are preferably cultivated and/or farmed in organic conditions. These include bans on the use of artificial fertilizers, harmful defoliants, pesticides and other chemicals. The further processing of the fibers is also subject to stringent ecological requirements. For example, the use of chemical refining agents, such as moth protection or easy-care finishes, chlorine bleach or optical brighteners, is strictly forbidden. The elimination of harmful and/or polluting substances in the cultivation of the fibers and production of the textiles represents an active and measurable contribution toward protecting both the environment and the production workers.

### 1.2 Our milestones

#### 1976 - 1985 Focus on Fabric

The founding years of hessnatur

The birth of his first son inspires him to set up the company: Heinz Hess starts providing the world with natural clothing to protect young life against toxins and stress factors. His vision: Strictly natural clothing for a healthy life in tune with nature.

1976 – Foundation of hessnatur as a mail order company for natural merchandise

#### 1985 - 1992 Focus on Finish

The boundaries of ecological feasibility are expanded. Elimination of chemical finishes. The ecological quality guidelines drawn up by hessnatur lay the foundation for a new clothing culture.

#### since 1990 Focus on Raw Materials

Assuming responsibility from the sowing of the seeds right up to the wardrobe

The launch of the world's first organic cotton project marks the start of numerous other ecological, social and cultural projects initiated by hessnatur around the globe

1991 – World's first organic cotton project in Sekem (Egypt)

1994 – Organic cotton project in Senegal

1995 – Organic cotton project in Peru

1997 – Recultivation of Hessen's indigenous Rhön sheep (Rhön biosphere reserve)

1998 – Organic cotton project in Turkey

2005 – New organic cotton project in collaboration with Helvetas in Burkina Faso

2006 – Organic linen project in Hessen

### since 1995 Focus on Design

From the "green corner" into the world of fashion

The quality, design, durability and accountability of its textiles allows hessnatur to progress beyond its traditional "green" image and become a provider of colorful, stylish and top quality fashions made from natural textiles.

1997 – International Design Prize awarded by the federal state of Baden-Württemberg for hessnatur's wedding dress

### since 2002 Focus on Social Standards

Milestones for decent working conditions

The socially fair production of hessnatur textiles becomes transparent: hessnatur develops an innovative control system in a pilot project together with the Clean Clothes Campaign whereby an independent organization controls decent working conditions in the production environment. As a result of the project, hessnatur becomes a member of the Fair Wear Foundation.

2005 – hessnatur is the first German company to become a member of the Fair Wear Foundation

## 2. hessnatur's social standards

hessnatur has summarized its requirements for socially fair production in the social standards it has drawn up for all suppliers. These are based on the core labor standards defined by the International Labor Organization (ILO) and explicitly govern the working conditions in supplier operations:

### **1. Voluntary employment**

No forced labor, slave labor or the employment of prisoners (IAO Conventions 29 and 105). Workers may not be forced to deposit a "bond" or their ID papers with their employer.

### **2. No discrimination in employment conditions**

Each employee must be allowed the same opportunities and treatment, irrespective of race, skin color, gender, religion, political views, nationality, social origins or other distinguishing features (IAO Conventions 100 and 111).

### **3. No child labor**

Children may not be employed. All workers must be at least 15 years old or past compulsory school age (IAO Convention 138). Any child labor that may have to be dismissed must be provided with sufficient financial support for the interim

period and reasonable opportunities to acquire an education.

#### **4. Respect of the freedom of association and the right to collective wage negotiations**

Observance of the right of all workers to set up or join trade unions and to negotiate collective wage agreements (IAO Conventions 87 and 98). Workers' representatives may not be discriminated and must be afforded access to all workplaces necessary for them to perform their representative duties (IAO Convention 135 and Recommendation 143). Employers shall adopt a positive attitude toward the work of trade unions and an open-minded attitude toward their activities in respect of employee organization.

#### **5. Payment of a living wage**

The wages and other benefits paid for a normal working week must be at least commensurate with the minimum wage stipulated by law or applicable for the industry. As a requirement with processual character, the wages must be adequate to cover the basic needs of the workers and their families, with some left over for them to spend freely. All possible measures must be taken to achieve this goal.

Penalty deductions from wages are not permitted, nor are any other deductions that are not stipulated by national laws without the express permission of the affected workers. All workers are provided with clear written information on the wage conditions prior to commencing their jobs and with precise details of their wages for each payment period.

#### **6. No excessive work hours**

Work hours must be defined in line with applicable laws and standards prevailing in the industry. Workers may not be forced to work more than 48 hours per week on average; they must be given at least one day off within a period of 7 days. Overtime must be voluntary and may not exceed 12 hours per week, may not be demanded at regular intervals and must always be reimbursed by paying overtime in addition to the normal wage.

#### **7. Decent working conditions**

The work environment must be safe and hygienic; the best possible health and safety protection must be promoted at the workplace, taking account of the latest findings for the sector and any specific risks. Physical abuse, threats of physical abuse, unusual penalties or disciplinary measures, sexual and other harassment and any form of intimidation by the employer are strictly forbidden.

#### **8. Employment relationship**

The legally stipulated work and social obligations toward employees in respect of regular employment relationships may not be circumvented by implementing unilateral contracts that are only binding on the employees or training programs

that do not really focus on teaching skills or on regular employment. Younger workers shall be given the opportunity to attend training programs.

hessnatur has been a member of the internationally active Fair Wear Foundation (FWF; for more details, see [www.fairwear.nl](http://www.fairwear.nl)) since 2005. As part of its membership, a monitoring system to assure compliance with the social standards in the sewing factories has been developed and anchored within the company. The Innovation & Ecology department headed by Rolf Heimann is responsible at hessnatur for implementing and controlling the social standards.

The Fair Wear Foundation, which consists of trade union representatives, NGOs and manufacturers' associations, monitors the work performed by hessnatur, checking and ensuring that it is correct. A so-called multi-stakeholder board to ensure the involvement of national interest groups moreover monitors the implementation of the social standards in Germany. In addition to the Fair Wear Foundation and hessnatur, the Clean Clothes Campaign and the "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 differently.*

*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 works with the Fair Wear Foundation to identify alternative solutions and venture into new territory. For example in the area of trade union freedom: In "Workers Trainings", which are conducted by FWF experts, the staff is informed about their rights and means of asserting the same. In addition, the installation of in-house complaints systems encourages the dialog between staff and management.*

## **3. How do we implement our social standards?**

### **3.1 hessnatur - Goals**

Our goal is to ensure fair working conditions in the production of our clothing. Implementing our social standards in clothing manufacture is, however, frequently a protracted process and only possible in close cooperation with our suppliers.

This is why, at hessnatur, the implementation of social standards involves more than just controlling the working conditions in the sewing factories. In future we shall be on site more than

ever before, providing advice and support. Social standards do not, however merely involve partnership cooperation with our producers; they also incorporate issues such as hessnatur's purchasing policy or the selection of new suppliers. We have defined our goals for 2009 (01 October 2008 – 30 September 2009) accordingly:

1. Concepts
  - Further improvement of hessnatur's system for monitoring social standards
  - Extension of the data management system
2. Monitoring
  - On-site audits performed by FWF teams
  - Additional on-site inspections by both independent experts and hessnatur employees
  - Provision of more comprehensive information material to new suppliers
3. Internal communication
  - Basic training program for new recruitments
  - Updated information and advanced training schemes for the staff
4. External communication
  - Communication on social standards issues using our catalog, the internet and other media

### **3.2 hessnatur - Suppliers**

Establishing stable, long-term partnerships form the basis for our cooperation with our suppliers. This is necessary in light of the fact that hessnatur's manufacturers are generally real experts in processing certain natural fibers, such as silk, or in respect of individual product groups; sweaters, for example, or socks, jackets or coats. Specific ecological and processing technology expertise is built up over years of cooperation. The maxim holds true for hessnatur: For us, skill and quality are more important than the cheapest price.

### **3.3 Selection of new suppliers**

Although we constantly strive to cooperate long term with our suppliers, sometimes a change to a different manufacturer is unavoidable. The reasons might be quality problems, delivery delays or changes in the manufacturing range, for example. Great care is taken when selecting new suppliers. Prior to commencing cooperation, the production facilities are inspected by hessnatur staff to ensure that the manufacturer can meet hessnatur's quality, ecological and social requirements.

### **"Supplier selection meetings"**

*hessnatur regularly puts its suppliers to the test – twice a year, each time a new catalog is scheduled. Each supplier is then reviewed and assessed: Was the quality OK? Did he deliver on time? Were there any problems with working conditions, for example complaints from workers or anything untoward detected during a factory inspection? Everyone in the company who is involved in the process is asked for advice: Purchasing, incoming goods inspection and quality management, but also the innovation & ecology department, which is responsible for the implementation of the social standards and the ecological quality of the materials.*

*At last, everybody who's involved has an equal voice when it comes to deciding about the future cooperation with the supplier and if it should be enhanced.*

### **3.4 Cooperation with Agents**

hessnatur collaborates with on-site agents in certain production countries – Turkey, Thailand and Peru. They organize and 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. They also work particularly closely with the respective hessnatur "experts" – purchasing, quality assurance, Innovation & Ecology.

### **3.5 Suppliers and countries of manufacture**

In the financial year 2008/2009, hessnatur worked with 117 clothing suppliers and a total of 166 sewing factories. Some 60 percent of the operations are located 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 and home textiles. Added to which, as already mentioned, some manufacturers specialize in certain natural fibers or product groups; this specialization assures the high ecology and processing technology standards of production.

<i>EU countries</i>		<i>Non-EU countries</i>	
Country	No. of sewing factories	Country	No. of sewing factories
Bulgaria	1	Bangladesh	1
Germany	42	Bosnia	1
England	1	China	17
France	1	India	1
Greece	2	Iceland	2
Netherlands	1	Columbia	2
Ireland	2	Croatia	4
Latvia	2	Morocco	1
Lithuania	6	Macedonia	4
Austria	4	Mongolia	1
Poland	9	Nepal	2
Portugal	7	Peru	4
Romania	6	Serbia	2
Slovakia	5	Thailand	4
Slovenia	1	Tunisia	3
Czech Republic	6	Turkey	15
Hungary	3	Ukraine	3
<b>Total</b>	<b>99</b>	<b>Total</b>	<b>67</b>

Table 1: No. of sewing factories in each country of manufacture

### 3.6 Why don't we only manufacture in Europe?

hessnatur's cooperation with suppliers in critical countries, such as China or Bangladesh, raises certain questions. Why do we not manufacture more in Europe? There are various reasons why.

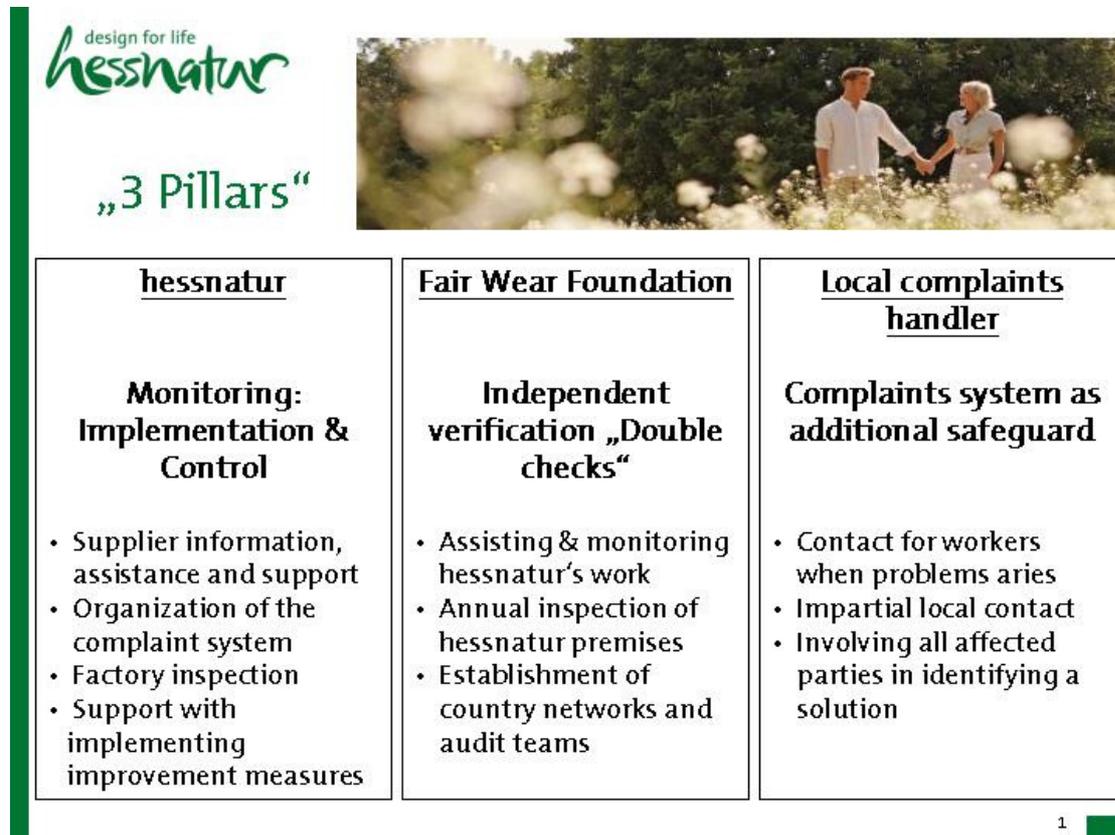
Many of the "specialists" for processing certain fibers happen to be located in the countries in which these fibers are cultivated. For example, hessnatur mainly purchases merchandise from China that is made from indigenous fibers, such as silk, hemp, or precious hair, such as cashmere. Both the cultivation and processing of these fibers is largely performed in China nowadays; they are scarcely obtainable in any other countries.

Centers of competence for cotton processing, for example, are nowadays located in Turkey, for jersey and nightwear in the Baltic region. At the same time, clothing manufacturers, especially in Germany, are increasingly shutting down. Expertise is being lost. As such, there is no way of avoiding a further shift of production abroad, especially in light of the diverse range of products offered by hessnatur.

hessnatur therefore inspects the working conditions in production facilities in critical countries very thoroughly and is extremely careful in its selection of new suppliers. For example, in Bangladesh, hessnatur works with Grameen Knitwear, a non-profit subsidiary of the Grameen Foundation.

## 3.7 hessnatur's monitoring system

The assurance of hessnatur's social standards builds on three pillars:

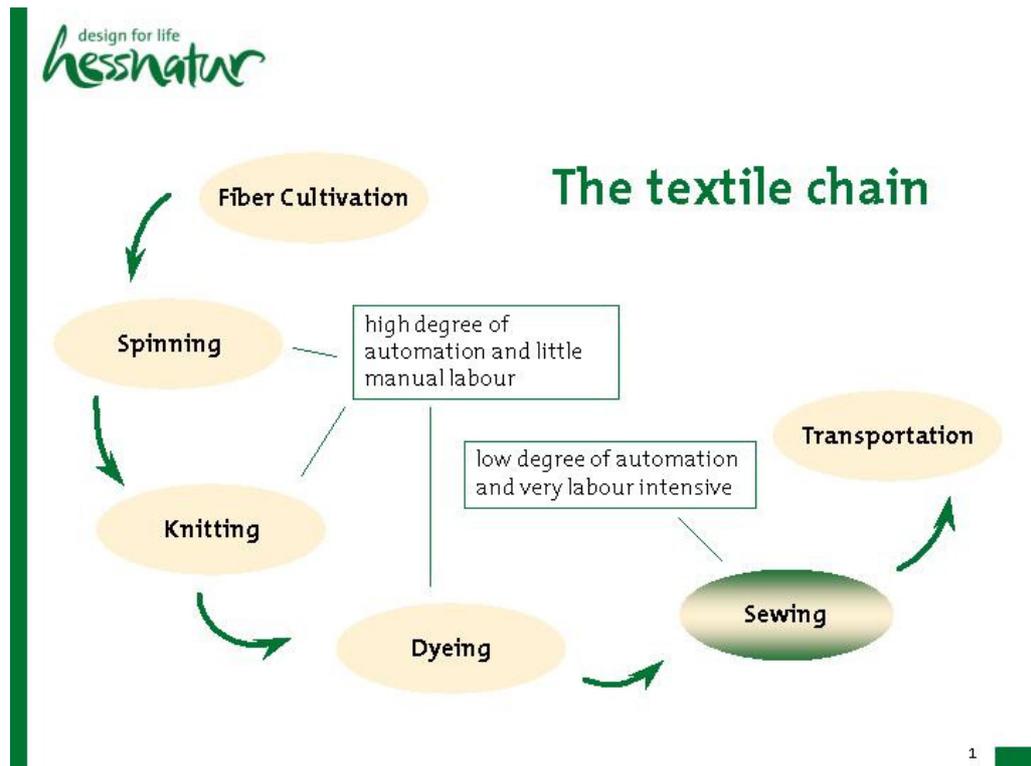


This means:

1. hessnatur is responsible for implementing and monitoring the social standards in the sewing factories.
2. The Fair Wear Foundation inspects the work performed by hessnatur.
3. The impartial complaints handler gives the workers added security.

## 3.8 Inspection focus on sewing factories

So far, hessnatur has only controlled the working conditions in the sewing factories. Unlike the upstream production phases, such as spinning, knitting or dyeing, the sewing of the clothes is scarcely automated to this day. This involves a substantial amount of manual labor – often under time and cost pressure – which is why the working conditions in these factories are at particular risk.



## 3.9 Modules of the monitoring system

hessnatur's monitoring system comprises the actual control and implementation of the social standards in the sewing factories. This includes:

- A written **confirmation** by the manufacturers of their acceptance of, and compliance with, the social standards,
- the provision of comprehensive **information** to the manufacturers on the standards, means of implementing them, and the monitoring system,
- the introduction of the FWF **complaints system** in the sewing factories,
- regular **factory inspections**,
- administering and **evaluating** the monitoring data.

### **to a) Confirmation**

Each and every manufacturer is provided with hessnatur's social standards and must confirm them in writing. No cooperation without confirmation.

In addition, each factory is provided with a copy of the social standards in the local language for posting on the staff information boards.

### **to b) Information**

The provision of information to suppliers forms the basis for jointly implementing the social standards in the sewing factories. New suppliers, in particular, are provided with very detailed information. In addition to the standards themselves, all suppliers also receive information about hessnatur's monitoring system and about 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 factories (e.g., headcount, status of implementation of the social standards, etc.). These details form the basis for planning the monitoring measures.

### **to c) Complaints system**

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

The system is explained in the factories and the local contact designated in a three-phase approach:

- when factory audits are performed by the Fair Wear Foundation,
- when FWF contacts visit the factories,
- 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 ongoing dialog among management and staff.

### **to d) Factory inspections**

Factory inspections provide comprehensive "snapshots" of the status of implementation of the social standards in the factories. They form the basis for intensive advanced work on the standards. The factory inspections control both work safety and the factory documentation: employment contracts, wage settlements, insurance documentation and work hour records. Audits performed by the Fair Wear Foundation also include interviews with the workers.

In addition to the audits performed by the Fair Wear Foundation and other independent experts, hessnatur is increasingly conducting its own factory inspections.

The selection of factories for inspection focuses primarily on factories in critical countries and suppliers who are particularly important for hessnatur. Inspections are also conducted when there are indications of problems in a sewing factory – for example when staff complaints are received.

**"hessnatur screen"**

*We don't just want to get to know our manufacturers well, we also want to take a very close look at them. Which is why we perform our own on-site inspections to assess the implementation of our standards. hessnatur experts examine compliance with the social criteria by performing detailed factory inspections that also include work safety and documentation inspections. The "hessnatur screen" process covers everything from the correct installation of the fire extinguisher right up to inspection of the employment contracts.*

*Plus face-to-face contact creates a good basis for cooperation in an environment of mutual trust.*

Factory inspections identify areas in need of improvement at the sewing factory. 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 the FWF or an inspection conducted by hessnatur. The CAP represents a list of improvements that must be implemented at the factory. Individual solutions are drawn up for the respective factories together with the suppliers. These include a clear time schedule to determine which measures must be implemented by which deadlines. hessnatur agrees the implementation of the Corrective Action Plan together with the supplier. The latter submits regular reports on the status of implementation and documents its progress. Follow-up inspections are then performed some months later on site – either by an FWF audit team or by members of hessnatur's staff.

The full implementation of the social standards in a factory 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 factory and establish fair working conditions. The cooperation with the supplier is only terminated if these efforts do not produce the desired success or if factories fundamentally contravene hessnatur's social standards.

**to e) Data management**

The data collated in hessnatur's monitoring system – for example the addresses of the sewing factories, data and results of factory inspections – are recorded and administered in a specially developed computer management system. That way it is possible to ensure transparency along the supply chain. Further the data management gives us the possibility to work on sustainable solutions for ethically correct working conditions. The data is for sure treated with the necessary care.

## 4. Monitoring measures 2009

### General

Revising hessnatur's monitoring system formed a particular area of work focus in 2009. The system was subjected to a complete review and considerably expanded, as outlined above. Not only were existing procedures, such as new supplier reviews, improved; new procedures were also developed and tested, such as the "hessnatur screen" described above.

### Confirmation

hessnatur optimized the cooperation with its suppliers and sewing factories in 2009. All new suppliers had previously confirmed its social standards. Most of the sewing factories were also visited by members of hessnatur's staff prior to the start of cooperation.

### Information

The information on hessnatur's social standards that is provided to the suppliers was completely revised in 2009.

Each supplier is provided with hessnatur's suppliers' manual at the start of cooperation; it contains details of social and ecological requirements, quality guidelines and purchasing procedures. The manual provides the suppliers with comprehensive and clear information on the social standards and their implementation, hessnatur's monitoring system and on the Fair Wear Foundation. Particular attention is paid to providing clear information about the corresponding requirements and duties that supplier's face, such as opening the factories for social audits.

### Complaints

The complaints system developed by the Fair Wear Foundation has been set up in sewing factories that have so far been audited. In addition, the posted social standards in local language provide details of the complaints handlers.

No complaint was received in 2009.

## 4.1 Fair Wear Foundation Audits

In the following the results of the audits done by Fair Wear Foundation are described in table form.<sup>1</sup>

### Audits in China

The most important audit results	BNR 245 Audit #1 19.11.2008	BNR 4 Audit #3 08.05.2009	BNR 6 Audit #2 12.05.2009	BNR 252 Audit #2 14.05.2009
Code Awareness	⊖	⊖	±	±
Contracts	±	±	⊖	±
Documentation	⊕	⊖	±	⊕
Employment is Freely Chosen	⊕	±	±	±
Freedom of Association	±	⊖	±	±
Decent Working Conditions	⊖	⊖	⊖	⊖
Fair Wages	⊖	⊖	⊖	⊖
No Child Labour	±	±	±	±
No Discrimination	⊕	⊕	±	⊕
Regular Working Hours	±	⊖	⊖	⊖
<b>Implementation of Audit Results (as of 30.09.2009)</b>	<b>65%</b>	<b>68%</b>	<b>92%</b>	<b>16%</b>

### Verification Audit in China

A verification audit differs from a regular audit in the way that it is not hessnatur's choice which supplier to see. In this case Fair Wear Foundation decides whom to see and when. In this way, the Fair Wear Foundation controls hessnatur's work regarding the implementation of improvements in the factory.

A supplier visited in July 2008 was checked again by the Fair Wear Foundation in June 2009. The goal was to find out whether hessnatur is working efficiently together with the supplier on the implementation of social standards and the necessary improvements. Result: The management of the production site already implemented most of the findings. Further a "Workers' Training" was provided to the workers to give information on social standards.

The supplier became an active member of Fair Wear Foundation in November 2009 and herewith agreed to work on and to ensure social standards at the production sites.

<sup>1</sup> Abbreviation:  
 ⊕ no findings  
 ⊖ several findings conducted during visit at production site  
 ± short term improvements possible

The most important audit results	BNR 45 Audit #2 17.06.2009
Code Awareness	⊕
Contracts	⊕
Documentation	±
Employment is Freely Chosen	⊕
Freedom of Association	±
Decent Working Conditions	⊖
Fair Wages	⊕
No Child Labour	⊕
No Discrimination	⊕
Regular Working Hours	±
<b>Implementation of Audit Results (as of 30.09.2009)</b>	<b>77%</b>

#### Audits in Romania

The most important audit results	BNR 15 Audit #2 05.12.2009	BNR 457 Audit #1 15.09.2009
Code Awareness	±	±
Contracts	⊕	±
Documentation	±	⊖
Employment is Freely Chosen	⊕	⊕
Freedom of Association	±	±
Decent Working Conditions	⊖	⊖
Fair Wages	⊖	±
No Child Labour	⊕	⊕
No Discrimination	⊕	±
Regular Working Hours	⊕	⊖
<b>Implementation of Audit Results (as of 30.09.2009)</b>	<b>100%</b>	Implementation cannot be verified yet as supplier had no time to implement improvements / corrective actions.

## Audits in Macedonia

The Macedonian audit team was accompanied by hessnatur for three days in December 2008. By conducting an audit together hessnatur can learn from Fair Wear Foundation and vice versa. That way best possibilities for implementing social standards are given. Further hessnatur can ensure that the audit team knows about the specifics of hessnatur and takes special care about them.

The most important audit results	BNR 345 Audit #1 10.12.2008	BNR 401 Audit #1 25.08.2009	BNR 397 Audit #1 18.09.2009
Code Awareness	±	±	±
Contracts	⊕	⊕	⊕
Documentation	⊕	⊕	⊕
Employment is Freely Chosen	⊕	⊕	⊕
Freedom of Association	±	±	±
Decent Working Conditions	⊖	⊖	⊖
Fair Wages	±	±	±
No Child Labour	⊕	⊕	⊕
No Discrimination	⊕	⊕	⊕
Regular Working Hours	±	±	⊖
<b>Implementation of Audit Results</b> (as of 30.09.2009)	<b>93%</b>	Implementation cannot be verified yet as supplier had no time to implement improvements / corrective actions.	Implementation cannot be verified yet as supplier had no time to implement improvements / corrective actions.

## 4.2 Checks by independent organisation

An independent expert inspected two suppliers in Thailand already in Summer 2008 to ensure compliance with the social standards. Both factories started manufacturing for hessnatur in 2008.

hessnatur pays particular attention to establishing a solid basis for cooperation with new suppliers. Consequently, a "training project" was implemented in Thailand to provide the two new suppliers with comprehensive information about the ecological and social requirements of hessnatur. At the same time, the status of implementation of the social standards was inspected and individual improvement measures developed and adapted to the specific circumstances of the factories.

### Important findings:

The inspections only revealed minor problems with documentation; these have meanwhile been resolved. The improvement measures have been fully implemented in 2009.

### 4.3 Checks done by other international organisations in the fields of social standards

hessnatur took the chance in 2009 and asked its suppliers to report about what had been done already in the field of social standards. At the same time hessnatur took the chance to talk to the suppliers in depth on ethically correct working conditions - a good way to raise awareness for this important topic.

Many suppliers reported that social audits had already been done in the factories, in some cases by internationally known and independent organisations working in the field of working conditions. In agreement with the supplier those results are now used to work with the suppliers on the implementation of social standards at the production site. Like this double auditing can be avoided as well as time and money saved.

### 4.4 Factory checks done by hessnatur

In the following the results of the visits by hessnatur (hessnatur-Screen) are described in table form.

#### hessnatur-Screens in Turkey / October 2008

The most important results of the hessnatur-Screen	BNR 324	BNR 9000	BNR 470	BNR 477
Subcontracting	⊕	⊕	⊕	⊕
Code Awareness	⊕	⊕	⊕	⊕
Communication / Freedom of Association	±	±	⊕	±
Regular Working Hours	⊕	⊖	⊕	⊖
Fair Wages	±	⊖	⊖	⊖
Employment Policy	±	⊖	⊖	±
Decent Working Conditions	⊕	⊕	±	±
<b>Implementation of hessnatur-Screen Results (as of 30.09.2009)</b>	<b>93%</b>	<b>82%</b>	<b>72%</b>	<b>83%</b>

### hessnatur-Screens in Turkey / June 2009

The most important results of the hessnatur-Screen	BNR 341	BNR 278	BNR 360	BNR 389	BNR 327	BNR 358	BNR 348	BNR 400	BNR 344	BNR 370
Subcontracting	⊕	⊕	⊕	⊕	⊕	⊕	⊕	⊕	⊕	⊕
Code Awareness	⊕	⊕	⊕	⊕	⊕	±	⊕	±	⊕	⊕
Communication / Freedom of Association	±	⊕	±	±	±	±	±	±	⊖	±
Regular Working Hours	⊕	⊕	±	⊖	⊖	±	⊕	⊕	⊕	⊕
Fair Wages	⊖	±	⊖	⊕	±	±	±	⊕	±	⊖
Employment Policy	±	⊕	⊖	±	⊖	⊕	⊕	±	±	⊖
Decent Working Conditions	±	±	±	±	±	⊕	⊕	⊖	⊖	⊖
<b>Implementation of hessnatur-Screen Results (as of 30.09.2009)</b>	<b>81%</b>	<b>95%</b>	<b>79%</b>	<b>83%</b>	<b>86%</b>	<b>89%</b>	<b>95%</b>	<b>80%</b>	<b>76%</b>	<b>69%</b>

hessnatur has an agreement with all visited production sites that findings are implemented in a certain time period. Advancements are partly implemented, others still need to be improved. A follow up of the findings took place when seeing the production sites during the time of the next visit. Further follow up visits are planned for 2010.

#### **Simple measure, huge impact: Ergonomically correct chairs**

*Whoever works all day sitting down – whether in front of a computer screen or at a sewing machine – knows how important a role posture plays for health. Ergonomically designed chairs can help, but are frequently in short supply – especially in sewing factories. And retrofitting the factories usually involves extensive costs.*

*But they are costs that pay off. As part of the improvement measures agreed with hessnatur following a factory inspection in Turkey, the sewing factory purchased new, ergonomically correct chairs for its workers. Shortly thereafter the factory manager discovered that the work of the sewing staff had improved and become more efficient. Not to mention the improved health in the workspace.*

#### ***4.5 Status of implementation of improvements resulting from previous audits***

Depending on the scope of the improvement measures, it can take up to several years to implement them. They are tracked accordingly up to completion. Currently hessnatur works together with 34 suppliers and their production sites to implement the findings of the audit reports. The implementation of audit reports is independent of who checked the production site (which could either be hessnatur, the Fair Wear Foundation, an independent consultant or an internationally working, accepted and well known independent organisation).

### **5. Communcation at hessnatur**

#### ***5.1 Internal Communication***

Implementing the social standards at hessnatur also includes informing the in-house staff. New recruitments learn about the social standards and monitoring program as part of the annual “Basic training” scheme.

In addition, more comprehensive information is provided to certain divisions whose work is directly affected by the social standards, such as the purchasing department. This is how we at hessnatur work together effectively.

#### ***5.2 External Communication***

hessnatur's social standards and its membership in the FWF are represented in catalogs, on the internet ([www.hess-natur.com](http://www.hess-natur.com) and [www.hess-natur.info](http://www.hess-natur.info)) and in the hessnatur shops. In addition hessnatur is active in writing blogs (English and German) everyday on its webpage.

## 6. Who does what at hessnatur?

The Innovation & Ecology department at hessnatur is responsible for the social standards.

The following individuals perform the tasks shown (from left to right):

Maren Mönnich  
*Communication*

Rolf Heimann  
*Head of „Innovation & Ecology“*

Stefanie Karl  
*Supplier Monitoring and Support*



## Facts & Figures

<b>Year of foundation</b>	1976
<b>Legal form</b>	GmbH (Limited liability company)
<b>Market position</b>	Market leader in the market for natural textiles in the entire German-speaking region
<b>Product range</b>	Full range of natural textiles 900 – 1,000 designs and approx. 8,000 items per season
<b>Sales channels</b>	Conventional mail order, stationary retail and E-commerce
<b>Countries in which products are sold</b>	Germany, Switzerland, Austria, USA
<b>Branch offices</b>	Outlets in Butzbach, Hamburg and Munich Residual stock outlet in Butzbach
<b>Subsidiary companies</b>	hessnatur-Textilien AG, Langenthal (Switzerland)
<b>Agency</b>	hessnatur-Textilien (Austria)
<b>Founder</b>	Heinz Hess (April 9, 1941 – March 18, 2006)
<b>Headcount</b>	310
<b>Trainees</b>	9
<b>Customer base</b>	800,000
<b>Revenues</b>	EURO 58 million (stub financial year Oct.08-Sept.09)
<b>Social Standards: Key Indicators</b>	
<b>No. of clothing suppliers</b>	117
<b>No. of sewing factories</b>	159
<b>No. of countries of manufacture</b>	34
<b>EU share in clothing manufacture</b>	60%
<b>Non-EU share in clothing manufacture</b>	40%
<b>FWF member since</b>	2005

The information contained in this report relates to the financial year 2009 (October 2008 through September 2009).

## Imprint

Hess Natur-Textilien GmbH  
Marie-Curie-Strasse 7  
D - 35510 Butzbach

Managing Director:  
Wolf Lüdge

Commercial register of the District Court of Friedberg, HRB 6166  
Sales tax no. 112/5700/0062  
Sales tax ID: DE814552723