



Annual Report 2010

Table of contents

1. Introduction	3
2. The Fair Wear formula	5
3. Focus	5
4. Grounded principles	6
5. Multi-Stakeholder DNA	8
5.1. Stakeholders on an operational level	9
5.2. Stakeholders in consumer countries	9
5.3. Stakeholders in production countries	10
6. Process approach	16
6.1. Membership	16
6.2. Labelling a process	18
6.3. Making the grade	18
7. Multi-level verification	19
7.1. Complaints procedure	19
7.2. Factory verification	20
7.3. Brand Performance Checks	23
8. Transparency	26
9. Cooperation	28
Annex I: overview members	29
Annex II: financial overview	32

1. Introduction

Fair clothing should be simple... but it never is.

The people who make our clothes often work in poor conditions. That's not fair. And it's not easy to fix. The supply chains that create those conditions span six continents and are very complex.

FWF's mission is to improve labour conditions for the hundreds of thousands of workers involved in making clothes for FWF member companies.

Fair Wear Foundation:

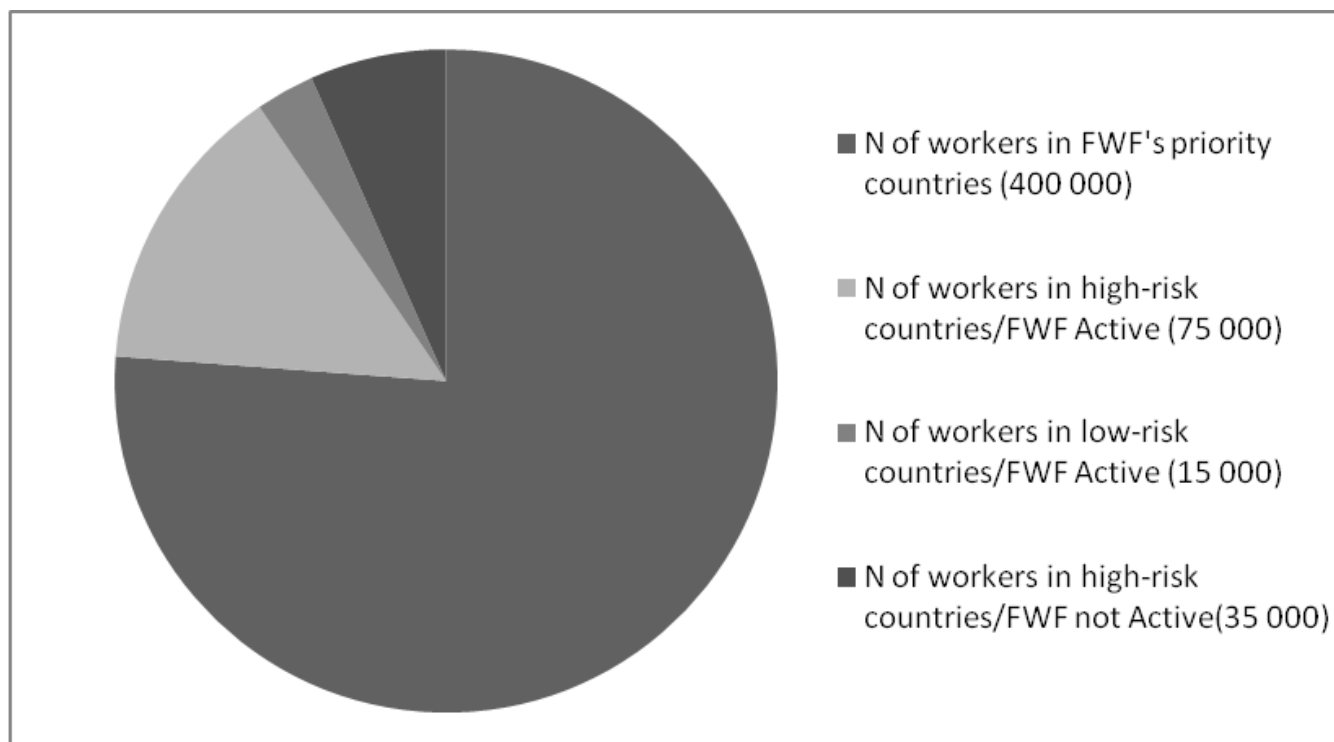
- checks that brands respect human rights in their supply chains
- checks working conditions in garment factories
- provides worker complaint hotlines in 15 production countries
- ensures cooperation between factories, brands and all other stakeholders.

There's no such thing as '100% fair' clothing (yet). But our members are working hard to get there. By changing the way they do business, through cooperation with their suppliers and with each other. And by allowing FWF to check and report on their progress.

In 2010, major progress was made in terms of transparency and accountability. Performance checks were done at companies that in 2010 had been affiliated to FWF for more than a year. The reports of those audits were published on the FWF website, providing information on how well the companies are implementing the requirements set by FWF. Verification work in FWF's priority countries was strengthened, as was the structural reporting on FWF's activities on, among others, FWF's website and in a number of reports.

Global garment and textile supply chains span six continents and involve many different factories, workers and other stakeholders. Trade unions, governments, labour and women's rights organisations, business associations... they all have an impact on work floor conditions. So at FWF, we involve all of them in our work. We do this in 15 production countries in Asia, Europe and Africa.

Estimates for numbers of workers in factories supplying FWF affiliates:



2. The Fair Wear formula

“Millions of garment and textile workers face poor working conditions and limits on their rights and freedoms every day. FWF has invested more than 10 years in developing effective workplace solutions. And the truth is: there is no single solution for workplace injustice. There are many. And at FWF, we find that solutions work best when combined.” – *the Fair Wear formula*

In 2010, FWF published *the Fair Wear formula*, a write-up of ten years of experience and learning about improving labour conditions in garment supply chains. The book, which was a huge success in terms of publicity and in the responses we got from businesses and stakeholders alike, frames FWF’s approach in terms of a formula:

The Fair Wear formula was devised to address the realities of today’s global garment industry. Each component of the formula represents a key aspect of FWF’s system. Taken together, these promise sustainable changes for garment and textile workers.

This report uses most of the elements of the Fair Wear formula to outline FWF’s work in 2010.



3. Focus



FWF focuses on those phases of production where sewing is the main manufacturing process. It is here that FWF believes it can have the greatest impact for workers. FWF’s focus means that its staff has advanced and specialised knowledge of industry practice and trends. Focus also enables

FWF to concentrate on building strong working relationships with those local and international stakeholders who, themselves, specialise in garments and textiles – a keystone for sustainable change in the industry.

From the perspective of consumers and brands, however, an approach that integrates different aspects of sustainability along the entire supply chain is an attractive notion. To make sure FWF keeps the advantages of its strong focus, while still allowing for a

more integrated approach, FWF is open to partnerships with other organisations where this advances FWF’s mission.

One of FWF’s efforts to cooperate with other initiatives, is a project FWF is working on with Fairtrade Labelling Organizations International (FLO). The pilot explores how its verification approach can be applied to operations further up the supply chain: ginning, spinning, knitting/weaving, dyeing etc. The

project is supported by Max Havelaar Switzerland and Max Havelaar Netherlands.

The pilot is open to companies that are already a member of FWF and are Fairtrade cotton licensee of one of FLO's national chapters. Participating companies Switcher, Nudie Jeans and Charlie+Mary were asked to map their supply chain for Fairtrade cotton items as a part of the process to join the pilot. This is a meaningful assignment for companies to further map their supply chain and think about their responsibility regarding operators beyond their first tier suppliers. Audits are taking place in 2011. Before the audits, FLO and FWF jointly consulted local stakeholders on the labour situation and industrial relations. Information from these audits will be important input for performance checks at the brands, which are carried out in 2011 as part of the pilot. By means of this performance check, FWF will assess the way in which participating companies take responsibility to implement improvements after the audits at operators in their supply chain for Fairtrade cotton items.

The results from the pilot will be presented in Utrecht (NL) in October 2011 at FLO's meeting to evaluate all pilots of the ICCO-funded project.



4. Grounded principles

Most codes of conduct include provisions against child labour, forced labour, discrimination, and a

number of other labour standards. These are important and current policy and practice need to be checked against them constantly. Also, there are some provisions where codes can differ pretty radically, such as on wages.

The FWF wage ladder

There is no doubt that the topic of living wages presents its share of challenges: most garment producing facilities pay wages below a living wage level, and debates rage about how to measure a living wage – whether by using a formula or through workplace negotiation.

Yet if workers are not paid fairly for their work, they ultimately pay the balance on the full cost of what we wear. And that's not fair.



It is for this reason that FWF's Code of Labour Practices has always contained a living wage clause. Accepting this responsibility is an important first step. FWF and its affiliated companies have a great deal of work to do in order to realise this standard.

In 2010, a format for gathering wage data during factory audits was developed. The methodology for collecting this data was tried out during factory audits in Bangladesh, China, Turkey and Vietnam with the local audit teams. After receiving feedback from the teams, the methodology was adapted and more

instructions were added. During the year all audit reports contained wage levels in the factory, comparing these to different wage standards, including estimates of a living wage, in the country. The wage levels had been collected through FWF's local stakeholder network in the production countries.

Several methods for drafting the graphical representation of the wages were tried out over 2010. Eventually, it was decided to develop a more comprehensive web based system for drawing the wage ladders. Funding for developing this during 2011 was secured.

A women's industry?

The garment sector employs many women. In some countries, up to 90% of the employees are women, mostly young women. Women are affected differently than men by problems related to labour rights. This is partly because they are often less educated, or have a more vulnerable position in society, but also because they are only to a very limited extent organised in unions and have in addition to their paid job the responsibility for other tasks in and around their households and families.

A first step in 2010 to integrate a gender perspective in the work of FWF was to commission an analysis of the material and working methods of FWF to reveal any gender gaps.

Although both stakeholders and FWF staff were already very conscious of the fact that the target group for which FWF is

trying to realise improvements consists mainly of women, the analysis showed that gender inequality is not an explicit (enough) part of FWF materials produced to date, and therefore not measurable and visible in our work.

So the next step was the drafting of a plan to incorporate a gender perspective more explicitly, integrating it into the FWF method, based on the belief that reducing inequalities based on gender contributes to improving the position of employees.

The audit methodology has been supplemented with several points that make auditors more aware of the problems caused by gender discrimination. A number of issues are now explicitly named, and separate data are collected on women and men.

Maternity leave, timely notice of overtime, differences in pay and career opportunities, access to complaint procedures, (sexual) harassment, differences in representation in unions and the availability of adequate toilets and time to make use of them are some of the subjects to be dealt with in audits.

To complement FWF's mission and clearly communicate FWF's position, a gender policy statement was published in 2011.

Finally, FWF has contributed to strengthen the Dutch and European lobby for gender equality through its membership of – and policy contribution to – WO=MEN.



Country policies

FWF developed guidance documents for companies (that consider) sourcing from Burma or North Korea.

Based on a concise assessment of the labour situation in these countries, FWF argues that in both countries enforcement of existing legislation and general lack of respect for human rights provide insufficient foundation for a credible process towards good working conditions in factories.

In these countries, FWF is not able to execute its core activities: verifying labour conditions at factory level and stimulating sound industrial relations. For FWF staff it is not possible to travel to and work in these countries.

As part of the process of joining FWF, companies are asked to gradually terminate production in North Korea and Burma.

Companies are expected to specify a responsible exit strategy and a clear timeframe in the work plan that must be submitted upon joining. Both guidance documents can be downloaded from our website.

5. Multi-Stakeholder DNA



FWF joins together business associations, trade unions, and NGOs as equal partners at every level of FWF activity – from decision-making at the board level to workplace verification and code implementation. Each stakeholder group has an important

role to play in improving working conditions, and the impact is that much greater when they all work together.

Multi-stakeholder governance and financing

The board is its highest decision-making body and consists of four categories of stakeholders, with equal voting rights per category. This ensures that all stakeholder organisations have a balanced influence. The four categories are:

- the garment retailers' sector organisation
- the garment suppliers' sector organisation
- trade unions
- non-governmental organisations (NGOs)

The board sets general policy and is responsible for the work carried out by the Committee of Experts (CoE) and the staff. The CoE is composed of the same four categories as the board. The representatives of these organisations are experts in the field of garment production and trade, labour law and social development. The CoE advises the board. The staff implements the board's policy and report to the board and the CoE.

In 2010 the following changes in the board took place:

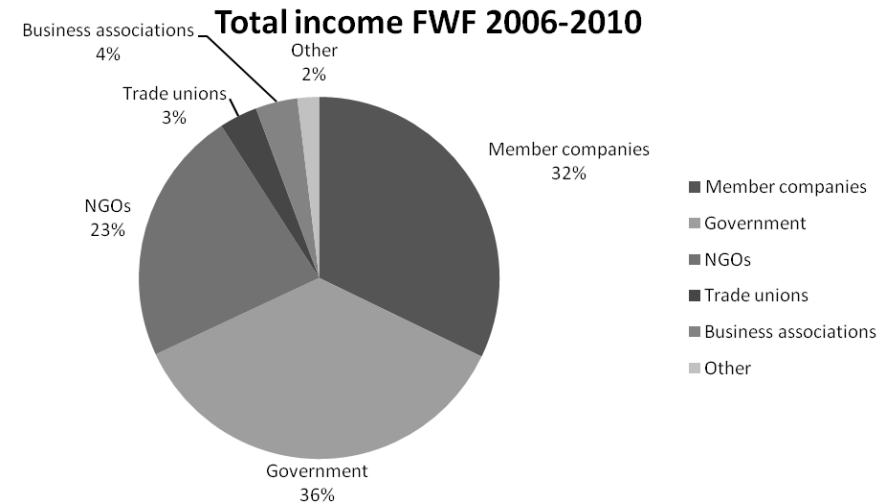
- The chair, Gerrit Ybema, became ill and was replaced by an interim chair Willy Wagenmans, who used to be in the FWF board as a representative for the trade unions.

- o Dirk Vincken joined the FWF board representing the Dutch employers' organisation FGHS for sportswear manufacturers and wholesalers.
- o Jeroen Warnaar, representing CNV Dienstenbond (a trade union) was replaced by Theo Katenberg from the same trade union.
- o Finally Evert de Boer served his maximum time in the FWF board and was replaced by Jupijn Haffmans, also representing SKC.

In the Committee of Experts there were also some changes:

- o Arno Dahlmans from FNV Bondgenoten was replaced by Jacob Plat, also FNV Bondgenoten
- o Margreet Vrieling, representing CNV Internationaal, started to work for FWF as an international verification coordinator and was replaced by Karen Bouwsma.

As part of its multi-stakeholder DNA and to safeguard its independence, FWF aims to have its financing structure mirror its governance structure. In 2010, the sources of income were distributed over member companies (covering the direct cost of verification) through their membership fees, governmental and non-governmental organisations, trade unions and business associations.



5.1. Stakeholders on an operational level

In FWF's multiyear plan 2010-2015, some clear goals are stated on stakeholder engagement both in production and in consumer countries. These goals helped FWF staff to determine which events to contribute to and with which organisations to engage in further dialogue.

5.2. Stakeholders in consumer countries

BSCI stakeholder meetings

As part of our aim to cooperate with other initiatives, FWF was during 2010 engaged in a regular dialogue with BSCI. Aim of the

dialogue was to push for synergies (i.e. prevent double audits, seek cooperation in local stakeholder dialogue in production countries). FWF attended various stakeholder meetings organised by BSCI in Brussels (6-10-2010) and in Amsterdam (2-12-2010). This gave FWF the possibility to liaise with BSCI, BSCI member companies, other NGOs, business associations and government representatives.

At the end of 2010 FWF and BSCI, for the first time, worked closely together in handling a complaint related to freedom of association in Turkey. Members of BSCI and FWF were sourcing from the same factory involved in the complaint. Cooperation proved to be successful in getting all the brands aligned and cooperate to resolve the issues.

Euratex, European Union, ETUC

Following the FWF board decision to expand our scope for finding funding partners, FWF intensified contacts with various organisations at the European level. At the general assembly of EURATEX (European Apparel and Textile Confederation), June 2010 in Brussels, FWF contributed to the discussion on sustainability in the European Apparel and Textile Industry. Next to the employers organisations FWF also invested in the contacts with the European and the International Trade Union Confederation. Furthermore FWF increased awareness by participating at the European Multi-Stakeholder Forum on CSR hosted by the European Commission's Directorate General for Enterprise and Industry (29 and 30 November 2010).

Multi-Stakeholder meetings in Switzerland and Germany

Both in Switzerland and Germany stakeholder meetings took place involving FWF member companies, business associations, trade unions and NGOs. Information exchange and sharing experience was the main goal of these meetings.

Members' meeting in Sweden

In November 2010 FWF convened a meeting for the Swedish member companies to exchange information and learning in implementing the FWF Code of Labour Practices. The Swedish Fairtrade centre gave a presentation on the outcome of a study into the harmful effects of sandblasting.

5.3. Stakeholders in production countries

One of FWF's greatest strengths is its approach to local stakeholder partnership. FWF has invested significant time and resources in relationship-building with local partners in production countries. This is because the effectiveness and value of FWF's system ultimately relies on local stakeholders' capacity to effect change locally.

Stakeholder partners in producer countries play a key role in providing policy advice and executing FWF's country-specific strategies, verification, and capacity building programmes.

As around 80% of FWF's members' products are made in four countries – Bangladesh, China, India and Turkey – these

countries have priority status within FWF's work. In addition to the verification activities FWF rolls out in all production countries (which include stakeholder consultation and development of country studies), FWF and its local stakeholders in priority countries roll out specific projects, geared to the local situation.

Bangladesh

In 2010, FWF exchanged ideas with stakeholders for improving complaints handling for workers and did fact-finding for factory trainings. Furthermore it gathered input for the update of the country study. FWF had meetings with unions, the export association, labour NGOs, the institute for labour studies and representatives of other buying companies.

As the number of factories producing for FWF affiliates in Bangladesh is growing and one of our auditors continued with her former job, FWF decided to select and train new auditors. A new group of people was trained in the FWF methodology and was updated on actual issues by stakeholder organisations. Four of these new people already have been able to perform audits under supervision. In the training program new elements have been added to include more explicitly the gender perspective in the auditing, as a follow up of the gender gap analysis

The main issue in Bangladesh in 2010 was the level of wages. After four years, the government decided to adjust the level of the legal minimum wage, which led to an intensive discussion and a lot of unrest among workers in the streets. For years the legal minimum wage was kept at the level of 1 661 taka for the

lowest grade, which is below the international poverty line – reason enough to raise it substantially. Together with all affiliates sourcing in Bangladesh, FWF wrote a letter to the government, employers and worker members of the tripartite wage board, stressing the importance that buying companies attach to living wages. FWF followed closely the results of the negotiations. Finally it was agreed that the minimum wage should go up, as per November. For the lowest category a rise of 80% was agreed upon, to reach a total of 3 000 taka. This amount is still far from what stakeholders consider a living wage, but a big step forward.

China

As part of ongoing stakeholder consultation FWF met with various labour NGOs in Hong Kong and mainland China as well as with the representative of the national employers association CNTAC. As a result, FWF keeps track of various developments on industrial and legislative development. Key developments are highlighted below:

- An increasing number of Chinese companies is making a move towards vertical supply chain integration. They are developing their own products and brands for the Chinese home market.
- Various law changes are expected with regard to worker – management dialogue. At the national level a law is drafted that will stipulate how an employee representative council is to be set up at company level, providing a platform to facilitate worker representation. The council

should be able to co-exist with existing enterprise level unions. In Guangdong province a law on democratic management of enterprises is underway. The draft text stipulates that a company is obliged to engage in collective bargaining on wages if this is requested by at least a third of the company workforce. If the employer would not respond to this request within 15 days or does not provide appropriate conditions and information for the bargaining process, a strike is legally allowed. In case the employer obstructs the bargaining process, which triggers workers to initiate a strike or work slowdown, the employer would need to refrain from terminating striking employees.

- Following labour shortages in many of its industrialised regions, legal minimum wages were increased in most of China's provinces, autonomous regions and municipalities. Although these increases are regarded as a step in the right direction, minimum wages in China still fall (far) short of living wages.

In dialogue with local stakeholders, FWF evaluated its approach on factory training, which FWF encourages its members to engage their suppliers in. It was found that factory training contributes to strengthened awareness on labour rights among workers and management. Simultaneously it was agreed that training activities should be deepened, with the ultimate objective of encouraging management and workers to engage in collective contracts.

In 2010 FWF published a study on wages in China's garment industry. The study, undertaken in cooperation with Beijing University and various grassroots NGOs, pointed out that local minimum wages do not provide sufficient basis for workers to sustain a reasonable living standard. Legal minimum wages for regular working hours were only about 60% of the amount that would be sufficient to meet workers' basic needs. As a result, workers are forced to work overtime or look for additional income outside working hours. On the basis of interviews with 400 workers FWF identified a bandwidth of wage levels that workers in the cities of Beijing, Shanghai, Dongguan and Ningbo found realistic for a regular working week. Report available on www.fairwear.org.

For 2010-2011 FWF received a project grant from Bread For All (CH) to run various China events facilitating exchanges of insights and perspectives between FWF, its members and their suppliers, and representatives of local stakeholders.

FWF invited representatives of stakeholders and its Chinese audit team to its Members Day on 19 March. Both experts gave a plenary presentation on their practical expertise in relation to capacity building in factories to improve social dialogue between management and workers.

On 24 May FWF hosted a seminar in Hong Kong to strengthen involvement of local stakeholders in its local audit teams in China. The program included several expert presentations, case study examples and roundtable discussions. Presentations

touched upon various issues such as grey areas in Chinese labour legislation regarding payment of overtime work, auditing from a gender perspective, social insurance reform and Asia Floor Wage campaign. Report available on www.fairwear.org.

In November and December FWF prepared for the first of its China supplier seminars (held in Shenzhen in January 2011) for which FWF invited affiliates with a significant part of their production in south China to send representatives of their factories and agents.

India

In 2010, FWF strengthened and expanded its stakeholder network in India, among others during two visits by the responsible verification coordinator. Stakeholders in Delhi, Bangalore and Tirupur were consulted. Child labour, low wages and poor health and safety are identified as high risk in North India, such as Haryana, Noida and Gurgaon. Violence against women at the workplace is the most common violation in Bangalore. Most production workers are women, while line managers are men. Verbal abuse and physical violence such as throwing pieces of garment at women are often seen in factories.

In Tirupur, the main concern is forced labour, which especially appears as the Sumangali scheme. These findings have been discussed during auditor meetings to raise awareness among FWF auditors.

FWF maintains regular discussions with a locally initiated project: the India Garment Roundtable organised by Metaculture – a professional consultancy company specialised in conflict resolution. Trade union confederations, NGOs, business associations, representatives of manufacturers, Multi-Stakeholder Initiatives (MSIs) and several renowned brands are participants of the roundtable. Government officials, the ILO and some academics have also taken part in the project. The Roundtable kicked off towards the end of 2010. FWF is considering joining the group in 2011.

In the second half of 2010, a large part of FWF's efforts focused on learning more about and formulating a strategy to combat the so-called Sumangali scheme.



The Sumangali scheme was first reported to the public by the media in early September 2010. The scheme is a form of forced labour prevalent in South India, notably Tirupur and Coimbatore. Young girls aged 14-20 were reported to be trapped in hostels of textile mills working under hazardous conditions. In addition to gaining more information from European stakeholders, a fact-finding trip was organised in October to Tirupur.

The verification coordinator responsible for India consulted various local NGOs, including the Centre for Education and Communication, Asia Floor Wage, Society for Labour and Development, Social Awareness and Voluntary Education. The

ILO South Asia office was consulted, as were the national trade union confederations and their local branches.

The four FWF affiliates sourcing from Tirupur and Coimbatore were contacted to join a meeting with FWF to discuss the Sumangali scheme and the implementation of FWF's Code of Labour Practices. Eight representatives from four suppliers attended the meeting. All suppliers in the meeting openly discussed the Sumangali scheme and the definition of forced labour. They also agreed to future audits and are willing to provide FWF with the names of their fabric suppliers. FWF drafted a background paper and strategies to combat forced labour in India based on the findings resulted from the fact-finding trip. The strategy has been adopted by the FWF affiliates sourcing from Tirupur and Coimbatore.

Finally, FWF has started a research project to update the country study together with a local Indian NGO Civil Initiatives for Development and Peace India. The previous research was done in 2004 and its focus was Tirupur. Two papers were written on wage and new developments on the industry and workers rights also in Tirupur in 2004 and 2007 respectively. Tirupur and Bangalore were the main cities which FWF affiliates sourced from during that period. In recent years, as new affiliates joined while others left, suppliers of FWF affiliates have been scattered in many different areas in India. The updated country study is expected to be finalised during the first half of 2011.

Turkey

Turkey is the second biggest supplier country for companies affiliated to FWF. The number of factories supplying FWF affiliates is now over 120. The main activities in 2010 can be summarised as awareness raising among local stakeholders about FWF and working on issues regarding freedom of association and work place dialogue, two of the major issues facing Turkish garment workers.

During 2010, the Joint FWF-FLA Liaison was installed and trained by FLA and FWF organisations. This included dialogue with local stakeholders, awareness raising on the work of FWF and FLA as well as complaints handling.

FWF had several direct meetings with business associations and trade unions in Turkey during the year. On top of this, the Joint-Liaison met with most of the business associations, trade unions and NGOs active in the garment industry to collect information on the situation in the industry, feedback on FWFs work, as well as to raise awareness about FWF activities in the country and especially the complaints mechanism. The Joint-Liaison also gave talk on FWF at two international meetings on CSR in the garment industry in Turkey. The outcomes of the dialogue meetings with local stakeholders will be published in an updated country report in 2011. Furthermore, the Joint-Liaison did work together with FWF to prepare the upcoming project on social dialogue on the factory floor being executed in 2011 and 2012.

Sandblasting was a big issue in Turkey during 2010. There were over 40 documented cases of workers in Turkey who have died from silicosis contracted by working with abrasive blasting of jeans. Exactly how many people have died or are at risk is not clear since the industry is characterised by many subcontractors and often unregistered workers. Experts estimate that several thousand former garment workers are at risk of developing silicosis over the next years just in Turkey. As a result, Turkey banned manual abrasive blasting in April 2009. FWF decided to adopt a policy, banning, with immediate effect, abrasive blasting with abrasive material containing crystalline silica. All other forms of sandblasting should be phased out according to plans submitted to FWF.

Thailand

Thailand was visited once in 2010. Local stakeholders such as the Thai Labour Campaign, Triumph International (Thailand) Labour Union, Committee for Asian Women and Friends of Women were visited to discuss labour conditions in garment factories. The verification coordinator also met with the Workers' Rights Consortium local office, Social Impact Ventures Asia, Kenan Institute Asia and CSR Asia Thailand office to share experiences on the implementation of company codes in Thailand. The CSR department of the Dutch embassy was consulted for input.

Low risk countries

According to the low risk policy of FWF, member companies should keep updated on the challenges in low risk countries and follow up on these with their supplier. In order to facilitate this, FWF actively engaged with stakeholders in Italy, Lithuania, Poland and Portugal during 2010. The work in Poland was consolidated further with the introduction of a local complaints handler.

Through the visits in these four low risk countries, it became apparent that FWF needs an individual approach to each of these countries. During 2011, FWF will therefore roll out an individual strategy for each of the low risk countries where the organisation is active.

In Italy, FWF met with one trade union, one business association, a local organisation and visited several production sites. The garment industry is well covered by the national collective bargaining agreements and there is good social dialogue. However, severe problems regarding working conditions can be found among undeclared and sometimes illegal subcontractors. FWF also conducted a factory based training in Italy for affiliated members and their agents to highlight the challenges faced in Italy.

In Lithuania stakeholder meetings were done with one NGO, three trade unions and one business association. FWF also visited two factories to talk to workers and management as well as the FWF affiliates sourcing from them. In cooperation with a local

NGO and a trade union, a country study for Lithuania was initiated, this will be finalised during 2011.

In Poland a local complaints handler was installed. The translated information sheet to the complaints handler was distributed to all affiliates sourcing in Poland. An updated country study was also done in which all important stakeholders representing government, business, trade unions and NGOs were consulted.

In Portugal two trade unions, the labour inspectorate, one business association and the agent of an FWF affiliate were visited to get an updated view on the situation. During the visit, FWF agreed on cooperation regarding complaints handling and information sharing with the trade unions and the labour inspectorate.

6. Process approach



Supply chain responsibility requires companies to make sourcing decisions that ensure good working conditions wherever their goods are made. It also requires companies to have management systems in place to consistently monitor conditions and

support improvements. That is a lot to tackle at once, especially for companies just starting out in CSR.

FWF's process approach meets companies where they are. Whether a CSR leader or newcomer, each affiliated company uses FWF guidance to identify areas where the changes they make can have the greatest impact. Subsequent steps build from

there. This step-by-step process leads to real and lasting improvements in workplaces throughout supply chains.

6.1. Membership

Year	2006	2007	2008	2009	2010
N of FWF member companies	29	34	43	51	62
N of terminated membership	1	3	1	6	8

While the total number of member companies keeps growing, so does the number of terminations. This is due to the increased demands FWF makes on its members:

In 2010 FWF acquired seventeen companies by using various acquisition approaches:

Coldcalling

FWF staff visited twelve European fashion, workwear and promotional fairs in 2010. The visits were followed-up by cold calling activities. Over three hundred companies were approached and informed about FWF membership.

Outdoor/Sportswear

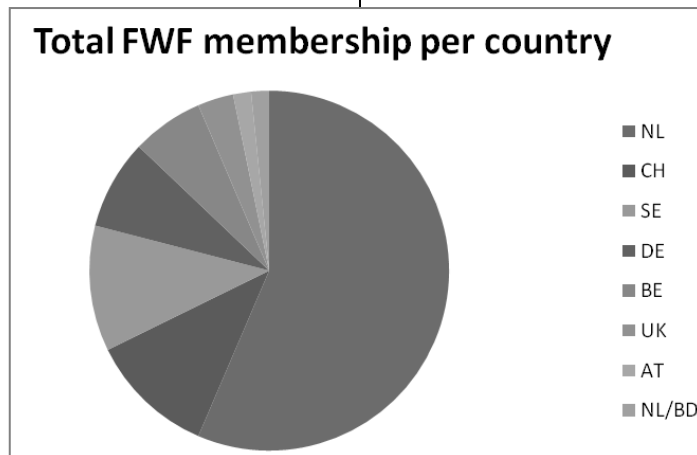
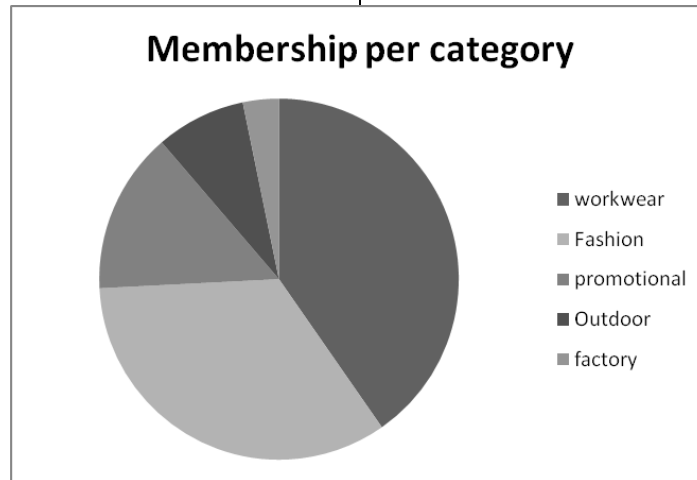
FWF Swiss coordinator focuses on outdoor companies. This has led to a growing number of outdoor companies, four in 2010, among which outdoor giant Jack Wolfskin from Germany. Outdoor companies are reached through fairs and, among other things, at meetings of the European Outdoor Group (EOG).

Workwear

Eight workwear companies joined FWF in 2010. One of the reasons for this increase is the growing demand for sustainable workwear products by governmental institutions and large buying offices of e.g. hospitals and hotel chains. FWF was a sponsor of the Corporate Fashion Awards in 2010.

Germany

FWF increased its German presence in 2010 with two new large German members. FWF also celebrated the Oktoberfest, with a stand on the Munich Fabric Start fair. In 2010 most visitors on our website were German and FWF



got good coverage in the German media. Frequent trips to Germany were made in order to inform companies, attend meetings and participate in events.

Ambassadors

FWF Ambassadors are members who do not work with factories or agents in production countries directly. Increasingly, FWF's ambassadors play a role in the acquisition of – mainly workwear – affiliates.

In 2010 FWF started with nine ambassadors. During 2010 six new ambassadors have joined FWF: five Dutch workwear trading companies and a Swiss outdoor retailer. The membership of one ambassador was terminated in 2010. At the end of the year, fourteen ambassadors were listed FWF members. Thirteen of these are workwear traders.

In 2010 the number of ambassadors increased significantly. One of the reasons for this is the sustainable public procurement approach of the Dutch government. Ambassadors are often the

direct suppliers of governmental institutions.

Ambassadors need to show that the brands they offer are produced under fair conditions. FWF membership enables them to illustrate that they are making an effort to work as much as possible with FWF affiliated companies.

To enable ambassadors to get this message out, FWF organised a marketing session for ambassadors during the Members' Day. The outcomes of this session serves as input for the development of the marketing toolkit (see below).

FWF asks its ambassadors to source 40% of their products from FWF affiliates in the first year of membership, 60% in the second year and 90 to a 100 % in the third year of membership. This is not always clear to the public. Therefore FWF started developing Brand Performance Checks (formerly Management System Audits) for ambassadors in 2010. FWF already publishes the results of these assessments on the website for affiliates, and plans to do so for ambassadors in 2011-2012. The MSA will enable FWF to be transparent about its ambassadors' progress.

6.2. Labelling a process

The wide divergence of the compliance level upon joining FWF, combined with the process approach and the notion of shared supply chain responsibility mean that FWF cannot provide 100% guarantees on the 'fairness' of a single product. Yet the call for a clear social label gets stronger. In 2010, therefore, FWF investigated possibilities to increasingly allow consumer labels.

The Management System Audit methodology, first and foremost, allows for transparency on company performance, a clear prerequisite for any kind of labelling. The – as yet very basic – policy for the use of hangtags and other on-garment use of the FWF logo is tied in with the MSA cycle: only when certain criteria have been met are companies allowed to use the FWF logo in on-garment communications.

To strengthen the labelling process, several activities were undertaken in 2010: the communications responsible attended and presented the FWF case at an international academic conference on social labelling in the garment industry in September 2010. An academic publication with the main papers of that conference, including the FWF case study, will be published in 2011.

Funding was acquired from CNV Internationaal to launch a consumer campaign, aimed at strengthening the FWF brand and raising consumer awareness of the issues FWF works on (see also under 'transparency'). Finally, the verification team started the development of clearer benchmarks, based on the Management System Requirements, which will lead to a grading of membership in 2011/2012.

6.3. Making the grade

The implementation of the MSA methodology has provided more insight in company performance. FWF firmly believes that the process approach means allowing companies time to work on the

implementation of the Code of Labour Practices. To maintain credibility, however, FWF does require that companies show clear progress. Where this is not the case, an intensive dialogue is initiated. In many cases, fortunately, this leads to renewed efforts. But in some cases, companies, for a variety of reasons, are unable – or unwilling – to continue working with FWF. In those cases and only after careful consideration, membership is terminated. In 2010 membership of eight companies was terminated – in some cases because companies did not make the grade.

7. Multi-level verification



While company commitments to ethical practices are important, such claims usually only gain credibility when verified by a third party. This is where FWF comes in. In order to gain real insight into company performance, FWF's verification system exists at three levels: at the company level, the factory level and through the local complaints procedures.

To support verification efforts in the production countries, FWF commissions a country study for each country and keeps track of the situation. In 2009 and 2010, Fair Wear Foundation received funding from CNV Internationaal to develop a format and a method for country studies that can be used to strengthen both the work of CNV and FWF. The goal was to adapt FWF's country

studies in a way which would make them more accessible and readable.

In 2009/2010, FWF developed a set of indicators for each country, publishing the key findings on the website. A format for a new 'full' country study was also devised. Many country studies are the result of cooperation with other organisations, making them an important part of FWF's collaborative approach.

7.1. Complaints procedure

When a complaint is filed by a factory worker, manager, local trade unionist or NGO worker, FWF informs the affiliate(s) sourcing from the factory in question and investigates the complaint.

Once the investigation is complete, the affiliate is asked to formulate a response. The (intermediate) report, the response and FWF's verification plan are published on the website.

Once the affiliate and supplier have implemented the corrective action and the verification process is concluded, the final report is also published. In 2010, twelve complaints were filed in five countries. Five complaints from previous years were also resolved in 2010.

An overview of all 2010 complaints, with links to the full complaints reports, can be found on www.fairwear.org under 'resources'.

7.2. Factory verification

Bangladesh

In 2010, four audits were done in Bangladesh. As the garment unions have only small presence within the factories, the legally required workers representation committees are an important instance for channelling the voices of the workers. Unfortunately the audits FWF performed showed again that factories did not establish well functioning, democratically elected worker representative committees. Another problem found in three of these factories is excessive overtime, which was registered separately from the legally allowed overtime hours. A difficult issue, as it is very much linked to the low wages. In our feedback to the companies we did the audits for, FWF guided member companies on how to start improvements.

China

New team members in East China were trained to strengthen FWFs presence in Shanghai, Zhejiang and Fujian. New auditors participated in various seminars and received on the job training during audits. In 2010, 30 factory audits were carried out by the FWF audit team in China.

Almost uniformly excessive overtime was found during audits. Various factors behind this problem have been identified.

First, workers, which are often migrants, request additional working hours as wages for a forty hour working week are insufficient to meet basic needs.

Second, many factories have poor planning practices; managers try to acquire a maximum number of orders, regardless of their production capacity based on normal efficiency and a regular working week.

And third, buyers make insufficient efforts to avoid delays in production.

The majority of audits also pointed at problems with calculation of wages and leave days, especially for workers on a piece rate. Many factories lacked a functioning platform for dialogue between workers and management, and did not contribute to governmental social insurance schemes.

FWF audits to verify improvements in working conditions to assess to what extent affiliates and factories had successfully implemented improvements after previous audits. No non-compliances were found with regard to the following labour standards: No forced labour, No child labour, No discrimination.

Factories adopted formal policies to register juvenile workers according to Chinese regulations in order to avoid child labour.

One factory stopped charging new workers a financial sum upon recruitment, which previously functioned as a barrier to discourage workers to resign within 3 years.

Several factories established a trade union, which was in some cases not yet functioning effectively as most workers were not aware of its existence.

With regard to payment of wages general documentation improved since the previous audits and basic wages increased in accordance with the new local minimum wages.

Since previous audits, factories generally became more transparent on working hours.

India

Two verification audits were conducted in India, one in North India and another one in the west. No violations were found regarding child labour, forced labour or discrimination. Awareness on freedom of association and the right to organise is low among workers. In the factory located in the North, the FWF auditor identified a fraudulent timekeeping record, which showed that the management did not pay overtime according to legal requirements. Although overtime did not seem to be a problem in the other factory, minimum wage was not paid. The affiliate sourcing from this factory promised to assist the factory in paying minimum wage and is in active discussion with the factory.

A small scale on-the-job auditor training was carried out to train a worker interviewer for North India. Potential new auditors were identified and contacted for the auditor training workshop in 2011.

Turkey

In order to maintain the audit capacity in Turkey, one new audit team was trained, and four on the job trainings were given during audits. During 2010 eight factory audits were done. Almost none of the factories audited had proper communication or complaints mechanisms to handle conflicts between workers and management. This is in line with the complaints received and underscores the importance of handling this issue at Turkish suppliers. Another of the major issues faced in Turkey is the high degree of informal employment. However, in the factories audited by FWF during 2010, only few cases of unregistered workers were found and it did not seem that it was done in a systematic way. The problem with employers systematically paying too low social security contribution remained an issue in most of the audited factories.

South-East Asia: Thailand and Vietnam

There are currently 24 suppliers in Thailand producing for FWF members, three of which are located in Mea Sot, on the border of Thailand and Burma. One audit was carried out and no complaint was received. According to most stakeholders, labour rights of Burmese migrant workers has become the main concern. As local labour cost increased in recent years, factories tend to employ more migrant workers who have less access to trade unions and lower awareness of their rights. Casual labour relationships constitute a second considerable risk. Permanent contracts are not common practice. Short term contracts,

sometimes as short as three months, have been offered to workers due to the instability of orders in export oriented manufacturing units. Outcomes of the stakeholder consultation were discussed with auditors. To provide for Burmese migrant workers, the workers information sheet was translated into Burmese. This has to be posted in factories. A local complaints handler who can speak Burmese will be recruited.

Two verification audits were conducted in Vietnam. One complaint was received regarding overtime from several workers in a factory located in the North. Extra investigation was carried out and confirmed that structural overtime existed. The affiliate sourcing from this supplier is working with the factory to decrease overtime. FWF maintains contact with the workers to monitor the situation. An on-the-job training was given to several auditors in 2010.

Central and Eastern Europe

During 2010, FWF was active in Bulgaria, Macedonia, Moldova, Poland, Romania, Ukraine and Lithuania in Central and Eastern Europe. In total seven factory audits were carried out in these countries. In general, the main issues found concerned health and safety issues. Also, in most factories, there was a low awareness on freedom of association and the FWF complaints mechanism. A general concern among consulted stakeholders in Central and Eastern Europe is the competition from low cost countries. Below the details of activities carried out are listed (for Poland and Lithuania, see the low risk section of the report).

In Bulgaria two factory audits were done at factories with 50 and 70 workers respectively. During one of these factory audits, on the job training was given for the audit team. Local stakeholder meetings with trade unions and the labour inspectorate were also done. Both audited factories had been audited previously by FWF and now showed substantial improvements.

In Macedonia one factory audit was done in a factory with about 400 workers. The factory received very few remarks. In 2010 an updated country study for Macedonia was also finalised. In the writing of this, all major stakeholders in government, trade unions, business associations and NGOs were consulted.

In Romania an update training was done for the audit team and one factory audit carried out. The factory, with around 400 workers, received mostly remarks on health and safety issues. Several stakeholder meetings were also conducted, including with trade unions and business associations. In Romania, trade unions and business association have been cooperating to support the industry in the country. During the year, the updated FWF country study for Romania was finalised.

Two factory audits were conducted in Moldova by the Romanian team. During these audits, the Romanian team was joined by a local Moldovan expert. Although wages in the factories were found to be above legal requirements, it was apparent that wage levels do not meet the needs of the workers.

In Ukraine FWF did its first factory audit in three years. As the local team had not been active as FWF auditors in a long time,

they were given a rehearsal training as well as on the job coaching during the audit. The audit was done at a factory with 1000 workers where working conditions were generally good, only problems with health and safety were found. For FWF to get an update on the situation in the country, stakeholder meetings were done with two employers' associations and one trade union.

Tunisia

In Tunisia one factory was audited. The Tunisian CBA (collective bargaining agreement) applied to this factory. As we see more often with audits in Tunisia, there were findings on payment and hours of work for juvenile workers and apprentices. Young workers are for example more restricted in performing overtime. Another challenge for the factory audited is the strengthening of the procedures of the consultative committee. Often these committees are in practice only used to discuss disciplinary actions as legally required. They are not yet capable to perform as voice of the workers in dealing with problems found in the factory.

Protests in Tunisia started in December, leading to the fleeing of the dictator after massive participation in the street protests. FWF kept close contact with the audit supervisor in Tunisia during the protests. In general, the production in garment factories was not severely affected. Some of the factories were closed for a day and adapted for some weeks their working schedule because of the curfew, but production continued. Some operational difficulties did lead to delays.

7.3. Brand Performance Checks

FWF members are required to adjust their management systems in order to allow effective implementation of the Code of Labour practices. This includes efforts to work directly with factories to improve conditions but also developing internal management systems to better support good workplace conditions. After one year of membership, FWF annually audits its affiliates to verify these systems and their effectiveness by means of a Brand Performance Check (previously: Management System Audit). During these audits, FWF verification staff assess to what extent companies are implementing the Management System Requirements as formulated in the FWF Charter.

During Brand Performance Checks, FWF assesses the sourcing strategy, the effectiveness and coherence of the monitoring and remediation programme and the extent to which CSR policy is integrated in the management system. FWF started publishing the reports of these Brand Performance Checks on the FWF website.

In 2010 FWF's verification team carried out 22 Brand Performance Checks. No audits were carried out at affiliate members that joined after 1 January 2010 (19 companies) at FWF's ambassador members (17 companies) or companies whose membership was suspended or terminated (10 companies).

The average duration of FWF membership of the audited companies was three years at the time of the audit. The audited

companies included five workwear companies, ten fashion companies, four companies producing promotional clothing and two outdoor companies. Besides twelve audits at Dutch firms, five Swiss, two German, two Swedish and one British company were visited.

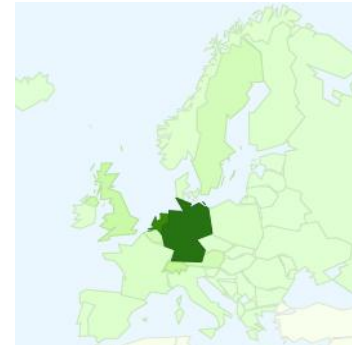
Below we offer a concise overview of the most important findings at all of the audited companies – reports for the individual companies can be found on our website.

Purchasing practices

The Brand Performance Checks point out that the purchasing practices of FWF member companies include various elements that support effective implementation of the FWF Code of Labour Practices. These include long term relationships with suppliers representing a substantial (50% or higher) share of total order volume, constant order placement terms of size, delivery terms and requested quality, and long term price agreements with suppliers (instead of price negotiations per order). It should be noted that the purchasing practices of almost each of the audited companies included such practices, but no company applies them uniformly to all of its suppliers.

A minority of the audited companies has a formal policy specifying how the FWF Code of Labour Practices is taken into account in their

In 2010, FWF released a tool that allows companies to assess the quality of audits performed by others. This will help companies to follow-up on earlier audits, to avoid double auditing and to use resources as effectively as possible. The tool can be found on the FWF website.



Germany	26,292
Netherlands	22,551
Switzerland	4,354
United Kingdom	3,400
Austria	2,374
Sweden	1,953
Belgium	1,940
France	934
Poland	576

purchasing practices. Only few companies use formal supplier ratings as a factor in order placing or had adopted a selection process for new suppliers wherein performance on social compliance is a formal criterion.

Coherent system for monitoring & remediation

The 2010 Brand Performance Checks confirmed a trend that FWF has observed for several years in a row: the activities of member companies to monitor and improve working conditions in factories are growing in size and quality.

The audited companies' monitoring systems on average covered 73% of their total purchasing volume. However only nine companies met the required threshold for factory audits based on the duration of their membership (40% after one year, 60% after two and at least 90% after three

years).

Eighteen out of the 22 companies are following up on corrective action plans in a systematic manner. At the other four, follow up was insufficient. With each of these, FWF is discussing if and how this can be improved.

Commonly the audited companies rarely team up with other customers in the process of following up on corrective action plans. Whereas some companies work together with other FWF members in case of shared factories, coordinated follow up with other customers of suppliers remains seldom.

Complaints handling

The Brand Performance Checks point out that almost all member companies had a designated person for handling complaints. In 2010, twelve complaints were filed in five countries (reports of all complaints can be found on our website). FWF found that companies responded in an accurate manner to help resolve the complaint in all instances.

In case of most companies examples were found of suppliers that had not posted the FWF Code of Labour Practices with contact details of the local complaints handler.

Improvements in working conditions

(see above, under “factory verification”)

In each of its Brand Performance Check reports FWF summarises results from factory audits by FWF teams. In most cases, companies also summarise the general state of working conditions at suppliers in their social report. For detailed information on individual companies please refer to these resources on www.fairwear.org.

Supplier register & information management

The 2010 Brand Performance Checks show that the majority of companies has a clear and functioning workflow to make sure that information on their suppliers is up to date. Only 40% of the

audited companies could demonstrate a central information management system that helped the company keep track of information on improvements resulting from the audit follow up process. It should be noted that especially the smaller companies lack such a system. In case of these companies, such a system may be of limited value: many of them work with a relatively small amount of suppliers.

Training & capacity building

With exception of one single company the audited members had ensured that corporate staff was sufficiently informed about FWF membership depending on their position within the company. As a result of frequent day-to-day communication, member companies had been able to inform their agents and first tier

Posting the FWF Code of Labour Practices in factories where workers can see them, is critical to ensure accessibility of the FWF complaints procedure. FWF continues to make companies aware of deficiencies on this issue.

manufacturers sufficiently about the implications of FWF membership. Subcontractors of suppliers were generally poorly informed.

A minority of the companies had developed some expertise with management training and/or workers training to strengthen social dialogue on factory level. Generally such practices were confined to key suppliers.

Transparency & communication

Almost all companies offered sufficient information on FWF membership on its website as a way to inform stakeholders and consumers about its approach to improve working conditions in factories where clothing is made. The majority of the audited companies had handed in a social report specifying how FWF membership is implemented and summarising the level of working conditions in factories. Only a few companies posted this document on their corporate website.

Evaluation

The majority of companies evaluated performance on improving labour standards in the supply chain as part of ongoing activities carried out in relation to FWF membership. Few companies had a designated way to formally evaluate its activities to assess if resources are utilised optimally for an effective improvement process with suppliers.

Outlook 2011

In 2011 FWF will continue carrying out Brand Performance Checks at its member companies, including ambassador members. In an effort to offer a more candid comparison between companies in specific market segments (workwear, fashion, outdoor, promotional clothing etc.) FWF's verification team developed a set of quantitative and qualitative indicators. These will be used as a basis for the Brand Performance Check reports. By assessing corporate performance in relation to these indicators FWF will be able to offer a comparison between companies in terms of performance under FWF membership throughout 2011.

8. Transparency



Transparency is one of FWF's guiding principles: stakeholders, consumers and the general public need to be able to find out what FWF and its affiliates are doing. FWF needs to be clear about the promises it makes and the results it achieves. The same is true for FWF's member companies – transparency is one of FWF's Management System Requirements for companies.

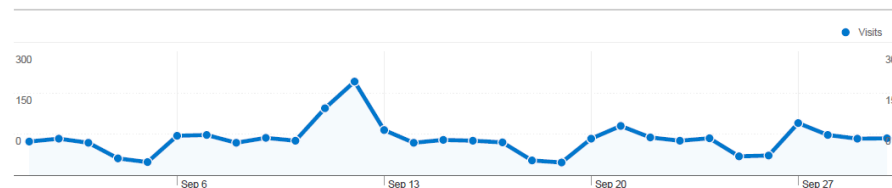
In 2010, enhancing transparency and accountability was one of FWF's main targets. This was implemented in a number of ways.

Publication of Performance Check reports

FWF piloted and finalised the Brand Performance Check methodology in 2009. This is FWF’s main way of verifying company progress in implementing the Code of Labour Practices. FWF started publishing the reports at the end of 2009. In 2010, 22 Brand Performance Checks were carried out, meeting FWF’s own requirement of auditing its affiliates annually, starting after the first year of membership. Some audits had been carried out in November/December 2009, with the next ones being planned for January/February 2011.

Website

Having launched a new website at the end of 2009, FWF updated and published most of its major resources over the course of 2010 – country studies, complaints reports, company reports, policy papers etc. The website is continually being updated, including through the blog on the homepage, which highlights major events, new members, reports from the verification staff and articles on current topics.



Statistics on the website show that whenever media are covering a topic related to FWF’s work – such as the Sumangali story in September 2010 – site visits peak, indicating that the public

increasingly knows to find FWF, or at least finds the website when looking for more information.

In terms of geographical spreading, the website is mainly visited in Europe, with the largest number of visitors in Germany and The Netherlands.

Marketing toolkit & consumer campaign

(See also above, under ‘Process Approach’)

Fair Wear Foundation’s consumer marketing campaign has been developed to address requests from member companies and to strengthen FWF’s ability to attract and retain member companies. Engaging with marketing departments creates a broader base of support for FWF membership within member companies.

The campaign is structured at four levels. Each contains a variety of elements and tools which can be mixed & matched as appropriate to meet the marketing needs of FWF’s diverse membership. In all cases, materials must be used according to FWF guidelines to protect FWF’s reputation. Members can either purchase or produce items from designs created or approved by FWF.

Level 1: On-garment communication. Includes standalone hangtags, hangtags integrated into brand identities and in-garment labels.

Level 2: In-store communication. Includes brochures, banners, etc. for use in stores and showrooms; training for sales staff; and materials for use in catalogues and websites.

Level 3: Storefinder communications. Includes a web-based storefinder application, Google Adwords grant application, and trade fair presence.

Level 4: Media communications: FWF can help facilitate coverage of FWF members across a range of media outlets leading to free publicity for members and FWF; create events to draw media attention; and develop relationships with end users of FWF work & promo wear (i.e. airlines, hotels, etc.).

Fairs and events

In 2010, FWF team members visited eight fairs and more than forty events. The focus was on fairs and events where FWF can play an active role, either by exhibiting, or by speaking or contributing to a workshop or seminar etc.

As usual, FWF organised a Members' Day in March, which was visited by around 60 people representing over twenty member companies as well as human rights NGOs, Trade Unions and business associations. A grant from the Swiss NGO Brot für Alle made it possible to invite two prominent Chinese labour rights experts to come and speak at the event.

Many of the other events FWF attended or organised in 2010 are mentioned elsewhere in this report. In addition, FWF attended the FLO Multi-Stakeholder forum on textiles (March), the ILO

conference on Child Labour (May), the IVN (Internationalen Verbandes der Naturtextilwirtschaft) conference in Berlin (June), the Ethical Fashion Forum in London (October) the EU-funded Wear Fair Conference in Austria (October) and the BSCI stakeholder meeting in Belgium (December).

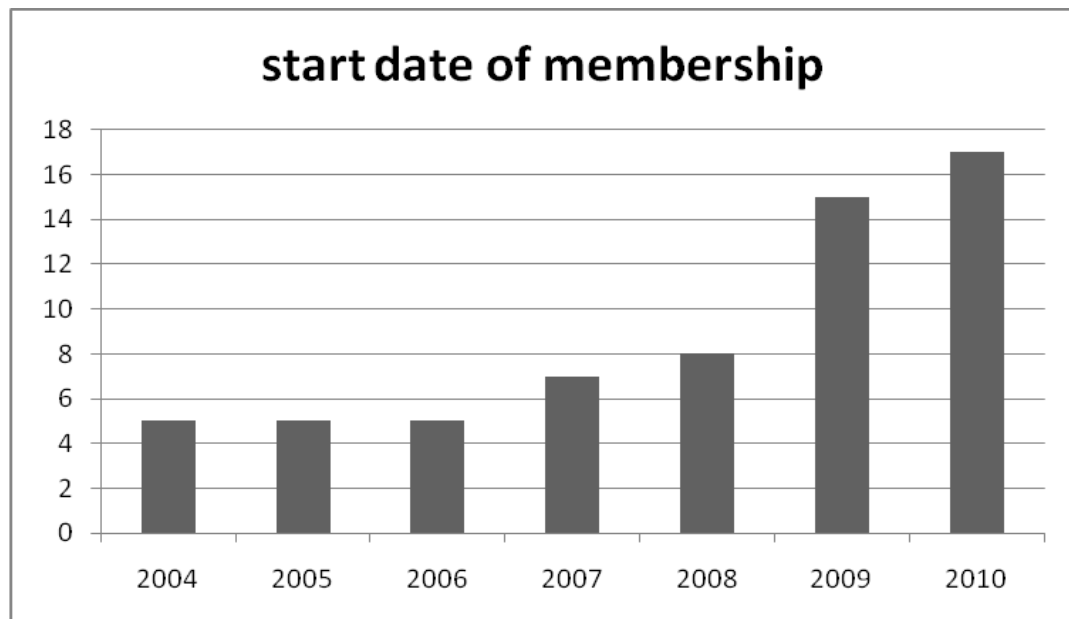
9. Cooperation



It is only through cooperation that industry-wide improvements can be realised. This belief brought to life FWF's multi-stakeholder structure. But FWF's ultimate goal is to render itself obsolete. Once sustainable systems and institutions are in place to uphold garment workers' rights globally, our job is done. That's why, in addition to cooperating with a range of stakeholders, we also work to facilitate cooperation among relevant actors – governments, business associations, trade unions, NGOs, factories, companies etc. In everything we do, we seek to support and enhance strong industrial relations systems for better working conditions that will last.

Throughout this report, instances of FWF's work to stimulate and facilitate cooperation among stakeholders can be found. Examples include the letter FWF and its affiliates sourcing from Bangladesh wrote to strengthen the workers' position in the debate on new legal minimum wages, the supplier seminar FWF organised in China and the project launched by FWF and its local partners in India to combat the Sumangali scheme.

10. Annex I: overview members



Overview of members in 2010 (new members in bold)

Fashion/Outdoor	Labels	Notes
ACNE Studios	Acne	
Blackout AG	Blackout	
Bo Weevil B.V.	Boweevil, Ecotton	
Espresso Fashion B.V.	Espresso	
E.C.C. Couture B.V.	Culture	
Fabric Retail Gbl AB (Fabric Scandinavien)	Cheap Monday, Monki, mtwtfss	
Filippa K AB	Filippa K	
Grüne Erde GmbH	Grüne Erde	01-09-2010
Gsus wholesale and design b.v.	Gsus, Gsis & Gbro	Membership suspended
HempAge AG	HempAge	
Hess Natur-Textilien GmbH	Hess Natur	
J.C. Rags	JC Rags	01-03-2010
J. Lindeberg	J.Lindeberg	01-04-2010
Jack Wolfskin	Jack Wolfskin	01-07-2010
Mammut Sports Group AG	Mammut, Toko	
Manderley Fashion bv	Manderley	
Mayerline	Mayerline	15-03-2010
McGregor Fashion Group B.V.	Gaastra, McGregor, Adam Menswear	
Nudie Jeans	Nudie Jeans	
Odd Molly International AB	Odd Molly	
ODLO Sports Group AG	Odlo	
Suit Supply B.V.	Suit Supply	
Switcher SA	Switcher, Whale	

Transa Backpacking AG		01-07-2010 Ambassador
Vaude Sport GmbH	Vaude	15-11-2010
Vereniging Clean & Unique	Neves Studio/Eco Couture, Studio Jux, van Markoviec, Monkee	

Promotional wear	Labels	Notes
Alteks.co.uk	orotoro	
Araco		01-01-2010
Buttonboss B.V.	Kingcap, Buttonboss	
Continental Clothing Company Ltd	Continental	
Manroof GmbH	Manroof	
P&P Projects B.V.	-	Ambassador
Pama International B.V.	Di Pama	
Sparkling Ideas	-	Ambassador
The Cotton Group sa/nv	B&C Collection	

Workwear	Labels	Notes
A. Mauritz en Zn. B.V.	-	Ambassador
ACP	-	Ambassador
Bierbaum Proenen		01-07-2010
Bout B.V.	-	Ambassador
Business Fashion		31-12-2010
CPT		23-08-2010
Crown East B.V. (Faithful)	Haen, The Crown East Group, Fossia	
De Berkel B.V.	-	
Dirksen BV	-	Ambassador
Groenendijk Bedrijfsschoenen & - kleding B.V.		Ambassador
Heigo Nederland B.V.	Heigo	
Hurricane bedrijfskleding BV		01-12-2010 Ambassador
Hydrowear B.V.	-	
Kwintet Far East Limited	-	
Kwintet KLM Kleding N.V.	KLM Kleding	
Lasaulec BV		15-05-2010 Ambassador
Power Workwear B.V. (= Groenendijk)	-	Ambassador
PWG Bedrijfsveilige Kleding BV	-	
Rivema	Roughnecks	
Schijvens confectiefabriek		01-03-2010
Secur protects@work BV	-	Ambassador
Sisa Bedrijfskleding & Pbm's BV		01-10-2010 Ambassador
Trias Holding BV		01-04-2010 Ambassador

Tricorp Textiles Europe B.V.	Rom 88, Tricorp Workwear	
Van Puijenbroek Textiel	Bucofa, HaVep Workwear	
Wiltec B.V.	-	Ambassador

Factory member

Notes

Permess South East Asia Ltd		15-03-2010
------------------------------------	--	-------------------

Terminated Membership

BoWeevil B.V. CCO Poulis Group B.V. Du Pon & De Bruin B.V. F. ENGEL K/S Joh. Steenkist-Schijfsma B.V. SBO Group Secon Group B.V. SGA bedrijfskleding

11. Annex II: financial overview

Balance sheet 31 December 2010

	31 December 2010	31 December 2009
fixed assets		
<i>material fixed assets</i>		
inventory	15.014	19.656
computers	8.372	3.761
	23.386	23.417
current assets		
<i>claims</i>		
accounts receivable	25.126	88.297
assignable expenses	19.821	2.285
turnover tax	4.619	11.540
subsidies and contributions	3.482	1.527
other claims	19.879	21.552
	72.924	125.201
liquid assets	285.612	237.653
	381.922	386.271
liabilities		
<i>equity capital</i>		
general reserve	245.987	292.373
surplus (deficit in financial year)	-22.564	-46.386
	223.423	245.987
<i>short-term debts</i>		
accounts payable	29.122	45.014
contributions received in advance	76.300	11.702
tax and social insurance	15.273	14.395
transitory liabilities	37.804	69.173
	158.499	140.284
	381.922	386.271

Profit and loss account 2010

revenues		expenses	
Contributions from participating companies	269.554	Personnel	510.405
Applied inspection costs	69.259	Office	66.592
Support participating companies	14.997	Organisation	40.449
TMF subsidy (Min. Of Foreign Affairs)	214.000	Communication	76.619
Oxfam Novib project subsidy	56.000	Verification	106.274
ICCO subsidy	75.000	Inspection	66.079
SFM/Vakraad MITT	100.000		
CNV	18.784		
Brot für Alle	12.136		
Other subsidies	10.000		
Interest	4.868		
Miscellaneous income	7.243		
		Subtotal	874.405
		Negative balance	-22.564
Total	851.841	Total	851.841