



# BRAND PERFORMANCE CHECK

---

ALBIRO AG

PUBLICATION DATE: NOVEMBER 2015

this report covers the evaluation period 01-01-2014 to 31-12-2014

## ABOUT THE BRAND PERFORMANCE CHECK

Fair Wear Foundation believes that improving conditions for apparel factory workers requires change at many levels. Traditional efforts to improve conditions focus primarily on the factory. FWF, however, believes that the management decisions of clothing brands have an enormous influence for good or ill on factory conditions.

FWF's Brand Performance Check is a tool to evaluate and report on the activities of FWF's affiliate members. The Checks examine how affiliate management systems support FWF's Code of Labour Practices. They evaluate the parts of affiliate supply chains where clothing is assembled. This is the most labour intensive part of garment supply chains, and where brands can have the most influence over working conditions.

In most apparel supply chains, clothing brands do not own factories, and most factories work for many different brands. This means that in most cases FWF affiliates have influence, but not direct control, over working conditions. As a result, the Brand Performance Checks focus primarily on verifying the efforts of affiliates. Outcomes at the factory level are assessed via audits and complaint reports, however the complexity of the supply chains means that even the best efforts of FWF affiliates cannot guarantee results.

Even if outcomes at the factory level cannot be guaranteed, the importance of good management practices by affiliates cannot be understated. Even one concerned customer at a factory can have significant positive impacts on a range of issues like health and safety conditions or freedom of association. And if one customer at a factory can demonstrate that improvements are possible, other customers no longer have an excuse not to act. The development and sharing of these types of best practices has long been a core part of FWF's work.

The Brand Performance Check system is designed to accommodate the range of structures and strengths that different companies have, and reflects the different ways that brands can support better working conditions.

This report is based on interviews with affiliate employees who play important roles in the management of supply chains, and a variety of documentation sources, financial records, supplier data. The findings from the Brand Performance Check are summarized and published at [www.fairwear.org](http://www.fairwear.org). The online [Brand Performance Check Guide](#) provides more information about the indicators.

# BRAND PERFORMANCE CHECK OVERVIEW

ALBIRO AG

Evaluation Period: 01-01-2014 to 31-12-2014

AFFILIATE INFORMATION	
Headquarters:	Sumiswald, Switzerland
Member since:	13-06-2012
Product types:	Workwear, Outdoor
Production in countries where FWF is active:	Bulgaria, China, India, Macedonia, Romania, Turkey, Viet Nam
Production in other countries:	Bosnia and Herzegovina, Czech Republic, Hungary, Morocco, Portugal, Slovakia
BASIC REQUIREMENTS	
Workplan and projected production location data for upcoming year have been submitted?	Yes
Actual production location data for evaluation period was submitted?	Yes
Membership fee has been paid?	Yes
All suppliers have been notified of FWF membership?	Yes
SCORING OVERVIEW	
% of own production under monitoring	74%
Benchmarking score	57
Category	Needs Improvement

## Summary:

Albiro meets most of FWFs management system requirements and reached a monitoring threshold of 74%, whereas 90% is required in the third of membership. Since Albiro has failed to reach the minimum monitoring threshold, they are now in the category "needs improvement".

The company made considerable efforts in 2014 to ensure a more systematic monitoring of its supply chain and invested in a digital monitoring system. Furthermore, Albiro has a stable supplier base and sources almost 100% of the production volume at almost all suppliers in Eastern Europe. Due to its diverse production range, Albiro also sources small quantities at several suppliers in China via an intermediary. Challenges remain to involve those intermediaries more actively in CoLP implementation. Root causes for common audit findings and risks such as excessive overtime, including suppliers where Albiro sources only small quantities, should be analysed more systematically.

Albiro is an active BSCI member and collects existing audit reports at several suppliers. FWF encourages Albiro to also implement corrective action plans mentioned in those reports.

In Macedonia, Albiro made considerable efforts to work on productivity improvements with its suppliers, hence create space to increase wages to living wage level, and participated in pilots with FWF to develop a tool to determine the Living Wage factor (additional cost of living wage). FWF recommends Albiro to ensure that other suppliers also benefit from learnings and gradually move towards higher wage benchmarks. Also, Albiro should develop a pricing policy ensuring that all workers are paid at least legal minimum wage.

To enhance dialogue between workers and factory management, FWF encourages Albiro to motivate more suppliers to participate in WEP trainings.

## PERFORMANCE CATEGORY OVERVIEW

**Leader:** This category is for affiliates who are doing exceptionally well, and are operating at an advanced level. Leaders show best practices in complex areas such as living wages and freedom of association.

**Good:** It is FWF's belief that affiliates who are making a serious effort to implement the Code of Labour Practices—the vast majority of FWF affiliates—are 'doing good' and deserve to be recognized as such. They are also doing more than the average clothing company, and have allowed their internal processes to be examined and publicly reported on by an independent NGO. The majority of affiliates will receive a 'Good' rating.

**Needs Improvement:** Affiliates are most likely to find themselves in this category when major unexpected problems have arisen, or if they are unable or unwilling to seriously work towards CoLP implementation. Affiliates may be in this category for one year only after which they should either move up to Good, or will be moved to suspended.

**Suspended:** Affiliates who either fail to meet one of the Basic Requirements, have had major internal changes which means membership must be put on hold for a maximum of one year, or have been in Needs Improvement for more than one year. Affiliates may remain in this category for one year maximum, after which termination proceedings will come into force.

Categories are calculated based on a combination of benchmarking score and the percentage of own production under monitoring. The specific requirements for each category are outlined in the Brand Performance Check Guide.

## 1. PURCHASING PRACTICES

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
1.1 Percentage of production volume from suppliers where affiliate buys at least 10% of production capacity	54%	Affiliates with less than 10% of a factories' production capacity generally have limited influence on factory managers to make changes.	Supplier information provided by affiliate.	3	4	0

**Recommendation:** FWF recommends Albiro to consolidate its supplier base where possible, and increase leverage at suppliers to effectively request improvements of working conditions.

**Comment:** At many of the production sites, especially in Eastern Europe, Albiro buys (almost) 100% of the production capacity. However, at several other suppliers, especially in Asia, Albiro has low leverages. This is due to the diverse production range of Albiro.

1.2 Percentage of production volume from suppliers where a business relationship has existed for at least five years	69%	Stable business relationships support most aspects of the Code of Labour Practices, and give factories a reason to invest in improving working conditions.	Supplier information provided by affiliate.	3	4	0
--	-----	--	---	---	---	---

**Comment:** Albiro maintains stable business relationships with more than two-thirds of its suppliers.

1.3 All new suppliers are required to sign and return the Code of Labour Practices before first orders are placed.	No	The CoLP is the foundation of all work between factories and brands, and the first step in developing a commitment to improvements.	Signed CoLPs are on file.	0	2	0
--	----	---	---------------------------	---	---	---

**Recommendation:** FWF recommend Albiro to agree in writing with its intermediary to inform Albiro about new suppliers, and ensure they have signed the CoLP, before they start producing for Albiro. See also recommendation at indicator 4.3.

**Comment:** Albiro usually requires suppliers to sign the CoLP before first orders are placed. However, one intermediary of Albiro used several new Asian suppliers and informed Albiro at the end of the year where production took place. Those suppliers did not sign the CoLP before starting Albiro production.

1.4 Company conducts human rights due diligence at all new suppliers before placing orders.	Yes	Due diligence helps to identify, prevent and mitigate potential human rights problems at new suppliers.	Documentation may include pre-audits, existing audits, other types of risk assessments.	4	4	0
---	-----	---	---	---	---	---

**Comment:** Before adding a new supplier, Albiro conducts a thorough human rights due diligence process. If possible, they try to find suppliers that already produce for other FWF affiliates. A checklist including labour standards is discussed with the supplier and existing audit reports (if available) are checked.

1.5 Supplier compliance with Code of Labour Practices is evaluated in a systematic manner.	No	A systemic approach is required to integrate social compliance into normal business processes, and supports good decisionmaking.	Documentation of systemic approach: rating systems, checklists, databases, etc.	0	2	0
--	----	--	---	---	---	---

**Requirement:** A systematic approach is required to integrate social compliance into normal business processes, and supports good decision-making. The approach needs to ensure that Albiro consistently evaluates the entire supplier base and includes information into decision-making procedures.

**Recommendation:** Albiro is encouraged to develop an evaluation/grading system for suppliers where compliance with labour standards is a criterion for future order placement. Part of the system can be to create an incentive for rewarding suppliers for realised improvements in working conditions.

**Comment:** Albiro has a supplier rating system with a separate category for social compliance. However, it was not specified on what basis the social compliance of a supplier was evaluated. Albiro started to develop objective criteria for evaluating social compliance in 2014, this will be effective from 2015 onwards.

1.6 The affiliate's production planning systems support reasonable working hours.	General or ad-hoc system.	Affiliate production planning systems can have a significant impact on the levels of excessive overtime at factories.	Documentation of robust planning systems.	2	4	0
---	---------------------------	---	---	---	---	---

**Requirement:** A production planning system can have a significant impact on the levels of excessive overtime at factories. Albiro should maintain a forecasting system and production planning system that enables good planning at production level and avoids late design or quality changes, as well as help to limit the effects of peaks in demand. Furthermore, Albiro should ensure to have link between link between sourcing decisions and social standards monitoring meaning that business relationships should not be terminated right after an audit.

**Recommendation:** FWF recommends Albiro to evaluate the impact of its new digital monitoring and planning system on working hours, with the three different supplier groups (see additional comments on purchasing practices) with which Albiro has different levels of control and influence.

**Comment:** In 2014, Albiro started to implement a new digital monitoring and planning system to allow smoother production planning. The full effects of this system will start to show in 2015. In 2014, Albiro worked with different procedures regarding production planning. Group 1 (see additional comments on purchasing practices) receives orders by Albiro and is asked to deliver within four weeks. For Group 2 suppliers, Albiro places the orders and then waits for the supplier to suggest a delivery date. In some cases in 2014, suppliers were terminated without prior notice due to low sales volumes. Sometimes this happened shortly after an audit, which could give the supplier the impression that the end of the business relationship was related to the audit.

1.7 Degree to which affiliate mitigates root causes of excessive overtime.	Intermediate efforts	Some production delays are outside of the control of affiliates; however there are a number of steps that can be taken to address production delays without resorting to excessive overtime.	Documentation of root cause analysis and positive steps taken to manage production delays or improve factory processes.	3	6	0
--	----------------------	--	---	---	---	---

**Recommendation:** FWF recommends Albiro to further investigate overtime levels, discuss with factory management on the causes of excessive overtime and provide support to manage overtime. If necessary, the Albiro could hire local experts to analyse root cause of excessive overtime in cooperation with the supplier. FWF could recommend qualified persons upon request. Albiro could start further investigating the suppliers where excessive overtime was found and where it has highest leverage and influence.



**Comment:** Two out of five FWF audits conducted in 2014 as well as two complaint have shown suppliers to have overtime and/or intransparent working hour records.

In two cases, Albiro discussed the issue with the suppliers and is working on a solution to make sure it does not occur again. In another case, Albiro stopped production after the audit and did therefore not follow up. In the fourth case, a Chinese supplier shared by several FWF affiliates, Albiro started production after the complaint regarding excessive overtime was received (see indicator 3.4 for further details).

In general, FWF audits showed that at the majority of Albiros's supplier in Macedonia audited in 2014, excessive overtime was not an issue. However, Albiro does not have a clear picture of overtime levels and the impact of Albiro's sourcing practices at suppliers in China.

1.8 Affiliate's pricing policy allows for payment of at least the legal minimum wages in production countries.	Country-level policy	The first step towards ensuring the payment of minimum wages - and towards implementation of living wages - is to know the labour costs of garments.	Formal systems to calculate labour costs on per-product or country/city level.	2	4	0
--	----------------------	--	--	---	---	---

**Requirement:** Albiro needs to develop a pricing policy where they know the labour cost of garments and which allows the payment of at least legal minimum wages in production countries.

**Comment:** Even though Albiro knows labour costs for certain suppliers, especially those where Albiro sources with high leverages, the company cannot show their overall pricing policy explicitly takes payment of at least the legal minimum wage into account at all supplier groups in all countries.

1.9 Affiliate actively responds if suppliers fail to pay legal minimum wages.	Yes	If a supplier fails to pay minimum wage, FWF affiliates are expected to hold management of the supplier accountable for respecting local labour law.	Complaint reports, CAPs, additional emails, FWF audit reports or other documents that show minimum wage issue is reported/resolved.	1	2	-2
---	-----	--	---	---	---	----

**Comment:** Two out of five FWF audits conducted in 2014 showed, that some workers were paid below minimum wage. Albiro followed up with one supplier, who agreed to raise the wages accordingly. This has not yet been verified by FWF. In the second case, Albiro stopped production and did therefore not remediate.

1.10 Evidence of late payments to suppliers by affiliate.	No	Late payments to suppliers can have a negative impact on factories and their ability to pay workers on time. Most garment workers have minimal savings, and even a brief delay in payments can cause serious problems.	Based on a complaint or audit report; review of factory and affiliate financial documents.	0	0	-1
---	----	--	--	---	---	----

**Comment:** No audits conducted by FWF in 2014 showed evidence of late payment by Albiro.

1.11 Degree to which affiliate assesses root causes of wages lower than living wages with suppliers and takes steps towards the implementation of living wages.	Factory-level approach	Sustained progress towards living wages requires adjustments to affiliates' policies.	Documentation of policy assessments and/or concrete progress towards living wages.	4	8	0
---	------------------------	---	--	---	---	---

**Recommendation:** FWF encourages Albiro to discuss with more suppliers about possibilities to work towards higher benchmarks. This should include suppliers, where Albiro has lower leverage, yet longer-term relation. Albiro could e.g. seek cooperation with other clients of the supplier. In case FWF members are interested to develop a joint approach to improve wages at a shared supplier, FWF is in the position to give advice on measures that need to be taken by Albiro to ensure compliance with anti-trust/anti-competition legislation in relevant jurisdictions.

**Comment:** Albiro and one supplier participated in a FWF living wage project in 2014 in Macedonia. Within this project, a consultant of Albiro was involved in the development of costing sheet to assess actual costs involved in raising wage benchmarks at the supplier. For other suppliers, where Albiro has a high leverage, the company has a thorough understanding of wage levels and root causes for payment below living wages. However, regarding their other suppliers, where Albiro has lower leverages, the company only has little insights into their wage structures.

1.12 Affiliate sources from an FWF factory member.	No	When possible, FWF encourages affiliates to source from FWF factory members. On account of the small number of factories this is a 'bonus' indicator. Extra points are possible, but the indicator will not negatively affect an affiliate's score.	Supplier information provided by affiliate.	N/A	1	0
1.13 Percentage of production volume from factories owned by the affiliate.	2%	Owning a supplier increases the accountability and reduces the risk of unexpected CoLP violations. Given these advantages, this is a bonus indicator. Extra points are possible, but the indicator will not negatively affect an affiliate's score.	Supplier information provided by affiliate.	1	2	0

Comment: Albiro owns one small supplier accounting for 2 % of its overall FOB and sources almost 100% of the total production capacity at 12 suppliers.

## PURCHASING PRACTICES

Possible Points: 42

Earned Points: 23

### Additional comments on Purchasing Practices:

Albiro sources at three groups of suppliers:

- Group 1: Supplier only does CMT. Albiro delivers the material.
- Group 2: Purchasing of models according to ALBIRO designs. Supplier gets the delivery date and sources the raw material.
- Group 3: Purchasing of non-ALBIRO labelled ready-made garments.

At FWF, group 1 and 2 are defined as "own production", group 3 as "external production".

Albiro started a strategy to reduce the amount of suppliers within the next three years and to work with few core suppliers only in the future.

## 2. MONITORING AND REMEDIATION

BASIC MEASUREMENTS	RESULT	COMMENTS
% of own production under standard monitoring (excluding low-risk countries)	49%	
% of own production in low risk production countries where FWF's Low Risk policy has been implemented	25%	FWF low risk policy should be implemented. 0 = policy is not implemented correctly. N/A = no production in low risk countries.
Total of own production under monitoring	74%	Minimums: 1 year: 40%; 2 years 60%; 3 years+: 90% Measured as a percentage of turnover.

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
2.1 Specific staff person is designated to follow up on problems identified by monitoring system	Yes	Followup is a serious part of FWF membership, and cannot be successfully managed on an ad-hoc basis.	Manuals, emails, etc., demonstrating who the designated staff person is.	2	2	-2

Comment: Specific staff at Albiro is designated to follow up on problems identified by monitoring system.

2.2 Degree of progress towards resolution of existing Corrective Action Plans	Intermediate	FWF considers efforts to resolve CAPs to be one of the most important things that affiliates can do towards improving working conditions.	Documentation of remediation and followup actions taken by affiliate.	4	8	-2
---	--------------	---	---	---	---	----

Recommendation: FWF recommends Albiro to also actively follow-up on CAPs with group 2 suppliers (see additional comments under sourcing practices), also when Albiro does not have local staff - besides the current follow-up with group 1 suppliers, where Abiro visits because it provides technical assistance and is more closely involved in the production process.

**Comment:** FWF conducted five audits in 2014 at Macedonian suppliers of Albiro. Findings ranged from safety issues to missing overtime records, payment below legal minimum wage as well as workers not receiving pay slips. With four suppliers, Albiro discussed the findings and has started remediation. In one case, Albiro stopped production soon after the audit took place and did therefore not follow up.

At one supplier in China shared with other FWF affiliates, Albiro was not willing to actively take the lead in CAP follow up from an audit in 2013. The reason given by Albiro was that they do not have local staff in China.

2.3 Percentage of production volume from suppliers that have been visited by the affiliate in the past financial year	45%	Formal audits should be augmented by annual visits by affiliate staff or local representatives. They reinforce to factory managers that affiliates are serious about implementing the Code of Labour Practices.	Affiliates should document all factory visits with at least the date and name of the visitor.	2	4	0
---	-----	---	---	---	---	---

**Recommendation:** Regular visits provide the opportunities to discuss problems and corrective actions in the time period between formal audits. Albiro is recommended to make sure that during annual visits social compliance issues are checked.

**Comment:** Albiro regularly visits suppliers in Eastern Europe and Morocco, but did not visit Turkey and China in 2014.

2.4 Existing audit reports from other sources are collected.	Yes and quality assessed	Existing reports form a basis for understanding the issues and strengths of a supplier, and reduces duplicative work.	Audit reports are on file; evidence of followup on prior CAPs. Reports of quality assessments.	2	3	0
--	--------------------------	---	--	---	---	---

**Recommendation:** Existing reports form a basis for understanding the issues and strengths of a supplier, and reduces double work. Existing audits can be counted towards the monitoring threshold if the quality of the report is assessed using the FWF audit quality tool and corrective actions are implemented.

**Comment:** Albiro is a BSCI member and systematically collects audit report and assesses their quality. However, Albiro could only show for one supplier in Morocco that they then also followed up on corrective actions.

2.5 Audit Report and Corrective Action Plan (CAP) findings are shared with factory. Improvement timelines are established in a timely manner	Yes	2 part indicator: FWF audit reports were shared and discussed with suppliers within two months of audit receipt AND a reasonable time frame was specified for resolving findings.	Corrective Action Plans, emails; findings of followup audits; brand representative present during audit exit meeting, etc.	2	2	-1
2.6 High risk issues specific to the affiliate's supply chain are identified and addressed by the monitoring system.	Intermediate Capacity	Different countries and products have different risks associated with them; monitoring systems should be adapted to allow appropriate human rights due diligence for the specific risks in each affiliates' supply chain.	Documentation may take many forms; additional research, specific FWF project participation; extra monitoring activities, extra mitigation activities, etc.	3	6	0

**Recommendation:** Knowing the country specific risks facilitates the starting point for discussing this with suppliers. Albiro can agree on additional commitments that are required to mitigate risks. Albiro can provide additional measures for support and integrate that in the monitoring system. FWF recommends Albiro to systematically investigate common risks like excessive overtime, low wages as well as lack of freedom of association and actively address them with all suppliers.

**Comment:** Albiro is well aware of general risks in their supply chain.

A) Syrian refugees in Turkey. Albiro is aware of the guidance document published by FWF and plans to visit their supplier in 2015.

B) Sandblasting. Albiro sells jeans, but does not use designs that could require hazardous sandblasting technique.

C) Myanmar and Bangladesh. Albiro considers does countries as particularly risky and does therefore not source there at the moment.

D) India. Their Indian supplier, where they only source small quantities, is SA8000 certified. Beyond that no steps are taken (e.g. participation in FWF's WEP programme to prevent violence against women).

FWF country studies are used to prepare for visits. BSCI audit reports are collected to get a better picture of suppliers that have not yet been audited by FWF.

Albiro does not systematically address risks such as excessive overtime and lack of freedom of association (especially China and India) within their monitoring system.

2.6a High risk issues specific to Bangladesh are identified and addressed by the monitoring system and remediation activities.	Not sourcing in Bangladesh	Affiliates sourcing in Bangladesh should take additional action to address both building and fire safety and the prevention of violence against women.	Building, electrical and fire safety inspection reports, evidence of cooperation with other customers sourcing at the same factories (Accord signatories and/or FWF affiliates), etc.	N/A	3	0
2.6b High risk issues specific to Myanmar are identified and addressed by the monitoring system and remediation activities.	Not sourcing in Myanmar	Myanmar is still in the process of establishing the legal and civil society infrastructure needed to ensure compliance with labour rights. Extra care must be taken when doing business in Myanmar.	Shared CAPs, Wage Ladders per factory.	N/A	3	0

2.7 Affiliate cooperates with other customers in resolving corrective actions at shared suppliers	Information sharing	Cooperation between customers increases leverage and chances of successful outcomes. Cooperation also reduces the changes of a factory having to conduct multiple Corrective Action Plans about the same issue with multiple customers.	Shared CAPs, evidence of cooperation with other customers.	1	2	-1
---	---------------------	---	--	---	---	----

Recommendation: FWF recommends Albiro to cooperate more actively with suppliers at shared suppliers and occasionally take the lead in remediation to share responsibility.

Comment: Albiro shares on Chinese supplier with other FWF affiliates that still has unresolved CAP issues. Albiro is informed about the status, but did not yet actively follow up themselves.

2.8 Monitoring requirements are fulfilled for production in low-risk countries	Yes	Low risk countries are determined by the presence and proper functioning of institutions which can guarantee compliance with basic standards.	Documentation of visits, notification of suppliers of FWF membership; posting of worker information sheets, completed questionnaires.	2	2	0
--	-----	---	---	---	---	---

Comment: Albiro fulfilled monitoring requirements for production in low-risk countries, meaning that the FWF CoLP was signed by the supplier and posted at the factory and the supplier was visited by Albiro. In some cases, Albiro even conducted audits at some suppliers based in low-risk countries.

2.9 External brands resold by the affiliate who have completed and returned the external brand questionnaire. (% of external sales volume)	85%	FWF believes it is important for affiliates that have a retail/wholesale arm to at least know if the brands they resell are members of FWF or a similar organisation, and in which countries those brands produce goods.	Questionnaires are on file.	2	3	0
--	-----	--	-----------------------------	---	---	---

Requirement: Albiro should receive a completed and returned questionnaire from external brands resold by Albiro.



Comment: All external suppliers have been informed about FWF membership and have received the external brand questionnaire (group 3 suppliers). Albiro faces the problem that not all of them return the questionnaire signed.

2.10 External brands resold by affiliates that are members of another credible initiative. (% of external sales volume)	35%	FWF believes affiliates who resell products should be rewarded for choosing to stock external brands who also take their supply chain responsibilities seriously.	External production data in FWF's information management system. Documentation of sales volumes of products made by FWF or FLA members.	0	3	0
---	-----	---	---	---	---	---

Comment: Two of the external brands resold by Albiro are members of FWF. Albiro has raised this amount since the last performance check.

## MONITORING AND REMEDIATION

Possible Points: 35

Earned Points: 20

### Additional comments on Monitoring and Remediation:

Albiro submitted FOB values per production location. However, FWF was unable to verify all FOB values per production location for production that was ordered via intermediaries (see also 5.1).

### 3. COMPLAINTS HANDLING

BASIC MEASUREMENTS	RESULT	COMMENTS
Number of worker complaints received since last check	4	At this point, FWF considers a high number of complaints as a positive indicator, as it shows that workers are aware of and making use of the complaints system.
Number of worker complaints in process of being resolved	4	
Number of worker complaints resolved since last check		

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
3.1 A specific employee has been designated to address worker complaints	Yes	Followup is a serious part of FWF membership, and cannot be successfully managed on an ad-hoc basis.	Manuals, emails, etc., demonstrating who the designated staff person is.	1	1	-1
3.2 System exists to check that the Worker Information Sheet is posted in factories	Yes	The Worker Information Sheet is a key first step in alerting workers to their rights.	Photos by company staff, audit reports, checklists from factory visits, etc.	2	2	0

**Recommendation:** FWF recommends Albiro to ask suppliers to submit a photo of the posted CoLP with the annual questionnaire and to ask staff visiting a supplier to check if the documents are still posted as indicated on the obtained photo.

**Comment:** Albiro asks suppliers to send pictures of the posted CoLP and occasionally check this during visits. For some Chinese suppliers, Albiro could not provide pictures of posted CoLPs.

3.3 Percentage of FWF-audited factories where at least half of workers are aware of the FWF worker helpline.	40%	The FWF complaints procedure is a crucial element of verification. If factory-based complaint systems do not exist or do not work, the FWF worker helpline allows workers to ask questions about their rights and file complaints. Factory participation in the Workplace Education Programme also count towards this indicator.	Percentage of audited factories where at least 50% of interviewed workers indicate awareness of the FWF complaints mechanism + percentage of factories in WEP programme.	2	4	-2
--	-----	--	--	---	---	----

**Requirement:** Albiro should inform the factory managers about the existence of the hotline as they are key actors in informing workers about their rights.

Albiro should have a routine to ensure the worker information sheet with complaints handlers contact details is posted in a place freely accessible to workers. The information sheet is the first step towards awareness raising about the existence and functioning of FWFs worker hotline.

**Recommendation:** Albiro can stimulate its suppliers to participate in WEP trainings, to raise awareness about the existence and the functioning of FWF's worker hotline. In addition to sending the worker information sheet, affiliates can use the worker information cards available for download on FWF's website.

**Comment:** In two out of five FWF audits conducted in 2014, at least half of workers were aware of FWF worker helpline.

Albiro distributed worker information cards in Macediona to enhance awareness among workers regarding their rights and available grievance mechanisms.

3.4 All complaints received from factory workers are addressed in accordance with the FWF Complaints Procedure	Yes	Providing access to remedy when problems arise is a key element of responsible supply chain management. Affiliate involvement is often essential to resolving issues.	Documentation that affiliate has completed all required steps in the complaints handling process.	3	6	-2
--	-----	---	---	---	---	----

**Recommendation:** FWF recommends Albiro to conduct root cause analysis regarding the issues raised and ensure preventive steps are taken after a complaint. Furthermore, Albiro should check, whether violations reported could also occur at other suppliers.

**Comment:** A worker at a Macedonian supplier raised a complaint with FWF regarding involuntary overtime, payment below minimum wage, verbal abuse by the factory and the lack of proper grievance systems within the factory. Albiro addressed the complaint in accordance with the FWF Complaints Procedure and started remediation with the supplier. This has not yet been verified by FWF.

Workers at another supplier in China (shared with other FWF affiliates) raised three different complaints, that have all been closed by now. Albiro started production after the complaints were received and remediation by other FWF members sourcing at the supplier had already started. Albiro contacted those members to check whether it could support remediation. One of the other FWF affiliates had taken the lead in discussing the issue with the production site and was given the mandate by Albiro to discuss on their behalf.

3.5 Cooperation with other customers in addressing worker complaints at shared suppliers	Information sharing	Because most factories supply several customers with products, involvement of other customers by the FWF affiliate can be critical in resolving a complaint at a supplier.	Documentation of joint efforts, e.g. emails, sharing of complaint data, etc.	1	2	-2
--	---------------------	--	--	---	---	----

**Recommendation:** FWF recommends Albiro to actively cooperate with other FWF affiliates in case of a complaint even if Albiro has little leverage at the supplier.

**Comment:** Albiro was informed about the status of the three complaints at one shared supplier.

## COMPLAINTS HANDLING

Possible Points: 15

Earned Points: 9

## 4. TRAINING AND CAPACITY BUILDING

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
4.1 All staff is made aware of FWF membership requirements	Yes	Preventing and remediating problems often requires the involvement of many different departments; making all staff aware of FWF membership requirements helps to support cross-departmental collaboration when needed.	Emails, trainings, presentation, newsletters, etc.	1	1	-1

**Comment:** The company's intranet contains FWF information and FWF info is included in internal communication like newsletters. New employees get briefed by the Head of Quality Management responsible for FWF membership.

4.2 Ongoing training in support of FWF requirements is provided to staff in direct contact with suppliers.	Yes	Sourcing, purchasing and CSR staff at a minimum should possess the knowledge necessary to implement FWF requirements and advocate for change within their organisations.	FWF Seminars or equivalent trainings provided; presentations, curricula, etc.	2	2	0
--	-----	--	---	---	---	---

**Recommendation:** FWF encourages purchasing staff or agents to observe factory audits by FWF audit teams to learn about the audit process and to be able to better follow up on corrective action plans.

**Comment:** The person responsible for FWF membership attended the FWF affiliate seminar. Other staff in direct contact with suppliers, e.g. technicians and the Head of Production are briefed by her. Occasionally, staff responsible for FWF travels together with other staff to visit suppliers and uses those trips to share more information about FWF.

Buyers received a FWF training in 2013.

4.3 All sourcing contractors/agents are informed about FWF's Code of Labour Practices.	Yes	Agents have the potential to either support or disrupt CoLP implementation. It is the responsibility of affiliate to ensure agents actively support the implementation of the CoLP.	Correspondence with agents, trainings for agents, FWF audit findings.	1	2	-2
--	-----	---	---	---	---	----

**Recommendation:** FWF recommends Albiro to actively train their sourcing contractors/agents and enable them to support the implementation of the CoLP, especially at suppliers that are not frequently visited by Albiro.

**Comment:** Albiro works together with agents to coordinate production in Asia. Agents are informed about FWF membership requirements, Albiro's sourcing strategy and how to follow up on corrective actions. However, they are not actively and systematically involved in implementing the CoLP and remediating audit findings.

4.4 Factory participation in Workplace Education Programme (where WEP is offered; by production volume)	2%	Lack of knowledge and skills on best practices related to labour standards is a common issue in factories. Good quality training of workers and managers is a key step towards sustainable improvements.	Documentation of relevant trainings; participation in Workplace Education Programme.	1	6	0
---	----	--	--	---	---	---

**Requirement:** Manufacturers and their workers should be systematically informed about FWF and the implementation of the Code of Labour Practices. All factory management and workers should be informed and aware about the relevant labour standards and grievance mechanisms.

**Recommendation:** In order to ensure awareness and enhance understanding of the relevant labour standards, grievance mechanisms and the importance of a good mechanism for communication between employers and workers in the workplace, FWF developed the Workplace Education Programme. This programme is offered in the 4 priority countries as well as Tunisia, Romania, Macedonia (starting 2015) and Vietnam. Albiro should motivate its main supplier(s) to join WEP trainings.

**Comment:** In 2014, no suppliers of Albiro participated in a WEP. A shared supplier had participated in 2013 before Albiro started sourcing there.

4.5 Factory participation in trainings (where WEP is not offered; by production volume)	48%	In areas where the Workplace Education Programme is not yet offered, affiliates may arrange trainings on their own or work with other training-partners. Trainings must meet FWF quality standards to receive credit for this indicator.	Curricula, other documentation of training content, participation and outcomes.	3	4	0
---	-----	--	---	---	---	---

**Recommendation:** FWF recommends Albiro to also find possibilities for trainings at production sites in areas where the WEP is not offered. Suppliers in Macedonia should be encouraged to enroll in the WEP, which will be offered in Macedonia in the future.

**Comment:** In 2013, a freelance trainer gave a training to management and workers on the Code of Labour Practices and grievance mechanisms (focus FWF hotline) at several Macedonian suppliers of Albiro. This was discontinued in 2014, however worker information cards have been distributed in Macedonia. Additionally, management of two Macedonia suppliers joined a productivity training given by a third party.

---

## TRAINING AND CAPACITY BUILDING

Possible Points: 15

**Earned Points: 8**

---

### Additional comments on Training and Capacity Building:

Albiro participates with one production site in Macedonia in a FWF project to assess the productivity at the production site to assess whether the cost for increasing wages can be absorbed by improving productivity.

## 5. INFORMATION MANAGEMENT

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
5.1 Level of effort to identify all production locations	Intermediate	Any improvements to supply chains require affiliates to first know all of their production locations.	Supplier information provided by affiliate. Financial records of previous financial year. Documented efforts by affiliate to update supplier information from its monitoring activities.	3	6	-2

**Requirement:** FWF requires Albiro to be aware of production locations prior to production orders and have the FWF CoLP signed before orders are placed.

Furthermore, Albiro is required to set up a system that allows FWF to verify how invoices by intermediaries are linked to individual production locations.

**Comment:** Albiro generally has a good knowledge of its supplier base and is mostly aware which suppliers and subcontractors are used for its production. In Macedonia, several small production sites are used, but also frequently visited by Albiro technicians. However, their Chinese intermediary regularly changes suppliers without informing Albiro in advance.

For some suppliers, Albiro does not know the exact FOB and production volume, but has to rely on data given by the intermediary (see also additional comment, chapter 2).

5.2 A system exists to allow purchasing, CSR and other relevant staff to share information with each other about working conditions at suppliers	Yes	CSR, purchasing and other staff who interact with suppliers need to be able to share information in order to establish a coherent and effective strategy for improvements.	Internal information system; status CAPs, reports of meetings of purchasing/CSR; systematic way of storing information.	1	1	-1
--	-----	--	---	---	---	----



Comment: Generally, all staff at Albiro has access to the supplier database which includes the relevant information about working conditions at suppliers.

---

## INFORMATION MANAGEMENT

Possible Points: 7

Earned Points: 4

---

## 6. TRANSPARENCY

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
6.1 Communication about FWF membership adheres to the FWF communications policy	Yes	FWF membership should be communicated in a clear and accurate manner. FWF guidelines are designed to prevent misleading claims.	Logo is placed on website; other communications in line with policy. Affiliates may lose points if there is evidence that they did not comply with the communications policy.	1	1	-2

Comment: Albiro communicates about FWF on its website and adheres to the FWF communication policy.

6.2 Affiliate engages in advanced reporting activities	No	Good reporting by members helps to ensure the transparency of FWF's work and shares best practices with the industry.	Affiliate publishes one or more of the following on their website: Brand Performance Check, Audit Reports, Supplier List.	0	1	0
--	----	---	---	---	---	---

Recommendation: FWF recommends Albiro to publish one or more of the following reports on its website: brand performance check, audit reports, supplier information. Good reporting by members helps to ensure the transparency of Albiro and FWF's work.

6.3 Social Report is submitted to FWF and is published on affiliate's website	Published on affiliate's website	The Social Report is an important tool for affiliates to transparently share their efforts with stakeholders.	Report adheres to FWF guidelines for Social Report content.	2	2	-2
---	----------------------------------	---	---	---	---	----

Comment: The social report has been submitted to FWF and is published on Albiro's website.

---

## TRANSPARENCY

Possible Points: 4

Earned Points: 3

---

## 7. EVALUATION

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
7.1 Systemic annual evaluation of FWF membership is conducted with involvement of top management	Yes	An annual evaluation involving top management ensures that FWF policies are integrated into the structure of the company.	Meeting minutes, verbal reporting, Powerpoints, etc.	2	2	0

Comment: A strategy meeting takes place once a year with involvement of top management. Fair Wear Foundation membership is part of the sustainability strategy of Albiro.

7.2 Changes from previous Brand Performance Check implemented by affiliate	40%	In each Brand Performance Check report, FWF may include requirements for changes to management practices. Progress on achieving these requirements is an important part of FWF membership and its process approach.	Affiliate should show documentation related to the specific requirements made in the previous Brand Performance Check.	2	4	-2
--	-----	---	--	---	---	----

**Requirement:** Albiro is required to work towards remediation of previous requirements from the last Brand Performance Check. Further engagement needs to be taken with regard to the following requirements mentioned in the last Brand Performance Check:

1.5 A systematic approach is required to integrate social compliance into normal business processes, and supports good decision-making.

1.6 The affiliate's forecasting system and production planning system should enable good planning at production level and also help to limit the effects of peaks in demand to reduce overtime.

1.7 Albiro should investigate to what extent its current buying practices has an effect on the working hours at supplier level. A root cause analysis of excessive overtime should be done to investigate which steps can be most effective to reduce overtime.

4.3 Albiro needs to ensure agents are aware of FWF requirements and actively support the implementation of the CoLP.

4.4 Manufacturers and their workers should be systematically informed about FWF and the implementation of the Code of Labour Practices. All factory management and workers should be informed and aware about the relevant labour standards and grievance mechanisms.

5.1 It is required to make an effort to identify all production locations and keep FWF up-to-date on supplier changes and newly discovered subcontractors.

**Comment:** Albiro received 13 requirements in the last Brand Performance Check. While no requirement has been implemented completely yet in 2014, Albiro has started to make efforts on most issues. The company has invested in a new digital monitoring system which will allow to organise and monitor processes like production planning and CAP follow up more systematically in the future.

Challenges remain to involve agents more actively in CoLP implementation and analysing root causes for common audit findings and risks such as excessive overtime, especially at suppliers where Albiro sources only small quantities.

---

## EVALUATION

Possible Points: 6

Earned Points: 4

---

## RECOMMENDATIONS TO FWF

Albiro would appreciate it if FWF offered complaints reports and CAPs in English as well as the local language.

Also, Albiro noted that the wage ladder as well as the database could be more userfriendly and automatically calculate the current FOB under monitoring.

Furthermore, Albiro would like FWF to offer more guidance and support in remediation.

## SCORING OVERVIEW

CATEGORY	EARNED	POSSIBLE
Purchasing Practices	23	42
Monitoring and Remediation	20	35
Complaints Handling	9	15
Training and Capacity Building	8	15
Information Management	4	7
Transparency	3	4
Evaluation	4	6
Totals:	71	124

BENCHMARKING SCORE (EARNED POINTS DIVIDED BY POSSIBLE POINTS)

57

PERFORMANCE BENCHMARKING CATEGORY

Needs Improvement



## BRAND PERFORMANCE CHECK DETAILS

Date of Brand Performance Check:

30-06-2015

Conducted by:

Ruth Vermeulen, Lisa Suess

Interviews with:

Andrea Graefe, Head of Quality Management

Roland Loosli, CEO

Audit Summary:

Publication of the audit summary section previously included in Brand Performance Checks has been suspended while Fair Wear Foundation develops a new information system to manage and summarize the data.