



FAIR WEAR FOUNDATION

ANNUAL REPORT

2016

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REPORT OF THE BOARD

PREFACE

2016 was a pivotal year in the movement to improve working conditions in the global garment sector; the debate, although not at the point of consensus, has seen a shift towards progressive action and 2016 saw the creation of many new multi-national initiatives. In the Netherlands, the Dutch government created the Textile Covenant, through collaboration with trade organisations and NGOs. The aim of the Covenant is to improve poor working conditions, prevent child labour and increase wages in textile-producing countries, such as Bangladesh, India, Pakistan and Turkey. Another crucial global instrument developed during 2016 is the OECD Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector, which was launched in early 2017. The OECD Guidance, which was developed through an intense multi-stakeholder process, supports a common understanding of due diligence and responsible supply chain management in the sector.

As a very important step towards a more effective approach to improve workplace conditions in sourcing countries in Asia, Fair Wear Foundation (FWF) concluded 2016 by entering into a Strategic Partnership agreement with the Dutch Government and CNV Mondiaal and FNV Internationaal, two Dutch trade unions. The aim of the Partnership is to work with other initiatives in the garment and textile sector to increase impact and optimise the use of resources when addressing labour rights violations in global garment supply chains. FWF's core work, with brands, factories, trade unions and civil society organisations, creates the unique opportunity to pilot innovative projects and from these, accrue evidence-based data on what works, and what does not. The Strategic Partnership can develop replicable and sustainable management systems for not only the brands and the factories that are working with FWF but also for the global garment industry as a whole.

Throughout the year, FWF published several tools, guides and general publications, including the *Gender-based violence in global supply chains: Resource Kit* and the *Living Wages: An Explorers Notebook*. FWF also opened the Violence Against Women portal, which examines the many obstacles faced by women in the world of work.

As part of the FWF stakeholder engagement activities, FWF participated in conferences and forums held by the EU, OECD, UN and ILO. FWF also organised several meetings and conferences, including the FWF Annual Conference which had the theme: *Redesigning the Industry*, and brought together more than 120 members, stakeholders and staff.

In combining a very practical approach with innovative ways in improving labour conditions in the garment sector, FWF will continue to play a vital role of instigating change in this industry.

Anita Normark
Chair of the Board
Fair Wear Foundation

INTRODUCTION TO FAIR WEAR FOUNDATION

Fair Wear Foundation was founded in 1999 as an independent, not-for-profit multi-stakeholder foundation in Amsterdam, the Netherlands. Recognising the need for an organisation to guide brands in the process of achieving sustainable and replicable improvements in the garment industry, NGOs joined with trade unions and business associations to create FWF.

FWF's mission is to improve—together with companies, factories and stakeholders—the working conditions in the global garment and textile industry.

The FWF approach is based on the idea that the way clothing companies are managed has a significant influence on factory conditions—even though most of the brands do not directly employ the factory workers. Without also considering the broader context and finding solutions at the level of both the factory and the brand, problems—such as forced overtime and work place conflict—are likely to recur in supply chains.

In 2016, nine new companies joined FWF, bringing the number of members to 81. FWF's member companies represent 120 brands, based in 10 European countries. Their products are sold in over 20,000 retail outlets in more than 80 countries around the world. More than 50% of member company production takes place in FWF's four priority countries (China, India, Turkey and Bangladesh).

In 2016, FWF focused on eleven production countries: Bangladesh, Bulgaria, China, India, Indonesia, Macedonia, Myanmar, Romania, Tunisia, Turkey and Vietnam. FWF members' source from 2500 factories, which employ more than 875 000 workers, so the core work of FWF has a significant impact on the lives of many people. In the upcoming years, however, the Strategic Partnership has the potential to go beyond the supply chains of FWF members and create an even greater effect on the whole of the global garment industry.

ORGANISATION AND BOARD

The highest decision-making body of FWF is the board, which is made up of eight stakeholders from four categories, each with equal voting rights: the garment retailers' sector, the garment suppliers' sector, trade unions and NGOs. The multi-stakeholder approach brings together these key stakeholders to discuss policy issues and define FWF strategy. This also helps improve equality between the different stakeholders and promotes transparency.

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 from these organisations are experts in the fields of garment production, trade, labour law, and social development. The CoE advises the Board on matters related to directing the problems and challenges of sustainable development. This forms the base for FWF policy. Day-to-day operations were in the hands of a management team, led by FWF Director Erica van Doorn and associate directors Sophie Koers and Margreet Vrieling. The bulk of the operations take place at the head-office in Amsterdam, but a number of employees in Germany and South Africa. The year closed with 33 employees.

BOARD

Chairperson	Anita Normark	
Business associations – apparel companies and retailers	Han Bekke Femke den Hartog Mark Held	MODINT AEDT EOG
Trade unions	Henk van der Kolk Roel Rotshuizen	FNV Bondgenoten CNV Dienstenbond
Non-governmental organisations (NGOs)	Miges Baumann Marijn Peepercamp	Brot für Alle CCC

COMMITTEE OF EXPERTS

Employers' organisation for the garment retail sector	Dirk Vinken	FGHS
Employers' organisation for the garment suppliers	Jef Wintermans Nienke Steen	MODINT (stepped down in November) MODINT (began in November)
Trade unions	Jacob Plat Karen Bouwsma Marjolein Groenewegen	FNV Bondgenoten CNV Internationaal CNV Internationaal
Non-governmental organisations (NGOs)	Christa de Bruin Tessel Pauli	CCC CCC

NEW AND TERMINATED MEMBERS

New members

- Iriedaily
- S-Gard
- Mini Rodini
- Living Crafts
- Paptex
- Sandqvist
- Belconfect
- Engelbert Strauss
- Fond of Bags

Terminated members

- Sheeld
- Nakedshirt
- Switcher
- KTC

FAIR WEAR APPROACH

SUPPLY CHAIN APPROACH

Traditional approaches to improving factory conditions tend to put the focus on factories. FWF's approach is based on the idea that the way clothing companies are managed has a significant influence on factory conditions—even though companies do not directly employ factory workers. Without also considering the broader context and finding solutions at the level of both the manufacturer and the buyer, problems—such as forced overtime and work place conflict—are likely to recur in supply chains.

FWF uses a combination of in-depth factory audits, Brand Performance Checks and a worker complaints helpline to assess the performance of each brand across their supply chain. Only shared efforts by companies and factories will result in sustainable improvements.

BRAND PERFORMANCE CHECKS

The Brand Performance Check, conducted annually at all FWF member companies, is the most important element of FWF's unique 'shared responsibility' approach to social compliance in the global garment sector. During a performance check, FWF investigates the level of integration of social compliance into the core business practices of each of its member companies. Issues, such as purchasing practices, companies' efforts in monitoring and remediation of working conditions at factories, communication and reporting, are covered and scored based on a transparent scoring methodology.

In 2016, FWF conducted 65 Brand Performance Checks at its member companies. All these reports are publicly available on the website. Member companies, consumers and other stakeholders are increasingly starting to read these reports and hold member companies accountable for their performance (or lack thereof). FWF expects this to continue as the Brand Performance Check system and methodology become more widely known.

FACTORY AUDITS

Factory audits are conducted to monitor a brand's supply chain. The purpose of factory audits is to determine the degree to which factories comply with FWF's 8 labour standards. For factories, it is a step in a process leading to workplace improvements; for companies, factory audits serve as an indication of their performance in upholding its FWF commitments.

The requirements and recommendations of the audit team are the basis for a CAP that should contain realistic, effective and measurable plans for improvement, with a clear timeframe. FWF auditors conducted 213 audits in 2016; of these, 77 were verification audits, paid for by FWF and are used as part of FWF's assessment of member performance. The remaining 137 were monitoring audits commissioned by FWF members who used FWF auditors as part of their monitoring system. 61 of the verification audits and 105 of the monitoring audits took place in countries where FWF is active

COMPLAINTS MECHANISM

FWF's complaints procedure is designed to protect workers. It allows them to file complaints about their working conditions and the way the FWF Code of Labour Practices is implemented in the factories where they work. It can also be used by suppliers to complain about the way in which companies conduct their business or by NGOs who may file a complaint about the labour situation in factories.

Complaints from workers or their representatives against their employer should preferably be handled within the company. In the framework of the labour standard 'freedom of association and collective bargaining', FWF requires that internal communication and consultation channels between employees and brand management include a procedure for handling complaints. Only when the internal procedure does not exist or does not function, can workers or their representatives use the FWF procedure. Currently, FWF provides free worker helplines in eleven production countries.

When a complaint is filed by a factory worker, manager, local trade union member, or NGO worker, FWF informs the member(s) sourcing from the factory in question and investigates the complaint. Once the investigation is complete, the member is asked to formulate a response and a preliminary report is published on FWF's website. The final report is published once the entire procedure is closed and the verification process has been concluded.

In 2016, hundreds of calls were made to the FWF complaints helpline; 76 resulted in the filing of a formal complaint. The complaints originated from ten of the active countries. Many of the complaint calls are resolved over the phone; the complaints handler often gives advice over the phone on how to remediate the situation internally. In other cases, the complaints handler will refer the caller to a third-party who can assist in resolving the issue.

TRAINING AND CAPACITY BUILDING

In recent years, recognising a need to go beyond verification work, FWF has put more focus on programmes and projects that will have both a preventative measure and a long-term, sustainable and replicable impact on the industry. The FWF workplace education programme (WEP) and the FWF Academy are two recent developments by FWF to address structural issues in global garment supply chains.

WORKPLACE EDUCATION PROGRAMME

In garment factories, a lack of awareness and poor communication about workplace standards lie at the core of many problems. It may mean that even simple issues go unaddressed. This, in turn, leads to worker dissatisfaction, low worker retention rates, and constant efforts to recruit well-trained workers. Many factories find themselves caught in an endless, costly cycle of recruitment, training, and worker resignation. FWF's WEP trainings aim to move companies

beyond auditing and CAP, and towards collaborative workplaces where issues are raised and resolved through open communication. The trainings provide workers and managers with the tools they need to talk about problems and resolve disputes. WEP trainings are tailored to each country and factory; specific issues, such as gender-based violence or collective bargaining, vary from country to country, so it is necessary to develop a programme that addresses distinct needs. Step by step, increased awareness about workplace standards, together with functioning grievance systems, will help reduce workplace risk. In 2016, FWF gave 89 WEP trainings.

STRATEGIC PARTNERSHIP

Beginning in 2016, FWF joined in the Strategic Partnership (SP) with the Dutch Ministry of Foreign Affairs and the two main Dutch Trade Unions FNV and CNV, which aims to achieve decent working conditions for all garment workers, by redesigning the industry as a whole.

The SP creates opportunities for joint action, using the partners' knowledge and expertise in lobby and advocacy, and their combined resources. Collaboration provides an opportunity for FWF, CNV and FNV to strengthen and promote labour rights in the countries where they operate. In the upcoming years, the partners will design, implement and evaluate pilot projects in Bangladesh, Cambodia, India, Indonesia, Myanmar and Vietnam.

Through the pilot projects, the Partnership will collect evidence-based data in order to develop effective, efficient and replicable management systems that will improve labour conditions. The SP will enhance FWF's ability to create dialogue between different groups, by combining the partners' collective networks, resources and legitimacy. Furthermore, FWF's WEP trainings at production sites will strengthen workers' capacity to understand and stand-up for their rights.

Some—or most—issues should be tackled on multiple levels. FWF members do most of the work in their own supply chains, where they pioneer new ways of improving conditions. FWF supports each brand, monitors and assesses their work and reports on it publically. Through this process, FWF gathers data and develops the evidence-based data and replicable strategies that are needed to change not only FWF members' supply chains, but the industry as a whole. The aim then, is for these ideas to propagate—and instigate further change—in the garment sector, but also, ideally, in all global supply chains.

The three goals the strategic partnership is designed to contribute to are:

1. Human rights are effectively enforced and aligned with international norms by governments, ILO and UN.

2. Trade unions and NGOs will be more effective participants in human rights protection through increased capacity for lobby and advocacy.
3. Brands and factories in the global garment sector actively and effectively support and implement human rights at the company level.

The main focus of FWF's Strategic Partnership work in 2016 was putting the systems and structures in place that will be necessary to support the Partnership's goals. In early 2016, FWF established the monitoring, evaluation and learning (MEL) taskforce to map, measure, demonstrate and advance the impact of FWF, both in its core work and as part of the SP. Implementation of pilots and advocacy work will begin in full in 2017.

THEMES

The Partnership has identified three specific, critical, and interrelated themes that are especially important in the apparel industry, and align with both the FWF Code of Labour Practices and key international labour standards:

- Payment of living wages
- Social dialogue as standard industry behaviour
- Elimination of gender-based violence and discrimination at work

LIVING WAGES

FWF continues its strategy of focusing on questions of *How living wages can be implemented?* which complements the work being done by many others on questions of *How much should a living wage be?* The elements of this strategy are outlined in detail on FWF's Living Wage Portal.

In 2016, FWF researched and published two guides: *Labour Minute Costing* and *Living Wages: An Explorer's Notebook*.

Labour Minute Costing provides concrete methodology for overcoming one of the oldest technical challenges to living wage implementation: How to calculate and share the cost of living wage increases across a factory's different customers, without violating competition (anti-trust) laws. This ground-breaking methodology will be used by many of the brands participating in the FWF Living Wage Incubator to help design their pilot projects.

Living Wages: An Explorer's Notebook represents the next step forward in figuring out the routes brands and factories can take to achieve payment of living wages. The innovative guide offers concrete advice, based on real-life experience. The Explorer's Notebook defines nine obstacles that stand in the way of living wage implementation, and offers some solutions for overcoming them. It also provides case studies of five FWF brands that have begun to execute living wages in their supply chains. It is an essential guidance document for the creation of living wage pilots.

Planning for the living wage pilot projects began in the spring of 2016, as well as recruitment of FWF members to participate in pilot projects via the FWF Living Wage Incubator. Incubator projects will be developed with the help of FWF, FNV, CNV, external experts, local partners, and cumulative knowledge and experience of the Incubator participants. Pilot projects will begin in 2017.

SOCIAL DIALOGUE

FWF continues to expand its work to support social dialogue, in projects focussed specifically on the promotion of social dialogue, and as a component of other thematic work. FWF follows the ILO definition of Social Dialogue, which includes ‘all types of negotiation, consultation or simply exchange of information between, or among, representatives of governments, employers and workers, on issues of common interest relating to economic and social policy.’

The Strategic Partnership goal of creating an ‘enabling environment’ for social dialogue is a complex undertaking, and FWF works at a practical level with factories, brands, and governments to promote social dialogue through ongoing work like the Workplace Education Programme and the Worker Helpline. FWF is also exploring ways to involve brands in social dialogue processes.

Among other work, FWF has been exploring ways to support the Indonesia Freedom of Association (FoA) Protocol. It is a multi-party agreement signed by six brands, 73 suppliers (factories) and 22 labour unions in Indonesia in 2011. It consists of a practical set of factory-level guidelines on how to promote, defend and protect workers’ Freedom of Association rights

GENDER-BASED VIOLENCE AND DISCRIMINATION AT WORK

In 2016, FWF focussed on integrating concepts of gender and gender-based violence into both FWF's core work and into pilot projects as part of the SP.

In India and Bangladesh, FWF tested and refined training methods for the prevention of gender-based violence through a version of its WEP. The WEP work focuses on developing strategies to create and sustain of Internal Complaint Committees (ICC).

FWF also continued work in India on the Line Supervisor Training pilot programme. The programme is designed to pilot innovative methods for reducing workplace violence against women in the export-oriented garment industry through training of current and potential line supervisors.

On 8 March—International Women’s Day—FWF launched the Women’s Safety at Work portal, an internet site which provides information and gives practical guidance to brands and stakeholders based on FWF’s experience with gender-based violence. Articles written by FWF

staff and key stakeholders cover such topics as gender-based violence and wages, maternity benefits, anti-harassment committees, etc.

The joint publication by FWF and the ITCILO (International Training Centre of the ILO) *Gender-based violence in global supply chains: resource kit* marked a major milestone in documenting the extent of gender-based violence in modern supply chains, particularly in the apparel industry. It also brings together for the first time a wide range of best practices that can help reduce and remediate gender-based violence in supply chains, and identifies areas where additional research is needed.

PROJECTS

WORKPLACE EDUCATION PROGRAMME SUPPORT - CHINA

Beginning in 2015, FWF, along with Brot für Alle, initiated a project in China to pilot new WEP communication trainings. In addition, the BfA project would also cover some of the FWF complaints handling work and stakeholder engagement. In the start-up phase of the project, FWF held discussions and roundtables with local stakeholders in China and Hong Kong, such as the Chinese Textile Manufacturing Association and the Chinese Working Women's Network.

In 2016, thirty WEP basic trainings sessions were organised, reaching almost 900 workers. In these, workers were taught basic skills and knowledge, including how to read their salary slips and calculate whether they have received the appropriate wage and premiums.

The BfA project concluded at the end of 2016. During the programme, there was an emphasis on collecting feedback that would serve as input for new the training material for the WEP. These new training programmes will be piloted in 2017.

ENHANCED MONITORING PROGRAMME FOR TURKEY

In September, the Dutch Ministry of Foreign Affairs allotted FWF the funds for a two-year project to support FWF's work to mitigate the risks of Syrian refugees being exposed to exploitative labour conditions in Turkish garment factories. This project has two specific areas of work: creating evidence and practical models on the issues facing Syrian refugees and the remediation; and supporting evidence-based advocacy to create sustainable, large-scale solutions for Syrians employed in the garment industry.

In 2016, FWF gathered further input from local and international organisations about the necessary due diligence companies should undertake when sourcing in Turkey. In 2017, this preparation work will lead to round-table discussions and extensive lobby and advocacy work.

LINE SUPERVISOR TRAINING PROGRAMME IN INDIA

Since September 2014, FWF, with the support of the European Commission and working with Indian partners SAVE and CIVIDEP, has led a training programme for factory supervisors in the garment industry under the project *Reduction of economic discrimination and workplace violence in Indian export-oriented garment factories*. This programme is an important step towards improving the working relationship between line supervisors and workers on the factory floor.

The aim of the supervisor programme is to reduce workplace violence and economic discrimination against women in garment factories by demonstrating that women can be effective supervisors.

After approximately a year of creating a curriculum and teaching trainers, in 2016, FWF and its partners implemented the programme in 22 factories in Bangalore and Tirupur. The factories supply five FWF member brands.

WELLMADE

FWF understands that changing working conditions involves all actors in the supply chain. This includes factory workers and factory managers, but also employees who work for clothing companies. To address this, in 2013, FWF developed WellMade with CNV, along with Christliche Initiative Romero (CIR), Ethical Trading Initiative (ETI) and SOMO, the Dutch Centre for Research on Multinational Corporations.

This three-year project sought to 'create change agents in the European portions of international clothing supply chains by providing them with the knowledge necessary to understand the relationship between their spheres of influence and the developing countries where clothing is produced'.

To make the content of the successful training session 'sustainable', WellMade developed the publication *Improving working conditions in your clothing supply chain*. The WellMade project culminated in 2016, with a book launch during Berlin Fashion week.

FWF plans to adapt the WellMade content and approach to become an Academy, which will provide more intensive and focused training opportunity for apparel industry employees. The WellMade academy will form part of the SP for disseminating lessons learned and equipping apparel employees with the knowledge and skills needed to replicate the successes of the pilot projects in their own supply chains, ultimately setting examples for the rest of the industry.

KNIT YOUR BIT - VIETNAM

At the end of 2014, FWF embarked on the project *Knit Your Bit* in Vietnam, an increasingly important garment-exporting country. The main objective of the project was to improve the sustainable business practices of European clothing companies as well as Vietnamese

factories that supply to the European market. This was achieved through providing information, training and coaching to both Vietnamese suppliers, and importers, retailers and companies (collectively referred to as buyers) that supply apparel and shoes to the Dutch market.

In 2016, FWF conducted the Brand Performance Checks for every brand that sourced in Vietnam in 2015, in order to assess the level of progress members are making in implementing the FWF Code of Labour Practices. 2016 was dedicated to coaching brands

sourcing in Vietnam on new developments in Vietnam labour law, how to effectively target their monitoring efforts and the potential impact of the Free Trade Agreements. FWF worked with each brand to discuss issues, including living wages, social dialogue and reasonably hours of work.

The *Knit your Bit* programme finalised in May 2016, after several months of analysing the data and disseminating the lessons learnt.

COMMUNICATIONS

FWF launched a new website to better complement FWF's current work. The layout of the website is more appealing and the format makes it much easier to search through the wide range of FWF resources. In 2017, a new section for complaints will be added to the website.

FWF also introduced the Women's Safety portal, which focusses on FWF's work on gender-based violence. The new portal includes blogposts from local unions, FWF specialists and women garment workers who have experienced violence in the world of work.

Traffic to www.fairwear.org remained stable with over 160.000 visitors. Close to 26% of visits were from the Netherlands, 24% from Germany; Belgium, the UK (new in the Top 5!) and Switzerland rounded out the Top 5. With 9700 individual visits, FWF experienced a website user peak on 4 July 2016, when the Dutch Agreement on Sustainable Garment and Textile was presented and FWF published a news item supporting the plan. That same day, FWF was also covered by Dutch broadcasters NOS and BNR, the Dutch newspaper NRC Handelsblad and the Belgian newspaper De Morgen.

FWF gained attention in international newspaper articles, blogs and radio and television programmes. FWF was featured in The Guardian, Reuters and the Dutch newspaper het AD about the Syrian refugee crisis in Turkey. Other articles appeared on the Dutch online portal Oneworld and in the Dutch newspaper Trouw. The work of FWF was also extensively covered by industry media, like Fashion United and Just-Style.

In 2016, the first videos were produced under FWF's new video policy; FWF is currently producing the 2016 Best Practice videos as well as additional films on FWF's core work. The first completed video in the series—a biopic on the German outdoor brand Deuter and their successful project aimed at decreasing excessive overtime—was well received by members and stakeholders.

Social media communication has become increasingly important, especially for building more interactive and instantaneous relationships with the different stakeholders. FWF's social media network focuses primarily on stakeholder groups, member, and media and opinion leaders.

The FWF Facebook account has over 8000 followers, an increase of almost a 1000 followers since last year. On Facebook, the communications team shares publications and updates readers on the work of FWF, such as seminars, meetings and projects. FWF's twitter account has 3355 followers, also an increase of almost 1000.

In 2016, there has considerably more focus on member communication, with regular member newsletters, the creation of new communication products, and new ideas on how to add more value to FWF membership, for example, by conducting in-house communication and marketing trainings for new members.

ANNUAL CONFERENCE

The FWF Annual Conference 2016 was held on 6 and 7 November, in Amsterdam. With over 80 member companies and stakeholder organisations represented, the conference provided opportunities for exchanging ideas about a wide range of topics. The Annual Conference was also an opportunity for FWF to update members on recent developments related to the Code of Labour Practices. The theme of the year's meeting: "Redesigning the Industry"

The conference included a seminar for members on implementing the FWF Code of Labour Practices and hands-on sessions on the three themes of the SP: living wages; preventing workplace violence against women; and social dialogue.

This year Best Practice went to Continental Clothing; they, and the two second place winners, will receive a video made by FWF of their best practice work.

PUBLICATIONS

In 2016, FWF research, wrote and published forms of communication, including guidance documents, country studies, videos, website portal:

- WellMade publication
- Women's Safety at Work portal
- Labour Minute Costing
- Risk Assessment Portugal 2015
- Gender-based violence in global supply chains: Resource Kit
- 2015 Deuter Best Practice video
- Living Wages: An Explorer's Notebook

Additionally, in 2016, FWF completed country studies for Bangladesh, Bulgaria, China, India, Indonesia, Myanmar and Romania

COUNTRY OVERVIEW

COUNTRY SUMMARY

Below is an overview of the most important findings of the 2016 audits, complaints and Brand Performance Checks. Due to the fact that many companies have different financial years, the numbers here may not be the final tally for 2016. In addition, for this year's annual report, we have chosen to look at the 2015/2016 list for the number of factories per country and the number of members sourcing per country, as the combined final numbers is a more accurate representation, due to the delay by members in updating their supplier register.

2015/2016 FACTORIES SUPPLYING FWF MEMBERS		
	total number	percentage of total
Bangladesh	271	9.6%
Bulgaria	49	1.7%
China	875	31%
India	239	8.5%
Indonesia	26	0.9%
Macedonia	34	1.2%
Myanmar	11	0.4%
Romania	54	1.9%
Tunisia	65	2.3%
Turkey	215	7.6%
Vietnam	130	4.6%
all active countries	1969	69.85%
all other countries	849	30.1%
total	2819	

2016 MEMBERS SOURCING PER COUNTRY	
	total number
Bangladesh	17
Bulgaria	12
China	62
India	41
Indonesia	8
Macedonia	11
Myanmar	4
Romania	24
Tunisia	17
Turkey	41
Vietnam	22

	Members sourcing per country	Factories supplying FWF members	Verification audits	Monitoring audits	WEPs	Calls to the complaints helpline	Complaints
Bangladesh	17	271	15	6	33	180	28
Bulgaria	12	49	1	3	1	3	1
China	62	875	19	35	28	n/a	10
India	41	239	12	13	4	n/a	17
Indonesia	8	26	1	0	0	n/a	3
Macedonia	11	34	3	7	5	0	0
Myanmar	4	11	1	6	2	n/a	4
Romania	24	54	1	7	2	3	1
Tunisia	17	65	6	12	1	n/a	3
Turkey	41	215	26	11	7	37	22
Vietnam	22	130	7	18	10	12	4
Totals			61	105	89	235	76

BANGLADESH

Number of FWF members sourcing in Bangladesh: 17

Number of factories supplying FWF members: 271

Number of verification audits: 15

Number of monitoring audits: 6

Number of WEP trainings: 33

Number of calls to the complaints hotline: 180

Number of complaints: 28

In 2016, FWF conducted in total 19 audits in Bangladesh. There has been significant improvement in the age verification systems in the factories. All factories audited had a recruitment policy and practice to prevent child labour. Low wage and excessive overtime are most common labour rights issues identified during audits.

Gender inequality remains a pressing issue. Audit reports show that in 16 of the 19 factories, the percentage of women supervisors is low. For example, in one factory, even though women production workers are nearly 60% of whole workforce, there are almost ten times more men in supervisory roles than women.

Majority of the factories have been audited by the Accord or the Alliance on structural, electrical, and fire safety, and remediation has been carried out. However, according to member's reports, the remediation process has been slow.

The WEP in Bangladesh has seen improvements in social dialogue; seventeen factories that participated in the WEP have established anti-harassment committees. Although successful experience has been seen at factory level, it is still a challenge to establish sustainable and meaningful social dialogue in Bangladesh. Anti-harassment committees, just like other workers committees, can be a communication channel but cannot replace unions. Unions are still not recognised by most employers.

Registration process for unions has been simplified after the amendment of the Bangladesh Labour Act in 2013. Up to August 2016, 385 unions in the RMG sector have been registered and twenty-one new trade union federations were formed. The percentage of successful registration applications is up to 58 per cent in Dhaka area, which presented an increase to the previous years. However, it should be noted that almost half of trade union applications in the Dhaka Division and almost three quarters of applications in the Chittagong Division have been rejected over the past year. According to ITUC, even when registration is granted, factory management often could freeze union activity for several months utilising the long process of seeking injunctive relief from courts.

BULGARIA

Number of FWF members sourcing in Bulgaria: 12

Number of factories supplying FWF members: 49

Number of verification audits: 1

Number of monitoring audits: 3

Number of WEP trainings: 1

Number of calls to the complaints helpline: 3

Number of complaints: 1

In Bulgaria, most apparel production companies are small and medium-sized enterprises with fewer than 250 employees. The two main exporting centres are the southeast and central-southern regions. The most important exporting markets of the Bulgarian textile production are European Union countries. In 2016, there were approximately 13 FWF members producing in Bulgaria, in 36 factories. Labour legislation in the country is equivalent to most other EU countries.

In 2016, FWF published a new country study for Bulgaria. This study provides insight in the legislative developments over the past years and input on the most common non-compliances. The largest non-compliance issue to date falls under 'payment of a living wage', usually found during social audits. This is mainly due to garment factories working under cut-make-trim (CMT) arrangements, and the mandatory "minimum social insurance thresholds" regarded by the employers as the "maximum wage", as well as the lack of CBAs in the Bulgarian apparel industry since 2012.

Additionally, in 2016 FWF set up a WEP in Bulgaria. This meant selecting and teaching trainers and organising the first programme in a factory. The responses from factory management, workers and the FWF brand that was present during the opening and exit meeting were all positive.

CHINA

Number of FWF members sourcing in China: 62

Number of factories supplying FWF members: 875

Number of verification audits: 19

Number of monitoring audits: 35

Number of WEP trainings: 28

Number of calls to the complaints helpline: n/a

Number of complaints: 10

In terms of volume China is the most important supplier country for FWF member companies. In 2016, FWF companies sourced from 726 Chinese factories, and together they account for the highest FOB volume of almost 700 million euros.

In 2016, 19 verification audits and 35 monitoring audits were conducted in China. They showed that excessive overtime still exists. In addition, many audits show that there is no calculation system in place to ensure that piece-rate workers earn the legal minimum wage and overtime premium as stipulated by law. This issue is often not remediated, as follow-up or verification audits have shown. Verification audits show improvements in issues such as documentation, health and safety, systemising child labour prevention as well as formalising policies on forced labour and discrimination. The number of workers taking part in the social security system has increased, but during trainings management frequently reports that it is difficult to convince workers to register for social insurance. In spite of the many progresses, factories producing for FWF members are generally still far from implementing living wages.

In 2016, 30 WEPs were organised in China. In total, 898 workers and 354 managers were trained on the eight labour standards. However, it remains difficult to convince management to enrol sufficient amount of workers in the training.

Over the course of the year, there were ten complaints coming from workers in Chinese suppliers of our members that were accepted as admissible. Of the ten complaints, five were solved in the same year, and two were closed in early 2017.

In 2016, FWF invested in strengthening relationships with local stakeholders by visiting different organisations in Hong Kong and mainland China. Meetings concentrated on topics like feedback on WEPs, complaints procedures and Chinese laws and regulations.

In April 2016 the FNGO law was passed, that aims to regulate the activities of foreign NGOs in China. The law came into effect on 1 January 2017. A large part of FWF's China capacity went into researching the impact of this law on FWF's activities in China.

INDIA

Number of FWF members sourcing in India: 41

Number of factories supplying FWF members: 239

Number of verification audits: 13

Number of monitoring audits: 12

Number of WEP trainings: 4

Number of calls to the complaints helpline: No data

Number of complaints: 17

India is one of FWF's priority countries. FWF has been active in India since 2003. Currently, 41 FWF members—mostly those in fashion and sportswear—source from 239 factories. Of these factories, 45% are located in north India, while 55% are based in south India. Significant clusters for factories supplying FWF members include Tamil Nadu (mainly Tirupur) as well as Delhi and the National Capital Region (NCR) area.

Labour conditions are characterised by high production pressure resulting in excessive, often unpaid overtime. In addition, a lack of legal employment relationships and informal employment is common; especially for seasonal and migrant workers. Unionisation in the garment sector remains low, at less than 5%; largely due to management practices that discourage workers from joining trade unions. Functioning grievance channels are lacking.

Sexual harassment of female workers remains a major challenge and generally goes unreported. Since 2013, FWF provides training through its WEP, focusing on the prevention of gender-based violence and the establishment of ICCs. Since the start of the training, local partners SAVE and CIVIDEP had been providing follow-up to ICCs at trained factories. In 2016, FWF formed a partnership with MARG, a non-governmental organisation based in Delhi focusing on legal empowerment. In October 2016, MARG assisted in a training and will implement trainings as well as follow-up in Delhi and the National Capital Region in the future.

In addition, with the support of the EU delegation in India, FWF is currently piloting a training programme in Bangalore and Tirupur. The programme aims to further reduce economic discrimination against women in garment factories by providing training focused on improving the working relations between line supervisors and workers and supporting female workers with skills to become supervisors.

Minimum wages vary per state, sector and category of workers. Wages provide only minimal standards of living and do not meet the monthly living wage. FWF audits found that minimum wages are commonly provided to permanent workers, while documents regarding contract workers are often not available for verification. In addition, overtime is commonly paid at single rate or not paid at all.

In the first half of 2016, FWF updated its country study interviewing stakeholders, conducting desktop research and compiling evidence from FWF's audits and complaints of the last three years. In August 2016, FWF launched the country study at its first national multi-stakeholder roundtable in Delhi. More than 30 participants of local NGOs, unions, business initiatives, multi-stakeholder organisations, factories and the ILO participated in the forum discussing current developments in the Indian garment sector

Three regional stakeholders meeting were held; one in Bangalore and two in Tirupur. The meeting in Bangalore focused on the need for industry to provide career mobility to its women workforce, while the two meetings in Tirupur were planned around celebrating the graduation of workers who completed the training on technical and non-technical skills.

INDONESIA

Number of FWF members sourcing in India: 8

Number of factories supplying FWF members: 26

Number of verification audits: 1

Number of monitoring audits: 0

Number of WEP trainings: 0

Number of calls to the complaints helpline: n/a

Number of complaints: 3

Indonesia's manufacturing sector generates around a fifth of the country's GDP. The vast majority of textile and garment companies are located on the island of Java. The garment industry is concentrated in West Java, Greater Jakarta and Batam. Women comprised a significant proportion of the 2.5 million workers employed in the industry in 2013.

In 2016, FWF set up its activities in Indonesia for the first time. In order to track whether human rights are effectively enforced and aligned with international norms in Indonesia, FWF set up an audit team to audit the factories sourcing to FWF members. This team completed one audit in 2016 as they were recruited in the second half of the year. The 2016 activities also included extensive stakeholder consultation; FWF met and presented at various local trade unions, international and civil society organisations as well as employers' organisations. FWF also recruited a country representative to coordinate its audit-related activities and Strategic Partnership pilot project work.

In December 2016, FWF organised a supplier seminar in Jakarta, where approximately 12 factories supplying FWF members were present. During this seminar, various local organisations were able to present on the three themes of the SP: living wages, social dialogue, and gender-based violence. FWF members were involved in three complaints in 2016. These complaints were received either through its stakeholder network or the FWF complaints email address. FWF was heavily involved in the remediation of a complaint where former workers of a bankrupt factory were compensated for their loss of income by a FWF member. This was a very complex complaint with a lot of (international) stakeholders, but it helped set a precedent for brands to implement human rights at a company level. Two other complaints related to freedom of association were also worked on, but these complaints were not yet resolved by the end 2016.

MACEDONIA

Number of FWF members sourcing in Macedonia: 11

Number of factories supplying FWF members: 34

Number of verification audits: 3

Number of monitoring audits: 7

Number of WEP trainings: 5

Number of calls to the complaints helpline: 0

Number of complaints: 0

Although the Macedonian textile sector covers less than 1% of the global garment exports on a global scale, the garment industry is a vital part of Macedonia's economy. FWF has been working on wage-related projects in Macedonia since 2010, most notably the Living Wage project. In 2011, FWF, with the support of CNV Internationaal, started developing concrete tools to support the wage ladder approach to the implementation of a living wage in Macedonia. The goal of the pilot project is to examine the relationship between wages and productivity, and to identify areas where productivity increases can be used to support better wages for workers.

In 2016, FWF continued its Living Wage project, actively working together with several FWF members. During this process, FWF provided technical support and guidance. Important learnings were that wage increases should involve all workers and the importance of an active worker-management dialogue when raising wages and ensuring sustainability. Despite the fact that the five-year project with CNV came to an end in 2016, FWF remains committed to assisting brands in implementing living wages in Macedonia.

FWF also continued to expand the FWF WEPs in Macedonia, with 170 managers and workers actively participating in the WEP basic training. FWF audits in Macedonia show that management-worker dialogue could be improved significantly. Worker organisation is low, either in trade unions or worker committees. FWF actively stimulates brands sourcing from Macedonia to motivate workers to set up worker committees that can help improve working conditions, productivity and worker satisfaction.

MYANMAR

Number of FWF members sourcing in Myanmar: 4

Number of factories supplying FWF members: 11

Number of verification audits: 1

Number of monitoring audits: 6

Number of WEP trainings: 2

Number of calls to the complaints helpline: n/a

Number of complaints: 4

FWF has been active in Myanmar since 2015. Last year, in order to operate effectively in Myanmar, FWF recruited a country representative who can support programme management of the SP on a structural basis. FWF also recruited a local worker interviewer, which is part of the audit team, and a local trainer, which customised and piloted the first WEPs at two FWF supplier factories in Myanmar. FWF started WEPs in Myanmar at two FWF supplier factories. Factory management and some 100+ workers were trained, increasing their awareness of their rights. Separate meetings were held with factory unions and worker-management dialogue was successfully facilitated.

In 2016, seven audits were conducted by FWF's local team to verify improvements of labour standards in FWF supplier factories. In one particular case, remediation work by the brand resulted in 20 child workers (14-15 years old) being removed from the factory until they turn 16, with their income being compensated to the families and their education arranged.

Also, four complaint cases were investigated, followed by a remediation process with support of the FWF member brands. Most of the cases relate to dismissals of union leadership and members. In one case, 24 workers were reinstated following successful mediation by FWF between factory management and union.

In terms of research, in 2016, FWF published its first country study for Myanmar. The study, which is available on the FWF website, focuses on the status of compliance in Myanmar of the FWF Code of Labour Practices. A mapping was also conducted to identify the relevant stakeholders in the garment sector of Myanmar.

FWF's first ever supplier seminar in Myanmar took place in December 2016. Twenty-three participants were present, including representatives of some of the 10 factories supplying FWF member, as well as local quality control staff from brands and agents. For many suppliers, this was the first time they ever engaged with local civil society organisations.

ROMANIA

Number of FWF members sourcing in Romania: 24

Number of factories supplying FWF members: 53

Number of verification audits: 1

Number of monitoring audits: 7

Number of WEP trainings: 2

Number of calls to the complaints helpline: 3

Number of complaints: 1

FWF has been active in Romania since 2006. In 2016, factory audits showed that issues related to occupational health and safety, wages, overtime and worker representation remain a problem. A general issue that FWF audits have identified in Romania is that there is little wage differentiation, regardless of the skill needed for the job title. Workers are not rewarded financially for difficult or more dangerous jobs. Worker representation is another reoccurring issue; worker representatives are often part of management and/or are not democratically elected.

The position of women in the Romanian workplace is still problematic—for example, during audits it was found that high unemployment rates led to women frequently refraining from claiming maternity leave, because they did not want to lose their job while gone.

In addition, hours of work and payment are also frequently cited by workers; during audits many findings are related to lack of overtime payment. The biggest challenges for FWF and its members in Romania remain the steps towards living wages.

Verification efforts in 2016 focused on stimulating social dialogue at the factory level. Since 2014, FWF has offered factory trainings to managers and workers to create better communication systems between them and to stimulate grievance mechanisms. In 2016, there was an increase in calls to FWF's complaints handling system; one complaint was officially registered and remediated by FWF and its member and two other calls were forwarded and handled by the local labour bureau. FWF was invited as keynote speaker at the Eurosfat meeting in Bucharest in May 2016. The Labour Minister, Liliane Ploumen, participated in the same pane.

Moldova

The Romanian audit team also did three audits in Moldova, a neighbouring country to Romania. Because there is only a few brands sourcing from Moldova, FWF is not active here, which means that there is no local complaints helpline and that FWF is not actively maintaining a stakeholder network. The audit team of Romania, however, can perform audits on an occasional basis in Moldova. The working conditions here are very poorer and jobs in the garment industry in Moldova are even more precarious as in Romania, due to the extremely low wages.

TUNISIA

Number of FWF members sourcing in Tunisia: 17

Number of factories supplying FWF members: 65

Number of verification audits: 6

Number of monitoring audits: 12

Number of WEP trainings: 1

Number of calls to the complaints helpline: n/a

Number of complaints: 3

The textile industry remains one of the most important economic sectors in Tunisia, accounting for about 20% of total exports, albeit it is struggling. In 2016, 18 FWF factory audits were conducted in Tunisia and 1 WEP-training was given to managers and workers. One of the most common findings was that workers were not aware of their labour rights. Complaints handling systems were not in place or workers were not aware of their functioning. FWF found many cases where worker committees did not exist or were not active even though they are a legal requirement. When workers are not aware of their rights, do not have access to a grievance mechanism and do not organise themselves to engage in a regular dialogue with factory management, it limits their ability to advance their working conditions.

Precarious work is a significant issue for Tunisian garment workers. Often, factories give short-term contracts. In the past 5 years, a lot of garment factories have had to close down their business, often without prior warning to the workers. Complaints received by FWF covered topics such as precarious work or unannounced closure of a factory.

The increase in the cost of living coupled with the high unemployment rate make a living wage all the more important. In 2016, FWF consulted stakeholders, including trade unions, employer organisations and other NGOs to discuss living wages. First steps have been taken to revise living wage benchmarks in the FWF wage ladder. FWF explored opportunities to work with other organisations to do an in-depth assessment of what constitutes a living wage in Tunisia and to create more awareness of the concept of living wage.

TURKEY

Number of FWF members sourcing in Turkey: 41

Number of factories supplying FWF members: 215

Number of verification audits: 26

Number of monitoring audits: 12

Number of WEP trainings: 7

Number of calls to the complaints helpline: 37

Number of complaints: 22

Turkey is the eighth main garment exporter in the world, and the fourth largest garment supplier for Europe. FWF has been active in Turkey since 2002. In terms of production volume produced for FWF members, Turkey ranks fifth after China, Bangladesh, Vietnam and Italy. The majority of suppliers are based in the Istanbul region, with the Izmir region as the second most important region. SME factories with a long sub-contractor chain dominate the industry, with the working conditions deteriorating down the supply chain.

According to Amnesty International, the human rights situation has markedly deteriorated in Turkey. In 2016, the media faced unprecedented pressure from the government; freedom of expression both online and offline suffered significantly. The right to freedom of peaceful assembly was further restricted and documented cases of excessive use of force by police and ill-treatment in detention was on the rise. Impunity in these cases is the norm, partly because of further erosion of the independence of the judiciary. To complicate matters, suicide bombings attributed to ISIS killed many people.

Since the start of the civil war in Syria in 2011, 2.7m Syrians have acquired temporary protection in Turkey. FWF has taken part in stakeholder meetings and delegations, appealing to the Turkish government to provide work permits for Syrian refugees. On 15 January 2016, the Regulations Concerning Work Permits of Foreigners under Temporary Protection entered into force. Although this policy opened the way for obtaining a work permit for Syrians, it is also clear that many obstacles still remain. Between January and November 2016, only 2500 work permits were issued for Syrians under this policy.

FWF has applied and received funds from the Dutch Ministry of Foreign Affairs for the project Evidence-based lobby & advocacy to create human rights protections for Syrian refugee garment workers. The project started 1 September 2016. FWF succeeded in finding local staff that could work on the issue of the Syrian refugees, liaise with NGOs and trade unions as well as address complaints in Arabic.

Fair Wear attended events organised by other multi-stakeholder initiatives ETI and FLA. FWF representatives have also been liaising with United Nations High Commissioner for Refugees

(UNHCR) as well as representatives from relevant ministries in Turkey, other UN organisations, brands, and workers' rights groups, unions, NGOs and employers. It is with the hope that collective action can bring about effective, positive change in this volatile situation.

In 2016, FWF local teams conducted 37 audits. The lack of social dialogue, functioning industrial relations and the obstruction of the right to organise and bargain collectively in the garment industry were found to be the biggest challenges. The most common problem found in FWF's audits in Turkey was the falsification of wage records to avoid paying fees to the social security administration. Other widespread problems concern working hours, underpayment of overtime and annual leave and unfair dismissals (in particular of trade union members).

FWF gave training to factory management and workers in seven factories to raise awareness on labour rights and effective worker-management communication and grievance handling.

VIETNAM

Number of FWF members sourcing in Vietnam: 22

Number of factories supplying FWF members: 130

Number of verification audits: 7

Number of monitoring audits: 18

Number of WEP trainings: 10

Number of calls to the complaints helpline: 12

Number of complaints: 4

Vietnamese textile and garment companies employ an estimated 2.5 million workers and the industry is growing faster than most of its regional competitors. In January 2016, as a result of research and consultation through a tripartite National Wage Council, the Vietnamese government raised the minimum wage levels to between €94 and €137, according to region. Even though the Vietnamese government raised the minimum wage in 2016, the challenge remains to include factory workers in collective bargaining and wage negotiations. The newly set minimum wage is a big step in the right direction, but does not yet meet the living wages benchmarks conducted by local stakeholders.

In early 2016, the United States revoked the ratification process of the Trans-Pacific Partnership, which according to most stakeholders, will most likely mean that it will slow down the implementation of labour rights commitments and of any major labour code revisions. The EU-Vietnam Free Trade Agreement, however, which was signed on 2 December 2015, still awaits ratification from the United States.

FWF's core verification activities in Vietnam continued throughout 2016, focusing on factory audits, complaints handling and expanding WEP trainings. The audit team was particularly concerned with factory unions being mostly dependent on management and incapable of independently representing workers in negotiations with employers. Social dialogue at the workplace is encouraged by law but has not been effectively practised due to lack of capacity, trust and awareness. According to findings from FWF audits, excessive overtime in Vietnamese garment factories continues to be one of the most prominent violations of workers' rights. In addition, there is still a gender gap in hourly wages paid. This is a significant issue, as 80% of Vietnam's factory workers are women.

FWF conducted in-house factory training as part of its WEP. The complaints that were handled dealt with excessive overtime hours without the overtime premium being paid, and not having a labour contract or not being able to resign with adequate severance pay, and social security. Remediation focused on setting more realistic production targets in cooperation with workers, the correct registration of working hours and corrective action to reduce excessive overtime. Other remediation efforts by FWF members were taken in order to have a worker reinstated and resolve outstanding payment issues.

ANNUAL FINANCIAL STATEMENTS

2016

BALANCE SHEET 31 DECEMBER 2016

	December 31, 2016		December 31, 2015	
	€	€	€	€
FIXED ASSETS				
Tangible fixed assets				
Inventory	84.327	€	13.401	€
Computers	<u>41.481</u>		<u>10.238</u>	
		125.808		23.639
CURRENT ASSETS				
Receivables				
Debtors	105.872		115.112	
To be invoiced	30.258		148.436	
Taxes	31.204		8.699	
Subsidies and contributions	138.795		134.763	
Other receivables, prepayments and accrued income	<u>109.995</u>		<u>76.618</u>	
		416.124		483.628
Cash		<u>2.528.938</u>		<u>259.540</u>
		<u>3.070.870</u>		<u>766.807</u>
LIABILITIES				
Reserves				
General reserve		82.789		90.654
Result		125.743		-7.865
		208.532		82.789
Current liabilities				
Creditors	120.859		238.834	
Subsidies received in advance	2.440.274		62.844	
Loan FNV	0		200.000	
Taxes	54.162		28.807	
Accruals and deferred income	<u>247.043</u>		<u>153.533</u>	
		<u>2.862.338</u>		<u>684.018</u>
		<u>3.070.870</u>		<u>766.807</u>

STATEMENT OF INCOME AND EXPENDITURE 2016

	Budget 2016		Realisation 2016		Realisation 2015
	€		€		€
Revenues					
Contributions member companies	827.000		812.321		785.226
Support member companies	125.960		76.659		56.182
Audits on behalf of affiliates	220.000		250.157		286.050
Subsidies	3.471.493		2.818.473		1.260.254
Other income	15.400		47.603		41.341
	<u>4.659.853</u>		<u>4.005.213</u>		<u>2.429.053</u>
Expenses					
Personnel	1.976.218		1.894.813		1.153.653
Depreciation	19.000		36.594		11.027
Other costs	2.638.583		1.949.587		1.272.718
	<u>4.633.801</u>	#	<u>3.880.994</u>		<u>2.437.398</u>
Operational result	26.052	#	124.219		-8.345
Interest	1.500		1.524		480
Result	<u>27.552</u>		<u>125.743</u>		<u>-7.865</u>

CASHFLOW STATEMENT 2016

		2016		2015
Operational result	€	124.219	€	-8.345
<i>Adjustments for:</i>				
Depreciation		36.594		11.027
Movement in receivables		67.504		-64.341
Short-term loan FNV		-200.000		200.000
Movement in current liabilities		2.378.320		-150.934
		<u>2.245.824</u>		<u>-15.275</u>
Cash flow from ordinary activities		2.406.637		-12.593
Interest received		1.524		480
Cash flow from operating activities		2.408.161		-12.113
Cash flow from investing activities				
Investments in tangible fixed assets		-138.763		-7.478
Movement in cash		<u>2.269.398</u>		<u>-19.591</u>
Cash as at December 31		2.528.938		259.540
Cash as at January 1		<u>259.540</u>		<u>279.131</u>
Movement in cash		<u>2.269.398</u>		<u>-19.591</u>

ACCOUNTING PRINCIPLES

General

The financial statements have been prepared in accordance with the Guidelines for Annual Reporting in the Netherlands for Not-For-Profit Organisations (RJ 640) published by the Dutch Accounting Standards Board. The reporting currency is the euro. The historical cost convention has been applied.

Unless indicated otherwise, assets and liabilities are generally stated at historical cost or face value.

Comparison with the preceding year

There has been no change in accounting policies compared with the preceding year.

Tangible assets

Tangible fixed assets are stated at historical cost less straight-line depreciation over the expected useful life of the asset concerned.

Receivables

Receivables are stated at face value. A provision for doubtful accounts is deducted. This provision is determined by individual assessment of the receivables.

PRINCIPLES FOR THE DETERMINATION OF THE RESULT

General

The operating result is determined by the difference between the income and expenses for the year, taking into account the above accounting policies. The income and expense items are attributed to the period to which they relate, based on historical cost. Losses are recognised as soon as they are identified. Income is recognised when it is realised.

Subsidies

Operating subsidies are recorded in the year when the subsidized costs were incurred.

EMPLOYEE REMUNERATION

Regular remuneration

Wages, salaries and social security charges are recognised in the statement of income and expenditure according to the conditions of employment as and when payable to employees.

Pensions

Fair Wear Foundation has a career-average pension scheme. The contributions related to accumulated pension rights paid to the pension scheme provider are accounted for in the statement of income and expenditure for the year.

Explanation of cash flow statement

The cash flow statement was drawn up in accordance with the indirect method. The financial resources in the cash flow statement consist of the liquid assets.

OTHER FINANCIAL LIABILITIES

In 2016 the foundation signed a rental contract for a period of 5 years from 1 October 2016 until 30 September 2021, with the possibility to divest a part of the rented space (100 m² of the total 470 m²) per 31 December 2020.

At 31 December 2016 the yearly costs for rent and service amount to € 68 620.

NOTES TO THE BALANCE SHEET 31 DECEMBER 2016

Tangible fixed assets

	Inventory	Computer	Total
€	€	€	
January 1, 2016			
Purchase value	26.183	27.724	53.907
Accumulated depreciation	-12.782	-17.486	-30.268
	13.401	10.238	23.639
Changes 2016			
Investments	92.068	46.695	138.763
Fully amortized purchase value	-	-7.754	-7.754
Fully amortized accumulated depreciation	-	7.754	7.754
Depreciation	-21.142	-15.452	-36.594
	70.926	31.243	102.169
December 31, 2016			
Purchase value	118.251	66.665	184.916
Accumulated depreciation	-33.924	-25.184	-59.108
	84.327	41.481	125.808
Depreciation percentages	20%	33%	

Receivables

	Dec 31, 2016	Dec 31, 2015
€	€	
Debtors		
Nominal value	118.600	145.112
Less: provision doubtful debts	-12.728	-30.000
	105.872	115.112

Subsidies and contributions

BuZa-FAHR	99.444	99.444
VAW Extension	-	11.000
BFA Web China	-	9.801
UN Women	-	14.518
EU-CCA Wellmade	39.351	-
	138.795	134.763

	Dec 31, 2016	Dec 31, 2015
<i>Other receivables</i>	€	€
Deposits World Fashion Centre	19.875	9.670
Interest	0	852
Other	90.120	66.096
	109.995	76.618

Liquid assets

ABN AMRO Bank N.V., current account	429.437	22.518
ABN AMRO Bank N.V., savings account	2.099.489	237.010
Cash	12	12
	2.528.938	259.540

Reserves

General reserve

Balance as per January 1	82.789	90.654
Result	125.743	-7.865
Balance as per December 31	208.532	82.789

Current liabilities

	Dec 31, 2016	Dec 31, 2015
<i>Subsidies received in advance</i>	€	€
BuZa, Strategic Partnership	2.234.263	-
BuZa, Strategic Partnership Flexible Fund	183.743	-
EU-CCA Wellmade	-	11.683
EU-India	15.223	23.863
RVO	-	27.298
CNV-LW	7.045	-
	2.440.274	62.844

Loan FNV

This short-term loan is repaid on January 28, 2016 to Stichting FNV Mondiaal in Amsterdam.

	<u>Dec 31, 2016</u>	<u>Dec 31, 2015</u>
	€	€
<i>Tax and social security</i>		
Wage tax	<u>54.162</u>	<u>28.807</u>
<i>Accruals and deferred income</i>		
Holiday allowance	69.281	41.364
Accumulated days off	58.180	44.448
Auditor	13.500	11.000
Project costs a.s.o.	<u>106.082</u>	<u>56.721</u>
	<u>247.043</u>	<u>153.533</u>

NOTES TO THE STATEMENT OF INCOME AND EXPENDITURE 2016

	Budget 2016	Result 2016	Result 2015
€	€	€	
Contribution member companies			
Contributions member companies	827.000	812.321	785.226
Previous years	-	-	-
	827.000	812.321	785.226
Subsidies			
CNV	24.000	16.955	42.600
EOG			10.000
FNV			64.149
ISCOM	19.000	18.339	19.499
Ministry of Foreign Affairs, Human Rights Division			452.918
Ministry of Foreign Affairs, SBOS			220.000
Ministry of Foreign Affairs, Sustainable Economic Development	3.166.119	2.511.747	
Ministry of Foreign Affairs, Social Development		60.605	
UN Trust Fund	0	-14.518	42.466
Europe Aid	88.072	51.034	99.704
EU-India	77.068	79.904	34.402
RVO-KyB	54.198	54.199	203.272
BFA/Fastenopfer	0		52.279
BFA/WEP China	43.036	39.973	18.965
Other subsidies	0	235	
	3.471.493	2.818.473	1.260.254

	Budget 2016	Result 2016	Result 2015
€	€	€	
Personnel costs			
Salaries	1.472.539	1.488.900	896.577
Social security	247.387	239.640	135.322
Pension costs	139.891	150.551	92.036
Other personnel costs	124.500	120.815	74.074
	1.984.317	1.999.906	1.198.009
Health insurance	-8.099	-105.093	-44.356
	1.976.218	1.894.813	1.153.653

At the end of December 2016, FWF employed a total of 35 people (2015: 22). On a full time basis FWF employed an average of 27.6 employees in 2016 (2015: 17,2).

The gross annual salary for the director, Mrs. H.F. van Doorn, for 2016 was € 87 278. In 2016, she worked on a fulltime basis (1FTE, 261 working days). The total pension costs for the director for 2016 were € 12 772. The holiday allowance amounted to € 6 982 (8% of the annual gross salary). No additional (monthly) allowance for costs was paid other than a compensation of actual costs made. The salary is well within the limits of the Dutch law ‘Wet Normering Topinkomens’. Members of the board of Fair Wear Foundation do not receive any salary or allowance.

Other costs

Office	420.200	300.077	138.483
Organisation	188.000	102.695	87.690
Communication	345.421	321.326	177.376
Verification	1.321.962	836.006	496.106
Travel	143.000	139.326	82.787
Expenses audits on behalf of affiliates	220.000	250.157	290.276
	2.638.583	1.949.587	1.272.718

Office

Office rent	61.000	47.929	54.416
Office necessities	359.200	252.149	84.067
	420.200	300.078	138.483

	Budget 2016	Result 2016	Result 2015
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Organisation

Travel and accommodation	-	-	-
Meeting and board	8.000	7.610	4.307
Auditor and advice	105.000	74.279	28.481
Financial administration	10.000	12.786	13.271
Bank charges and exchange rate differences	15.000	13.037	8.773
Provision for doubtful debts	50.000	-5.017	32.858
	188.000	102.695	87.690

Communication

Website	59.500	45.768	11.212
Protection of brand name and logo	7.000	1.188	1.458
Promotion and printing	129.788	65.704	39.077
Stakeholder engagement	64.773	101.130	71.629
Business development	0	0	147
External content development	84.360	107.536	53.853
	345.421	321.326	177.376



Verification

Country studies	42.383	50.763	20.091
Policy development	251.820	47.454	36.972
Partner network	233.729	167.104	24.065
Selection and training auditors	52.659	29.001	11.824
Training suppliers and members	318.057	166.029	136.924
Verification audits	250.000	221.800	128.762
Complaints procedure	88.387	55.965	76.522
Capacity building	-	-	-
Monitoring and evaluation	69.927	89.193	43.793
Support members companies	15.000	8.697	17.153
	1.321.962	836.006	496.106

Travel

Transport	70.000	72.649	43.994
Food and Lodging	73.000	66.677	38.793
	143.000	139.326	82.787

Expenses audits on behalf of affiliates	220.000	250.157	290.276
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INDEPENDENT AUDITOR'S REPORT

To: The Board of Directors of Stichting Fair Wear Foundation
Postbox 69253
1060 CH AMSTERDAM

A. Report on the audit of the financial statements 2016 included in the annual report

Our opinion

We have audited the financial statements 2016 of Stichting Fair Wear Foundation, based in Amsterdam.

In our opinion the accompanying financial statements give a true and fair view of the financial position of Stichting Fair Wear Foundation as at 31 December 2016 and of its result for 2016 in accordance with the Guideline for annual reporting 640 'Not-for-profit organisations' of the Dutch Accounting Standards Board and under the provisions of the WNT.

The financial statements comprise:

- 1 the balance sheet as at 31 December 2016;
- 2 the profit and loss account for 2016; and
- 3 the notes comprising a summary of the accounting policies and other explanatory information.

Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing and the protocol WNT 2016. Our responsibilities under those standards are further described in the 'Our responsibilities for the audit of the financial statements' section of our report.

We are independent of Stichting Fair Wear Foundation in accordance with the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA, Dutch Code of Ethics).

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

B. Report on the other information included in the annual report

In addition to the financial statements and our auditor's report thereon, the annual report contains other information that consists of:

- Report of the Board;
- The FWF Approach;
- Country overviews;
- Projects & Subsidies.

Based on the following procedures performed, we conclude that the other information is consistent with the financial statements and does not contain material misstatements.

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing these procedures, we comply with the requirements of the Dutch Standard 720. The scope of the procedures performed is substantially less than the scope of those performed in our audit of the financial statements.

The Board of Directors is responsible for the preparation of the other information in accordance with the Guideline for annual reporting 640 'Not-for-profit organisations' of the Dutch Accounting Standards Board and under the provisions of the WNT.

C. Description of responsibilities regarding the financial statements

Responsibilities of management for the financial statements

The Board of Directors is responsible for the preparation and fair presentation of the financial statements in accordance with the Guideline for annual reporting 640 'Not-for-profit organisations' of the Dutch Accounting Standards Board and under the provisions of the WNT. Furthermore, the Board of Directors is responsible for such internal control as the Board of Directors determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, the Board of Directors is responsible for assessing the Foundation's ability to continue as a going concern. Based on the financial reporting framework mentioned, the Board of Directors should prepare the financial statements using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Foundation or to cease operations, or has no realistic alternative but to do so.

The Board of Directors should disclose events and circumstances that may cast significant doubt on the Foundation's ability to continue as a going concern in the financial statements.

Our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit assignment in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material errors and fraud during our audit.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgement and have maintained professional skepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included e.g.:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control;
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors;
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures; and
- Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identify during our audit.

Westzaan, 5 April 2017

Mattens Registeraccountants B.V.



J.L.M. Mattens RA



PROJECTS AND SUBSIDIES 2016

CONTENTS

Donor: Fastenopfer and Max Havelaar Switzerland

Institutional support

Donor: Brot für Alle

WEP-China 2015-2016

Donor: CNV Internationaal

Project: Macedonia - FWF living wage 2016 – project nr. 000665

Donor: European union

Creating change agents in the European garment industry (WellMade)

Reduction of economic discrimination and workplace violence in Indian export-oriented garment factories

Donor: Dutch ministry of foreign affairs

Strengthening fair wear foundation's capacity to operationalize the united nations "protect, respect, remedy"

Anti-harassment committee and violence prevention system in export-oriented garment factories

The Strategic Partnership for garment supply chain transformation 2016-2020

Evidence-based lobby & advocacy to support human rights protections for Syrian refugee garment workers

Donor: RVO-Netherlands enterprise agency

Knit your bit, Vietnam

DONOR: FASTENOPFER AND MAX HAVELAAR SWITZERLAND

INSTITUTIONAL SUPPORT

In 2007, FWF started a formal cooperation with ISCOM, a Swiss collaboration of NGOs with a similar goal to FWF. This cooperation resulted in several Swiss companies joining FWF foundation as well as an increase in FWF brand awareness in Switzerland and a Swiss NGO being appointed to the FWF Board. As a result, both Fastenopfer and Max Havelaar Switzerland chose to financially support the work of FWF on an institutional basis. In 2016, Fastenopfer subsidised FWF to the amount of € 9,157.51 (CHF 10,000) and Max Havelaar Switzerland to the amount of € 9,181.05 (CHF 10,000). Brot für Alle has decided to discontinue the institutional support of ISCOM and to provide financial support to FWF in the form of project funding (*WEP-China 2015-2016*).

DONOR: BROT FÜR ALLE

PROJECT: WEP-CHINA 2015-2016

The *WEP-China 2015-2016* project, which ran from 1 January 2015 to 31 December 2016, was supported by Brot für Alle with a total amount of CHF 65,000 (CHF 10,000 in 2015 and CHF 55,000 in 2016). The goal of the project was to significantly expand and strengthen worker access to remedy for human rights violations, as set out under the FWF Code of Labour Practices. This funding allowed FWF to both continue conducting the first generation of WEP in China as well as set the stage for creating the next generation of FWF's WEP in China. The WEP trainings covered: (1) pilot models of functioning mechanisms for dialogue; (2) capacity building of local staff; (3) stakeholder engagement; and (4) documentation and research.

Brot für Alle

WEP-China 2015-2016

	Amount received	Project costs	Amount claimed	Amount open for claim	Contribution FWF *)
Project start				58,938	
2015	9,164	18,965	18,965	39,973	0
2016	49,774	50,876	39,973	0	10,903
Total	58,938	69,840	58,938	0	10,903

*) The project costs exceed the budget; FWF will cover these costs.

DONOR: CNV INTERNATIONAAL

PROJECT: MACEDONIA - FWF LIVING WAGE 2016 – PROJECT NR. 000665

CNV Internationaal has been supporting FWF's work in Macedonia for many years. The work in Macedonia is strongly linked to CNV Internationaal's agenda of providing decent employment to workers around the world. Therefore, CNV Internationaal continued to fund the project *Fair Wear - Living Wage 2016 Macedonia*, which ran from 1 January to 31 December 2016, for 70% of the total project costs with a maximum of € 24,000. This project was a continuation of previous projects by FWF in Macedonia. Activities covered by this project included wage increase implementation; setting up factory-level social dialogue mechanisms; and implementing lessons learned from the living wage pilot projects.

The claim is based on 70% of the actual costs and time expenditure and it corresponds with the final financial report sent to CNV Internationaal on 5 January 2017. Due to unforeseen delays, part of the planned activities will now take place in 2017. CNV Internationaal has agreed to finance some of the work in 2017, from the balance of funds that were received in 2016; FWF will provide the remaining balance with a maximum of € 10,286 (30%).

CNV Internationaal

Fair Wear - Living Wage 2016 Macedonia - (000665)

	Amount received	Project costs	Amount claimed	Amount open for claim	Contribution FWF
Project start				24,000	
2016	24,000	24,221	16,955	7,045	7,266
Total	24,000	24,221	16,955	7,045	7,266
Contribution			70.00%		30.00%

DONOR: EUROPEAN UNION

The European Union sponsored two projects in 2016. The project *Creating Change Agents in the European Garment Industry (WellMade)* was sponsored from their office in Brussels. The project *Reduction of economic discrimination and workplace violence in Indian export-oriented garment factories* was sponsored by their office in India.

PROJECT: CREATING CHANGE AGENTS IN THE EUROPEAN GARMENT INDUSTRY (WELLMADE)

The European Union, through its Brussels' office, supported the project *Creating Change Agents in the European Garment Industry* from 1 March 2013 until 29 February 2016 with an amount of € 492 512, which is 75% of the total project budget of € 656 683. The remaining 25% contribution is to be secured by backings from FWF and four partner organisations (CNV Internationaal, CRI, ETI, SOMO). The project mainly targeted designers, sales people and sourcing agents of garment companies in Europe, with the aim of changing their business practices to support improved labour conditions at their production locations.

The actual expenditures in 2016 are € 91,230 (including 7% for administrative costs).

European Union

Brussels - WellMade

		EU	EU	EU	Partners	Partners	Partners		
	Total Project costs	Amount received	Amount claimed	Amount open for claim	Amount received	Amount claimed	Amount open for claim	Total amount open for claim	Contribution FWF
Project start				492,512			40,657	533,170	
2013	231,567	173,481	173,676	318,837	7,100	7,100	33,558	352,394	50,792
2014	210,931	141,889	158,198	160,639	6,625	6,625	26,933	187,571	46,108
2015	124,518	127,891	99,704	60,934	6,111	6,111	20,822	81,756	18,703
2016	91,230		51,034	9,900	0	10,092	10,730	20,630	30,104
Total	658,246	443,261	482,612	9,900	19,835	29,927	10,730	20,630	145,706
Contribution			73.3%			4.5%			22.1%

Note 2015: Partners Amount not claimed to partners because of underspending, hence lower 25% own contribution

Note 2016: The amounts open for claim at the end of 2016 will not be claimed anymore, because all costs made by FWF that are eligible, have been claimed already

PROJECT: REDUCTION OF ECONOMIC DISCRIMINATION AND WORKPLACE VIOLENCE IN INDIAN EXPORT-ORIENTED GARMENT FACTORIES

Through its India office, the European Union funds the project *Reduction of economic discrimination and workplace violence in Indian export-oriented garment factories* running from 1 September 2014 to 31 August 2017. The maximum EU contribution is € 169 999 (89.47%). In the light of new Indian legislation on sexual harassment in workplaces, the action is designed to pilot innovative methods of reducing workplace violence against women in the export-oriented garment industry through training. Training will be provided to current male line supervisors and women with potential to become supervisors in the future. The total costs in 2016 were € 89,305, of which 89.47% is funded through the EU Delegation in India.

European Union

India - Instrument for Democracy

	Amount received	Project costs	Amount claimed	Amount open for claim	Contribution FWF
Project start				169,999	
2014	60,190	2,152	1,925	168,074	226
2015		38,449	34,402	133,672	4,047
2016	71,265	89,305	79,904	53,768	9,401
Total	131,454	129,906	116,231	53,768	13,675
Contribution			89.47%		10.53%

DONOR: DUTCH MINISTRY OF FOREIGN AFFAIRS

Until 2015, the Dutch Ministry of Foreign Affairs supported two projects: *Strengthening Fair Wear Foundation's capacity to operationalize the United Nations "Protect, Respect, Remedy"* and *Anti-harassment committee and violence prevention system in export-oriented garment factories*. Both projects ended on 31 December 2015 and have been accounted for in the annual report 2015.

In addition, the Dutch Ministry of Foreign Affairs began sponsoring two new projects in 2016 in the area of lobby and advocacy: *The Strategic Partnership for garment supply chain transformation 2016-2020* and *Evidence-based lobby & advocacy to support human rights protections for Syrian refugee garment worker*.

PROJECT: STRENGTHENING FAIR WEAR FOUNDATION'S CAPACITY TO OPERATIONALIZE THE UNITED NATIONS "PROTECT, RESPECT, REMEDY"

The revised final narrative and financial reports, dated 27 November 2016, concerning the project *Strengthening Fair Wear Foundation's capacity to operationalize the United Nations "Protect, Respect, Remedy"* has been approved by the Dutch Ministry of Foreign Affairs by letter dated 12 March 2017. The last tranche of € 99,444.25 will be transferred in 2017. After receipt of the final instalment, the project will be closed.

Dutch Ministry of Foreign Affairs

Human Rights, Gender, Equality, Good Governance and Humanitarian Aid Department

	Amount received	Project costs	Interest accrued	Amount claimed	Amount open for claim	Contribution FWF
Project start					1,988,885	
2011	254,739				1,988,885	0
2012	254,739	273,740	1,408	266,394	1,722,491	5,938
2013	474,481	686,916	572	692,225	1,030,266	-5,881
2014	527,428	577,409	118	577,348	452,918	-57
2015	378,054	455,333	9	452,918	0.0	2,407
2016					0.0	0
Total	1,889,441	1,993,398	2,107	1,988,885	0.0	2,407
Contribution			0.11%	99.77%		0.12%

PROJECT: ANTI-HARASSMENT COMMITTEE AND VIOLENCE PREVENTION SYSTEM IN EXPORT-ORIENTED GARMENT FACTORIES

The Social Development Department funded the project *Anti-harassment committee and violence prevention system in export-oriented garment factories* for one year, from 1 January to 31 December 2015 for the amount of € 220 000. The final narrative evaluation and financial reports, dated 27 May 2016, have been approved by the Ministry of Foreign Trade and Development Cooperation by letter dated 14 July 2016. The last instalment of € 11,000 has been transferred and received on 22 July 2016.

Dutch Ministry of Foreign Affairs

Social Development Department

	Amount received	Project costs	Interest accrued	Amount claimed	Amount open for claim	Contribution FWF
Project start					220,000	
2014	132,000				220,000	0
2015	77,000	224,565	59	220,000	0	4,507
2016	11,000				0	0
Total	220,000	224,565	59	220,000	0	4,507
Contribution			0.03%	97.97%		2.01%

PROJECT: THE STRATEGIC PARTNERSHIP FOR GARMENT SUPPLY CHAIN TRANSFORMATION 2016-2020

From 1 January 2016, the Dutch Ministry of Foreign Affairs has supported *The Strategic Partnership for garment supply chain transformation 2016-2020*. This five-year effort is led by FWF, Dutch trade unions Mondiaal FNV and CNV Internationaal, and the Dutch Ministry of Foreign Affairs. It also includes a varied network of organisations in Europe and in eight garment-producing countries in Asia and Africa: Bangladesh, Cambodia, Ethiopia, India, Indonesia, Myanmar, Pakistan and Vietnam.

The goal of the SP is to improve labour conditions in the garment industry. The Partnership aims to bring together the expertise of trade unions, NGOs, and progressive brands and factories, to ensure that all supply chain actors are engaged. It focuses on three important themes, reflecting key labour issues:

1. **Living wages:** Supporting better wages while ensuring that industries remain profitable
2. **Gender equality:** Ensuring that particular needs of women workers are addressed
3. **Social dialogue:** Strengthening negotiation between management and workers' representatives

The project runs from 1 January 2016 to 31 December 2020. The total contribution of the Dutch Ministry of Foreign Affairs is € 32,000,000; the share for FWF of this total 5year budget is € 19,486,666.

Dutch Ministry of Foreign Affairs

The Strategic Partnership for garment supply chain transformation 2016-2020

	SP	CNV Internationaal	Mondiaal FNV	FWF	FWF	FWF	FWF	FWF
	Total Amount received	Amount disbursed to CNV Internationaal	Amount disbursed to Mondiaal FNV	Amount received	Project costs	Accrued interest	Amount claimed	Amount open for claim
Project start								19,486,6 66
2016	6,990,038	629,861	1,614,167	4,746,010	2,513,247	1,500	2,511,747	16,974,9 19
Total	6,990,038	629,861	1,614,167	4,746,010	2,513,247	1,500	2,511,747	16,974,9 19

PROJECT: EVIDENCE-BASED LOBBY & ADVOCACY TO SUPPORT HUMAN RIGHTS PROTECTIONS FOR SYRIAN REFUGEE GARMENT WORKERS

The Dutch Ministry of Foreign Affairs supports the project *Evidence-based lobby & advocacy to support human rights protections for Syrian refugee garment workers* with a total amount of € 488,696.63

(€ 80,777.16 in 2016, € 232,593.48 in 2017 and € 175,324.99 in 2018). The project runs from 1 September 2016 to 31 August 2018. As part of FWF's work related to Syrian refugees in Turkey, FWF cooperates with trade unions, CSOs and MSIs. FWF provides guidance to member brands and suppliers. This project has two specific areas of work: creating evidence and developing models on how to address the issues facing Syrian refugees; and supporting evidence-based advocacy in order to create sustainable, large-scale solutions for Syrians employed in the garment industry.

Dutch Ministry of Foreign Affairs

Evidence-based lobby & advocacy to support human rights protections for Syrian refugee garment workers

	Amount received	Project costs	Amount claimed	Amount open for claim	Contribution FWF *)
Project start				488,696	
2016	244,348	71,414	60,605	428,091	10,809
Total	244,348	71,414	60,605	428,091	10,809
Contribution					

*) FWF's contribution is not a percentage but an amount on earmarked costs/budget lines.

DONOR: RVO-NETHERLANDS ENTERPRISE AGENCY

PROJECT: KNIT YOUR BIT, VIETNAM

The Netherlands Enterprise Agency (RVO) agreed to financially support the project *Knit your Bit, Vietnam*, that was to be implemented together with the Dutch partners BSCI and CBI from 1 December 2014 until 31 May 2016. After the unforeseen withdrawal of both partners in 2015,

without claiming and costs, the total project budget was set at € 392,015. RVO, by letter dated 4 February 2016, agreed to fund a maximum of € 269,015. FWF contributed the remaining budget amount of € 123,000 for specific earmarked costs in the closing period of the project (e.g. performance bench mark assessments). The project aimed to improve purchasing practices of companies - who source from Vietnam and supply the European market - and advance the social sustainability business practices of factories in Vietnam. Vietnamese factory managers were made aware of the most urgent CSR issues and how they can be addressed. The project was implemented in three phases: (i) analysis of the specific CSR issues in Vietnam; (ii) training of EU buyers and Vietnamese factory managers; and (iii) more in-depth coaching for the factories enrolled in the programme.

RVO: Netherlands Enterprise Agency

Knit your Bit, Vietnam

	Amount received	Project costs	Amount claimed	Amount open for claim	Contribution FWF
Project start				269,015	
2014	102,619	11,545	11,545	257,470	0
2015	139,495	269,524	203,272	54,198	66,252
2016	26,901	65,552	54,198	0	11,354
Total	269,015	346,621	269,015	0	77,606
Contribution			77.61%		22.39%