

TRANSA'S SUPPLY CHAIN MANAGEMENT IN THE area of social responsibility

WHAT IS IT ABOUT?

Manufacturing products brings with it many sustainability challenges. These include environmental issues, social standards and animal wellbeing. As a retailer, Transa is the interface between brands and customers.

WHAT IS THE ROLE OF TRANSA?

We take active responsibility for a sustainable product range and for transparent and honest sustainability communication to our customers. We buy products from over 400 brands for the Transa range. We do not have any brands of our own, therefore we do not maintain direct relationships with production sites and have no direct influence on the production processes and supply chains of our brands. This makes it all the more our responsibility to carefully select the brands and products in our range and to be as familiar as possible with the risks in the supply chain. This is where fulfilling our responsibility begins.

We are actively involved in the three areas of **environmental impact**, **social responsibility** and **animal wellbeing**. We have defined clear requirements for these. Our main responsibility is to ensure that we sell products that are manufactured without endangering humans, animals or nature.

This document focuses on social responsibility and specifically addresses our duties of care in this area. We follow the recommendations of international standards in supply chain responsibility (such as the OECD Due Diligence Guidance) and the requirements of the Swiss initiative Sustainable Textiles Switzerland 2030.

HOW DO WE TAKE RESPONSIBILITY FOR SOCIAL STANDARDS IN SUPPLY CHAINS?

To fulfil our duties of care in the field of social responsibility, we do the following:

- We have established a systematic risk assessment system for our brands.
- If we classify the risk as high, we implement targeted measures to reduce the risk.

WHAT ARE THE RISKS?

Transa assesses each brand it purchases using a risk rating, which shows the risk of various labour and human rights violations in the supply chains.

These include issues that are also listed in the ILO core labour standards and other ILO conventions (these define fundamental, globally applicable labour rights), such as child labour, forced labour, sexual harassment and fair working hours and wages.

HOW DOES TRANSA MEASURE THESE HUMAN RIGHTS RISKS IN SUPPLY CHAINS?

Our risk rating is based on two key risk factors:

Geographical risk:

Geographical risk is based on the countries in which a brand has the products from our range manufactured. If a brand manufactures its products in countries with an increased risk of labour rights violations, we classify it as a higher risk brand. If, on the other hand, a brand mainly manufactures in countries with a low risk rating, it is considered low risk. For the assessment of each product we purchase, we use the manufacturer's indication of origin ('Made in' country) and evaluate this based on the ITUC Global Rights Index. This index shows in which countries labour rights are most violated. It helps us see where workers are least protected and also gives us indications of human rights issues that it does not directly address.

Labour rights violations particularly affect countries with high poverty rates and a lack of educational opportunities and little social security. Conflicts and natural disasters can also increase the risk.

The Transa range is manufactured in around 70 different countries. Around three quarters of our products come from Asia and one quarter from Europe. Around three quarters come from countries with an increased risk of labour rights violations and one quarter from countries with a low risk.

We only carry very few products from high-risk countries in our range (2024: 1.2%). Where this is the case, for example from the production country Myanmar, we work closely with the brands and take the following action:

1. We only buy products from high-risk countries from brands that have at least a **B rating** according to our internal brand rating. (More on this later in the text, [page 3](#)). This means that a brand is proactively and systematically managing the risks of labour and human rights violations in its supply chains.
2. In the case of Myanmar, the brands must also be a member of the multi-stakeholder initiative **Fair Wear Foundation** or the initiative **MADE in Myanmar**.

Why do we have so many products from Asia in our range despite the increased risk?

A large part of the industrial infrastructure, including the necessary skilled labour, is located in Asia. Therefore, a large part of outdoor equipment and clothing is produced in Asia. Asia has developed into an important centre of excellence for production in the outdoor industry. If we want to offer a large selection of products today, we cannot avoid Asia as a production location. In terms of quality and innovation, Asia is geographically the most important region for the production of outdoor products. In principle, Transa does not boycott any production countries. We are confident in this decision and know that there are very good production facilities in Asia and that conclusions about working conditions cannot be drawn solely from the geographical location. For example, not all production sites in Europe are good.

Risk management therefore not only looks at the origin of products, but also, and above all, at how brands fulfil their social responsibility. That's why we at Transa also rate the sustainability performance of our brands:

The Transa brand risk management evaluation

In this step, we evaluate how systematically the individual brands manage and minimise the various risks to labour rights in their supply chains. There are two ways for us to do this:

- A brand is a member of a multi-stakeholder labour rights initiative or ensures compliance with social standards through certification programs.
- A brand transparently discloses, via publicly accessible information, how it has established its own risk management system.

Option 1: Multi-stakeholder initiatives and certifications

For us to recognise an initiative or certification as sufficiently risk-reducing, the social standards it requires must be in line with the ILO core labour standards and conventions. In addition, regular, independent inspections of the production facilities must be carried out. A review of working conditions by third parties creates transparency and reduces the risk of labour and human rights violations.

Therefore, if a brand obtains a membership or certification in the area of social standards in production that we consider to be of a high standard, then this has a positive effect on its risk rating. At Transa, we consider the following certifications and memberships to be sufficiently risk-reducing: the Fair Wear Foundation, the Fair Labor Association and the Fair Trade Certified Standard. You can find out more about these standards [here](#).

Option 2: Brand's own risk management

If the brand does not have any of the aforementioned memberships or certifications, we check how transparently the brand reports on its independent efforts in the supply chains. If we are convinced by the publicly available information such as the list of production sites and/or the sustainability report on the website, this will also have a positive effect on the brand's rating. These are often brands that are too small to be a member of one of the above-mentioned multi-stakeholder initiatives, but that are still ambitious in terms of sustainability.

THE TRANSA RISK RATING

Combining the geographical origin of the products with the sustainability efforts of the brands results in a clear rating in four categories:

- **A rating:** brands with low geographical risk and a risk management system rated good by Transa
- **B rating:** brands with high geographical risk and a risk management system rated good by Transa
- **C rating:** brands with low geographical risk and a risk management system rated poor by Transa
- **D rating:** brands with high geographical risk and a risk management system rated poor by Transa

Over the last two years, our brands have performed as follows:

2023	A rating: 1%	B rating: 47%
	C rating: 16%	D rating: 36%
2024	A rating: 3%	B rating: 45%
	C rating: 23%	D rating: 29%

The textile sector is already performing well in terms of social standards. In other areas of the product range, measurability is sometimes still a major challenge, because many multi-stakeholder initiatives and certifications only deal with the textile sector and the culture of public communication on the topic of social responsibility, for example in the field of hardware, is still underdeveloped.

MEASURES TO REDUCE LABOUR RISKS

After recording and assessing the status quo using our risk rating, the next step is to define measures to continuously improve our performance in social standards.

To achieve this, we focus on the following measures:

- **Dialogue with suppliers:** Starting with brands with poor risk ratings, a dialogue process has been initiated. The Transa purchasing team systematically conducts discussions with brands that have received a D rating. This process is ongoing and has three objectives: to raise awareness among brands for the active management of human rights, environmental protection and animal welfare, to better understand brands' current practices and to encourage them to better manage risks.
- **Product range adjustments:** In some cases, this dialogue has led us to conclude that the brand's prevailing practices are inadequate and the likelihood of improvement is doubtful. In these cases, the relevant products or brands have been removed from our product range.

We evaluate the effectiveness of the measures on an annual basis, critically scrutinising them using evaluations and refining them if necessary.

THE IMPORTANCE OF BRAND PARTNERSHIPS

We do not have business relationships with manufacturers. Instead, we consider it our responsibility to buy brands that have high social standards in their supply chains. We also want to avoid brands that lack this ambition.

We are confident that we can make a difference by setting clear expectations, proactively rating risk and engaging in honest dialogue with the brands.

FURTHER DEVELOPMENT AND FOCUS IN 2025

- **Continuing the dialogue with D-rated brands:** We have not yet been able to ascertain whether all brands that do not have any of the memberships and/or certifications we require manage risk using other, more informal methods that meet our standards (transparency and reporting). We will therefore continue our ongoing investigations.
- **Reduction of D-rated brands:** We will define a process for systematically reducing the number of D-rated brands in our product range and anchor this in our purchasing.
- **Assessment of additional sustainability standards for the non-textile areas of the product range:**

In this context, we will also check whether there are other standards (certificates and memberships) that we could list as risk-reducing according to our standards.

- **Removing brands or products from the product range:**

We will implement further delisting measures where the risks are high and no risk-reducing measures are in sight.

The continuous improvement of Transa's supply chain management in the area of social responsibility is an ongoing process and will be the focus of our activity in 2025. As of March 2025.