



Brand Performance Check

Albiro Textile Group

August 2013

This report covers the evaluation period
June 2012 to December 2012

About the Brand Performance Check

Fair Wear Foundation believes that improving conditions for apparel factory workers requires change at multiple levels. Traditional efforts to improve conditions focus primarily on the factory. FWF, however, believes that the management decisions of the 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.

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.

Improvement of supply chains is a step-by-step process, through which affiliates must address many different issues. FWF affiliates vary greatly in management structures, and have different strengths. The Performance Benchmarking system is designed to reflect these differences, and the many different ways that a company can support better working conditions.

During the Brand Performance Check, FWF staff speak to various employees at the affiliate who have important roles to play in the management of supply chains. FWF verifies the actions of affiliates based on several sources including documentation of activities, financial records, the affiliate's supplier register and staff interviews. Following the Brand Performance Check, FWF summarizes findings in this report, which is made public via www.fairwear.org. The FWF Performance Benchmarking Guide provides more information about the indicators and is available for download.

Brand Performance Check Details

Date of Brand Performance Check

18-Jul-13

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Scoring

Affiliate Benchmarking scores and Performance Benchmarking categories will be published starting in 2014. During 2013, FWF will be testing out the new system and evaluating the appropriate threshold levels for Benchmarking categories.

Albiro Textile Group (hereafter Albiro)

2013 Brand Performance Check

| Affiliate Information | | |
|--|---|---|
| Headquarters: | Sumiswald | Switzerland |
| Member Since: | June | 2012 |
| Product Types: | Sportswear, Outdoor, Workwear | |
| Production countries: | FWF Active Countries: Bangladesh, Bulgaria, China, India, Italy, Macedonia, Portugal, Romania, Turkey, Vietnam Other countries: Slovakia, Czech Republic, Hungary, Bosnia, Morocco | |
| Basic Requirements | | |
| Workplan for this evaluation period was submitted? | Yes | Must be submitted before start of evaluation period |
| Projected supplier register for this evaluation was submitted? | Yes | Must be submitted before start of evaluation period |
| Actual supplier register for this evaluation period has been submitted? | Yes | Must be submitted after the end of the evaluation period. |
| Membership fee has been paid? | Yes | |
| All suppliers have been notified of FWF membership? | Yes | |
| Scoring Overview | | |
| % of suppliers under monitoring | 45.4% | |

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| Summary | Albiro meets FWF membership requirements. Albiro Textile Group consists of several brands - workwear: Albiro, Marsum, Solida, Wikland and outdoor: Frency, Bailo (taken over end of 2012, beginning of 2013). Albiro faces challenges which come with many suppliers supplying the different brands and the take-over of new brands including further suppliers. Albiro already set up a sustainability strategy in 2012 which will help Albiro to cover these challenges in the future. Albiro started to allocate production to core production sites and will do within the coming next three years to be able to monitor and implement the CoLP throughout its entire supply chain. Albiro has started good implementation at suppliers which produce for Albiro only, especially in Macedonia. Aside FWF membership, Albiro is also member of the Business Social Compliance Initiative (BSCI). |
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Purchasing Practices

| Basic Measures | | Comments |
|---------------------------------------|-------|--|
| % of production in low-risk countries | 32.7% | Countries with relatively low risk of labour violations as defined by FWF. |

| Performance Indicators | Result | Relevance of Indicator | Documentation |
|--|--|--|---|
| 1.1 Percentage of production volume from suppliers where affiliate buys at least 10% of production capacity. | 67% | Affiliates with less than 10% of a factories' production capacity generally have limited influence on factory managers to make changes. | Supplier register provided by affiliate. |
| | Comment: At many of the production sites, Albiro buys 100% of the production capacity. | | |
| 1.2 Percentage of production volume from suppliers where a business relationship has existed for at least five years. | 57% | Stable business relationships support most aspects of the Code of Labour Practices, and give factories a reason to invest in improving working conditions. | Supplier register provided by affiliate. |
| | | | |
| 1.3 Labour conditions are considered when selecting new suppliers. | Not applicable | Including labour conditions considerations in selecting suppliers supports responsible business practices. | Documentation of decisionmaking process; e.g. checklists for buyers, emails, etc. |
| | Comment: New suppliers have been added in 2012 but all before FWF membership started. Albiro has developed a detailed check list which is used to visit new production sites from 2013 onwards. The check list includes detailed questions on the status of social standards at the production sites and existence of audit reports. | | |
| 1.4 All new suppliers are required to sign and return the Code of Labour Practices before first orders are placed. | Not applicable | 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. |
| | Comment: Albiro developed an internal process which includes that the CoLP has to be signed before production starts at new suppliers. | | |

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| 1.5 Company conducts audits at all new suppliers before placing orders. | Not applicable | An important due diligence step. Before placing production orders, affiliates should conduct an audit at all new suppliers to assess risks for CoLP violations. | Audit documentation; must meet FWF audit quality standards. |
| | Comment: Albiro has integrated in its management system that new suppliers have to be audited before production starts. Albiro checks the willingness of suppliers for an audit and existing audit reports already at an even earlier state of cooperation. | | |
| 1.6 Affiliate sources from an FWF factory member. | No | When possible, FWF encourages affiliates to source from FWF factory members. The small number of factories in the programme means sourcing from FWF factory members cannot be a requirement. | Supplier register provided by affiliate. |
| 1.7 Percentage of production volume from factories owned by the affiliate. | 5% | Owning a supplier provides clear accountability for and direct influence over working conditions. It reduces the risk of unexpected CoLP violations. | Supplier register provided by affiliate. |
| | Comment: The own production is used for sampling. Products itself are then produced at other production sites. Recommendation: FWF supports direct ownership of suppliers. Owning a supplier provides clear accountability for and direct influence over working conditions. It reduces the risk of unexpected CoLP violations. | | |
| 1.8 Supplier compliance with Code of Labour Practices is evaluated in a systemic 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. |
| | Comment: A structured process is already established and agreed upon, but production sites are not evaluated in a systemic manner yet. This will be done in 2013. Performance improvement is not rewarded, but decisions have been made in 2012 on how to reduce the supplier base within the next 3 years, first termination of business relationships has been initiated. Social standards are a factor in this decision making process. 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 the affiliate consistently evaluates the entire supplier base and includes information into decision-making procedures. | | |
| 1.9 The affiliate's production planning systems support reasonable working hours. | Strong, integrated systems in place | Affiliate production planning systems can have a significant impact on the levels of excessive overtime at factories. | Documentation of robust planning systems. |

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| | <p>Comment: Albiro sources at 3 groups of suppliers (see overview again in Purchasing Practices Comments).</p> <p>Group 1 (more than 50% of Albiro's turnover): Group 1 covers products where Albiro delivers all materials and the production site is only doing cut-make-trim. Group 1 articles are produced in Europe. The lead time is approx. 15 weeks. The production site is guaranteed that the full production capacity is used. Most of the production sites hence produce 100% for Albiro. In 2012 Albiro decided to take over the production planning from the local management. This gives the opportunity to support reasonable working hours more closely. Albiro sees a challenge for production in March and April at the production sites when Albiro can cover 75% of the production only.</p> <p>Group 2: Goods in category group 2 are purchased at the production site according to Albiro's designs without sourcing of raw materials, but ALBIRO brands labelled. A forecast of production is shared with the production site already at the beginning of the year for production in the coming next year which basically leaves time for production planning of at least one year. The suppliers are requested to source the raw materials themselves, details about the production are shared with the supplier in a way that leaves approx. six months for sourcing of materials, production and transport of the ordered goods.</p> <p>Group 3: Products from category 3 are considered "external production" at FWF. Albiro sources these products from other brands and functions as a retailer.</p> | | |
| 1.10 Percentage of production volume from suppliers where excessive overtime is found by FWF. | 100% | Excessive overtime is one of the most common labour rights violations in high-risk production countries. It is often caused by poor production planning by brands. | Audits conducted by FWF auditors; Complaints filed via the FWF worker helpline. |
| | <p>Comment: FWF conducted one audit during the evaluation period. At this production site, excessive overtime was found.</p> <p>Requirement: The affiliate has to take adequate steps to reduce excessive overtime at the production sites.</p> | | |
| 1.11 Degree to which affiliate analyses and mitigates root causes of excessive overtime, if found. | Reactive Approach | Affiliate production planning systems can have a significant impact on the levels of excessive overtime at factories. | Examples of root cause analyses and resulting changes in production planning/policy. |
| | <p>Comment: In 2012, overtime has been found at one production sites audited by FWF which produces 100% for Albiro. As a consequence, Albiro has started to take over production planning systems for the production sites which are producing 100% for Albiro.</p> | | |
| 1.12 Affiliate's pricing policy allows for payment of at least the legal minimum wages in production countries. | Affiliate can demonstrate a pricing policy based on country level data. Minimum wage levels are known by affiliate in all production countries. | 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. |

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| | <p>Comment: Albiro's pricing policy depends on the three groups of production (see overview again in Purchasing Practices Comments). Group 1: The price depends on the minutes of work time needed for the product to be produced. All products are produced once at Albiro and minutes hence calculated. Albiro has 100% transparency and knowledge about workers payment.</p> <p>Group 2+3: Prices are given by the supplier and then discussed taking into consideration the minutes of work time needed for production and difficulty of product itself to be produced. Albiro pays extra in case of small order amounts. Albiro does not know the share of earning for a worker in comparison to the total product price.</p> <p>When deciding where to produce a new product, country wages are taken into account.</p> <p>Recommendation: FWF recommends to ensure style level pricing also at group 2 and 3 suppliers.</p> | | |
| 1.13 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. |
| | <p>Comment: At one of the audited production sites, payment below minimum wage was found for workers due to deductions in salary made by factory management. As a reaction to this, group 1 suppliers are now demanded to pay a salary which is defined by Albiro and which is higher than minimum wage. Albiro supports hourly wages. Some production sites still pay per piece. However, all workers need to be paid at least the price given by Albiro. To ensure that the higher salaries can be paid, Albiro increased purchasing prices 15%. Albiro expects to reduce the price increase again in the coming years while supporting a higher productivity level at the production sites.</p> <p>Recommendation: FWF recommends to analyse how living wage estimates can also be paid at group 2 and 3.</p> | | |
| 1.14 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. |
| | <p>Comment: None of the audit reports indicated late payments to suppliers by Albiro. Albiro pays within a week after receiving the invoice. Albiro supports pre-payments in case of holiday payments etc. to workers.</p> | | |
| 1.15 Degree to which affiliate assesses root causes of wages lower than living wages with suppliers. | Factory level approach | Sustained progress towards living wages requires adjustments to affiliates' policies. | Wage ladders, correspondence with supplier, other relevant documentation. |
| | <p>Comment: See indicator 1.13 for details.</p> <p>Recommendation: FWF encourages the affiliate to discuss with suppliers about possibilities to work towards higher benchmarks. FWF has developed experience with approaches that ensure that production workers in the selected facility take full benefit from the additional amounts that are committed to wage increases. FWF could give companies specific guidance on process rollout on request.</p> | | |

Purchasing Practices Comments:

Albiro sources at three groups of suppliers:

- Group 1: Own production with sourcing of raw materials.
- Group 2: Purchasing of models according to ALBIRO designs without sourcing of raw materials, but ALBIRO brands labelled.
- 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.

Monitoring & Remediation

| Basic Measures | | Comments | |
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| % of own production under monitoring | 45.40% | | Measured as a percentage of turnover. |
| Minimum monitoring threshold based on years of membership: | 40% (meets threshold) | | 1 year: 40%; 2 years 60%; 3 years+: 90% |
| Performance Indicators | Result | Relevance of Indicator | Documentation |
| 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. |
| | | Comment: Specific staff at Albiro is designated to follow up on problems identified by monitoring system. The designed staff is also COO of Albiro. The COO is supported by its Assistant COO. Recommendation: FWF recommends more integrated support to the COO and Assistant COO with monitoring system and effective Code implementation . | |
| 2.2 Degree of progress towards resolution of existing Corrective Action Plans. | Moderate efforts have been made to address most CAPs. | 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. |
| | | Comment: CAPs of FWF audit reports are implemented in a systematic matter. Audit reports of another organisation is followed up closely at a core supplier in Macedonia. Audit reports of other production sites are not followed up as those relationship with those suppliers will be terminated in the coming three years. | |
| 2.3 Percentage of production volume from suppliers that have been visited by the affiliate in the past financial year. | 57% | 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. |
| | | Comment: Albiro's main production sites have been visited regularly by the team of production and technicians. | |

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| 2.4 Existing audit reports are collected. | Yes, quality assessed and corrective actions implemented | 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. |
| Comment: Albiro is member of BSCI and can therefore evaluate the qualitative differences between FWF audit methodology and audit reports of other organisations. The quality of the reports is assessed but not explicitly with the audit report quality assessment of FWF. FWF does not see a necessity for Albiro to use the audit quality assessment tool of FWF due to the companies deep understanding of audit report quality. | | | |
| 2.5 Audit Report and Corrective Action Plan (CAP) findings are shared with factory. Improvement timelines are established in a timely manner. | Yes | FWF audit reports should be shared and discussed with suppliers within two months of audit receipt. Timely sharing of information and agreement on corrective actions is essential for improvement. A reasonable time frame should be specified for resolving findings. | Corrective Action Plans, emails; findings of followup audits; brand representative present during audit exit meeting, etc. |
| Comment: Audit reports are shared with the management of the production site and internally with staff at Albiro in direct contact with the suppliers. In Macedonia, Albiro engaged one freelance worker to follow up on corrective actions at the suppliers in Macedonia. Time lines for corrective actions are agreed upon in a timely manner. | | | |
| 2.6 A structured approach is used to address issues that occur at multiple suppliers. | No | Issues that occur in multiple factories often need to be addressed in a systemic manner, especially when the root causes are located in brand management choices or from regionally specific issues (e.g. fire safety, gender discrimination and harassment). | Documentation of a systemic approach: root cause analyses, productivity assessments, guidance documents, internal system changes, etc. |
| Recommendation: FWF suggests that the affiliate analyses whether findings from a factory audit could occur at other suppliers as well. This will lead to a preventive approach where issues are addressed in a systematic manner. The analysis should focus on own brand practices as well as regional or country specific issues (such as fire safety or gender discrimination). | | | |
| 2.7 Affiliate cooperates with other customers in resolving corrective actions at shared suppliers. | Not applicable | Cooperation between customers increases leverage and chances of successful outcomes. Cooperation also reduces the chance 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. |
| Comment: In 2012, only one audit was conducted at a production site where Albiro uses 100% production capacity. | | | |

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| 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. |
| Comment: Albiro notifies suppliers of FWF membership, asks and checks for the posting of the worker information sheets and completely filled in questionnaire. | | | |
| 2.9 External brands resold by the affiliate who have completed and returned the external brand questionnaire. (% of external sales volume) | 63% | 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. |
| 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 some of them do not return the questionnaire. Albiro has actively tried to get the data. Albiro has terminated business relationship with some external suppliers who did not fill in the questionnaire in 2012, further terminations are planned for 2013. Requirement: FWF affiliate should receive a completed and returned questionnaire from external brands resold by the affiliate. | | | |
| 2.10 External brands resold by affiliates that are members of another credible initiative. (% of external sales volume) | 36% | FWF believes affiliates who resell products should be rewarded for choosing to stock external brands who also take their supply chain responsibilities seriously. | Supplier register; Documentation of sales volumes of products made by FWF or FLA members. |
| Comment: Two external suppliers are affiliated to FWF. | | | |

Monitoring Comments:

Albiro's monitoring system is strong with regard to group 1 and 2 (FWF definition "own production"). Albiro has detailed information from the suppliers but faces challenges of subcontractors which they became aware of after detailed research at the production sites. With group 3 suppliers, Albiro tries to get the addresses of the production sites which is good effort and recommended by FWF but not required. Albiro sells these products with external labels, hence these suppliers are considered "external production" by FWF.

Complaints Handling

| Basic Measures | | Comments |
|---|-----|--|
| Number of worker complaints received since last check. | 0 | 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. | N/A | |
| Number of worker complaints resolved since last check. | N/A | |

| Performance Indicators | Result | Relevance of Indicator | Documentation |
|---|--|--|--|
| 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. |
| | Comment: Albiro's COO is the contact person in case of complaints. Although Albiro did not have a complaint in the evaluation period, Albiro has prepared an internal procedure to follow in case a complaint is received in future. | | |
| 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. |
| | Comment: All suppliers are requested to send pictures of the posted CoLP. The posting is checked during every visit at the production site. | | |

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| 3.3 Percentage of audited factories where at least half of workers are aware of the FWF worker helpline. | 0% | 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. | Percentage of audited factories where at least 50% of interviewed workers indicate awareness of the FWF complaints mechanism. |
| <p>Comment: At the one audited production site the FWF CoLP and FWF helpline was not hung up and workers not informed.</p> <p>Requirement: Albiro should check if the worker information sheet is posted. The information sheet is the first step towards awareness raising about the existence and functioning of FWF's worker hotline.</p> <p>Requirement: It is important that the affiliate informs the factory managers about the existence of the hotline. The factory managers are the key actors in informing workers about their rights.</p> <p>Recommendation: The affiliate can stimulate its suppliers to participate in WEP trainings, to raise awareness about the existence and the functioning of FWF's worker hotline.</p> | | | |
| 3.4 All complaints received from factory workers are addressed in accordance with the FWF Complaints Procedure. | Not applicable | Involvement by the FWF affiliate is crucial in resolving a complaint at a supplier. | Documentation that affiliate has completed all required steps in the complaints handling process. |
| 3.5 Cooperation with other customers in addressing worker complaints at shared suppliers | Not applicable | 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. |

Complaints Comments

Training & Capacity Building

| Performance Indicators | Result | Relevance of Indicator | Documentation |
|--|--------|--|--|
| 4.1 Staff at affiliate 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. |
| Comment: All staff in Austria and Switzerland are trained by FWF January 2013 (this is not within the reporting period but the delay for the trainings came due to shortage of capacity on behalf of FWF and therefore trainings are mentioned and evaluated already). The company's intranet contains FWF information. Including e.g. recommendations on where to buy sustainable jeans as this question was raised by several staff. | | | |
| 4.2 Advanced training is provided to staff in direct contact with suppliers on CoLP requirements. | 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. |
| Comment: Trainings are conducted by Albiro's COO. | | | |
| 4.3 Agents are informed of CoLP requirements and act to support their implementation. | 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. |
| Comment: Less than 10% of the production is sourced through the use of agents. Agents are informed about FWF membership requirements, Albiro's sourcing strategy and how to follow up on corrective actions. | | | |
| 4.4 Factory participation in Workplace Education Programme (where WEP is offered; by production volume). | 0% | Lack of knowledge 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. |
| Recommendation: The affiliate is recommended to enrol a greater number of its suppliers in FWF's Workplace Education Programme (WEP), which offers trainings factories producing for FWF members. WEP trainings contribute to social dialogue between workers and management. The introductory training of WEP builds awareness of labour standards and strengthens dispute handling mechanisms. It is made available to FWF members free of charge. | | | |

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| 4.5 Factory participation in trainings (where WEP is not offered; by production volume). | 39% | In areas where the Workplace Education Programme is not yet offered, affiliates may arrange trainings on their own. Trainings must meet FWF quality standards to receive credit for this indicator. | Curricula, other documentation of training content, participation and outcomes. |
| <p>Comment: Albiro hired a freelance worker who is explicitly responsible to implementation of social standards at the production sites in Macedonia. This person visits the production sites regularly and also gave a training to management and workers on the Code of Labour Practices and grievance mechanisms (focus FWf hotline). The person reports on a monthly basis to Albiro.</p> <p>Recommendation: FWF recommends to also find possibilities for trainings at production sites outside of Macedonia.</p> | | | |

Training & Capacity Building Comments

Albiro participated 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.

Information Management

| Performance Indicators | Result | Relevance of Indicator | Documentation |
|---|--------|--|---|
| 5.1 Supplier register for the previous financial year is verified as being complete and accurate. | Yes | Any improvements to supply chains require affiliates to first know all of their suppliers. | Completed supplier register; Financial records of previous financial year. |
| <p>Comment: Albiro has handed in a two supplier register. One supplier register containing the production sites where they source directly (CMT, group 1+2), another with intermediaries where they buy ready made products (group 3). The supplier register with group 1+2 is complete although Albiro discovers quite a lot of subcontractors the more the company investigates in the supply chain. Albiro started to reduce intermediaries and production sites which are not cooperating and do not want to be transparent.</p> <p>The financial records verified the accuracy of the supplier registers handed in.</p> <p>Requirement: It is required to keep FWF up-to-date on supplier changes and newly discovered subcontractors.</p> | | | |
| 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. |
| <p>Comment: Generally, all staff at Albiro has access to the supplier database which includes the relevant information about working conditions at suppliers. The database is used by the COO and Assistant COO as well as product management and purchasing. Changes at production sites and the status of compliance with social standards is discussed during a weekly management meeting.</p> | | | |

Information Management Comments:

Transparency

| Performance Indicators | Result | Relevance of Indicator | Documentation |
|--|--------|---|---|
| 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. |
| Comment: Communication about FWF membership adheres to the FWF communications policy. FWF is communicated online at the several websites of Albiro brands and included e.g. in information brochures and catalogues. | | | |
| 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. |
| 6.3 Social Report is submitted to FWF and is published on affiliate's website | Yes | The Social Report is an important tool for brands to transparently share their efforts with stakeholders. | Report adheres to FWF guidelines for Social Report content. |
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Transparency Comments:

Evaluation

| Performance Indicators | Result | Relevance of Indicator | Documentation |
|---|--|---|--|
| 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. |
| | Comment: A strategy meeting takes place once a year with involvement of top management. Fair Wear Foundation is part of the sustainability strategy of Albiro. | | |
| 7.2 Percentage of required changes from previous Brand Performance Check implemented by affiliate. | Not applicable | In each Brand Performance Check report, FWF may include requirements for changes to management practices. Adherence to these requirements is an important part of FWF membership. | Affiliate should show documentation related to the specific requirements made in the previous Brand Performance Check. |
| | Comment: This is Albiro's first Brand Performance Check. | | |

Evaluation Comments:

Comments to FWF

This area provides an opportunity for affiliates to provide feedback to FWF.

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1. Albiro would appreciate another detailed training for staff traveling to the production sites.
 2. Albiro would like to have more authentic audiovisual material which could support the communication of Albiros' membership to FWF and why working on the implementation of social standards is important. Albiro is looking for more practical examples to be used towards customers to understand the complexity of working towards good social standards.
 3. Albiro would appreciate more transparency with regard to the supplier data of FWF affiliates. This could help to produce more frequently at the same production sites to have higher leverage with regard to implementation processes.
 4. Albiro highlights that they are happy with the relationship with FWF. Albiro sees FWF as a strategical partner who is very flexible and helping towards higher standards.
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Appendix 1: FWF Audit Finding Summary by Country

This chart summarizes the number of time each finding was reported during an FWF Audit in each country.

| | Macedonia |
|--|--|
| Total Number of Audits: | 1 |
| Standard Findings | |
| Sourcing practices | |
| No areas for improvement | 1 |
| Monitoring system | |
| The FWF affiliate has not provided FWF Code of Labour Practices to the factory. | 1 |
| No areas for improvement | |
| Management system of factory to improve working conditions | |
| The factory has coached workers and / or falsified documents in preparation of the audit | |
| Other | 1: Several documents which are important to an effective monitoring system are either missing or incomplete. |
| Communication and consultation | |
| Management has not informed workers actively about the FWF Code of Labour Practices and / or relevant national or local legislation. | 1 |
| There is no effective internal grievance mechanism in place. | 1 |
| Employment is freely chosen | |
| No areas for improvement | 1 |
| No discrimination in employment | |
| No areas for improvement | 1 |

| | |
|---|---|
| No exploitation of child labour | |
| No areas for improvement | 1 |
| Freedom of association and the right to collective bargaining | |
| There is no independent workers' organisation or union, which is run by workers without management's involvement. | 1 |
| Payment of a living wage | |
| Wages are below living wage level as estimated by local stakeholders. | 1 |
| The factory does not pay overtime premium to workers according to legal requirements. | 1 |
| Other | 1: There are deduction from the wage due to the unfulfilled norm that in some cases lead to payment below legal minimum wage. 1: Earned salary is not paid in one full amount. |
| Reasonable hours of work | |
| The factory is not transparent regarding overtime records. | 1 |
| Excessive overtime was found: <i>please specify:</i> | 1: Overtime hours exceed legally allowed 8 hours per week. |
| Safe and healthy working conditions | |
| Critical/minor issues regarding fire safety are found | 1 |
| Critical/minor issues regarding machine safety are found | 1 |

| | |
|--|---|
| Other | 1: No medical exams performed in the last two years. 1: Workers health and safety representatives are not known to the workers. 1: Several documents are missing. |
| Legally binding employment relationship | |
| No areas for improvement | 1 |