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REPORT OF THE BOARD
PREFACE

In 2017, several factors drove change and the work that Fair Wear Foundation (FWF) undertakes on behalf of both its stakeholders and the people it seeks to support in the garment supply chain.

First of these was the continuing impact of digitalisation, rapidly becoming an omnipresent factor influencing the garment sector at all levels, from retail to information flow within the supply chain. In spite of some negative aspects, it enables civil society to harness information and hold companies to account where poor working conditions are evident. Thus, it positively affects the debate on the need for supply chain transparency. FWF’s multi-stakeholder setup supports brands in their efforts to become more transparent and demonstrate responsibility. Transparency was therefore a key topic at the international stakeholder meeting, as well as at well-attended FWF Annual Conference.

Over the past two years, FWF has significantly increased its capacity. As part of the Dutch Government-funded Strategic Partnership, FWF continued to focus on the important issues of living wage, gender-based violence and social dialogue in the garment sector. The Partnership is based on an agreement with the Dutch Government and two key Dutch trade unions, CNV Mondiaal and FNV Internationaal, and its aim 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 a unique opportunity to pilot innovative projects and accrue evidence-based data on what works and what does not. The Strategic Partnership can develop replicable and sustainable management systems, not only for the brands and the factories that are working with FWF, but also for the garment industry as a whole.

At global level, in early 2017 FWF participated in the launch of the OECD ‘Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector,’ developed through a multi-stakeholder process. FWF also teamed up with the ILO’s Better Work programme to carry out extensive work in support of decent labour conditions in the garment sector.

Gender is a high priority for FWF, which launched a Gender Forum in Vietnam where the sub-standard working conditions of the mostly female garment workers were exposed, in the spirit of the global #metoo movement. FWF has developed several national gender campaigns, as well as a global gender agenda together with the ILO. Child labour and the integration of Syrian refugee workers in Turkey were among other issues that FWF handled in cooperation with brands and other stakeholders.

In 2017, after nine years of dedicated service, FWF Director Erica van Doorn decided to step down. Erica played a crucial role in the development and success of FWF; under her leadership, FWF grew into an innovative and comprehensive labour rights organisation. While searching for a new director, an interim team was instituted in her place.

By combining a multi-stakeholder, practical approach with innovative ways to improve labour conditions in the garment sector, FWF is fulfilling an increasingly important role as an instigator of much-needed change in this industry. FWF will continue to dedicate its efforts to ensuring that what FWF does has real impact and improves labour conditions in the sector.

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.

The FWF approach is based on the idea that companies have a significant influence on factory conditions; therefore, improvements can only be achieved through cooperation between brands and their suppliers. Without considering the broader context and finding lasting solutions at both factory and brand levels, problems, such as forced overtime and workplace conflict, are likely to recur in supply chains.

In 2017, seven new companies joined FWF, bringing total members to 84. 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. Over half (56%) of member companies’ production takes place in FWF’s four priority countries (1,532 factories in China, India, Turkey and Bangladesh).

In 2017, FWF focussed on eleven production countries: Bangladesh, Bulgaria, China, India, Indonesia, Macedonia, Myanmar, Romania, Tunisia, Turkey and Vietnam. FWF members source from 2,755 factories, which employ over 868,000 workers. The core work of FWF has a significant impact on the lives of many people. In upcoming years, however, the Strategic Partnership has the potential to effect change beyond the supply chains of FWF members and have a transformative impact on the global garment industry as a whole.
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 the problems and challenges of sustainable development. This forms the base for FWF policy.

In March 2017, Erica van Doorn, who had been FWF’s Director for nine years, left the organisation. In the interval, an interim management team, made up of Mark Held (vice-chair of FWF’s board), Associate Directors Sophie Koers and Margreet Vrieling, and the Head of Finance and Operations Maureen Brouwer (from 1 August 2017, Maureen replaced Wim Hartog, who left in May) led the organisation. Most FWF operations are carried out at the head office in Amsterdam and through FWF-trained teams in production countries.

BOARD

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<tr>
<th>Chairperson</th>
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| Business associations - apparel companies and retailers | Patric Hanselman | MODINT  
|                     | Femke den Hartog | InRetail  
|                     | Mark Held | EOG  
| Trade unions | Catelene Passchier | FNV  
|                | Roel Rotshuizen | CNV Vakmensen  
| Non-governmental organisations (NGOs) | Miges Baumann | Brot für Alle  
|                      | Evert de Boer | CCC |
## COMMITTEE OF EXPERTS

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<th>FGHS</th>
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<td>Nienke Steen</td>
<td>MODINT (began in November)</td>
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<td>Trade unions</td>
<td>Jacob Plat</td>
<td>FNV Bondgenoten</td>
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<td>Karen Bouwsma</td>
<td>CNV Internationaal</td>
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<td>Marjolein Groenewegen</td>
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<td>Eric Van den Heede</td>
<td>Belgian unions, CCC</td>
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<td>Non-governmental organisations (NGOs)</td>
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NEW AND TERMINATED MEMBERS

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FAIR WEAR APPROACH
SUPPLY CHAIN APPROACH

Traditional approaches to improving working conditions tend to focus mainly on factories. In contrast, FWF’s approach is based on the idea that the management systems of clothing brands have a significant influence on factory conditions, even if they do not directly employ factory workers. Unless the broader context is also considered and solutions are sought at both manufacturer and buyer levels, problems such as forced overtime and workplace conflicts are unlikely to find lasting solutions.

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.

FWF’s continued work on the efforts of its member companies and the factories from which they source provides FWF, and its partners, with insight into garment supply chains and creates a critical body of evidence.

FWF believes that in order to transform the garment industry — so moving beyond FWF member brands and their suppliers to effect change for all garment workers — there needs to be verifiable data on what works and what does not. FWF is in a unique position to create such evidence and, through the Strategic Partnership, disseminate this. The knowledge FWF generates and accumulates can be proliferated to the entire industry, leading to positive changes throughout. Awareness and behavioural change must happen at different levels in order to improve working conditions in garment supply chains in a sustainable way.

BRAND PERFORMANCE CHECKS

Conducted annually at all FWF member companies, the Brand Performance Check 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 to monitor, remediate, as well as communicate and report problems related to working conditions at factories, are covered and scored according to a transparent scoring methodology.

In 2017, FWF conducted 67 Brand Performance Checks at its member companies. In 2017, 22 members were awarded leader status; 40 members were in good; 4 members were put in needs improvement; and 1 brand was suspended. These reports are publicly available on the FWF website. Consumers, member companies and other stakeholders are showing a growing interest in these reports and hold member companies accountable for their performance, good or bad. FWF expects this trend to continue as the Brand Performance Check system and methodology gain wider recognition.

FACTORY AUDITS

Factory audits are conducted to monitor a brand’s supply chain. The purpose of these audits is to determine how the FWF member company monitors its supply chain and how well factories comply with FWF’s eight labour standards. For manufacturers, audits are part of a process leading to workplace improvements; for companies, factory audits serve as an indication of their performance in upholding their FWF commitments.
The requirements and recommendations of the audit team form the basis for a Corrective Action Plan (CAP), which should contain realistic, effective and measurable plans for improvement, with a clear timeframe.

FWF auditors conducted 235 audits in 2017. Of these, 72 were verification audits, paid by FWF, which are a component of FWF’s assessment of member performance. The remaining 163 were monitoring audits commissioned by FWF member companies, which used FWF auditors as part of their monitoring system. Five monitoring audits were also conducted outside countries where FWF is active.

COMPLAINTS MECHANISM

FWF’s complaints procedure is designed to protect workers and enable them to express grievances about their working conditions and the way the FWF Code of Labour Practices is implemented in the factories where they work. The complaints mechanism can also be used by suppliers to express grievances about the way FWF member companies conduct their business or by NGOs who may file a complaint about the labour situation in factories.

Complaints filed by workers or their representatives against their employer should be handled primarily within the company. In the framework of its 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 effectively can workers or their representatives use the FWF procedure. Currently, FWF provides free worker helplines in the eleven production countries where it is active.

Every year, hundreds of calls were made to the FWF complaints helpline. Many of the grievance calls were resolved over the phone by the complaints handler, who provides advice and suggests ways of remediating the situation internally. In other cases, the caller was referred to a third-party who can assist in resolving the issue.

In 2017, of the calls made to the helpline, 160 resulted in the filing of a formal complaint. The complaints originated from ten of the active countries.

When a factory worker, manager, local trade union member or NGO representative files a complaint, FWF informs the member(s) sourcing from the factory in question and investigates the complaint. Once the investigation is completed, the member company is asked to formulate a response and FWF publishes a preliminary report on its website. A final report is published once the entire procedure is closed and the verification process has been concluded.
TRAINING AND CAPACITY BUILDING

In recent years, recognising a need to move beyond verification work, FWF has focussed more intensely on programmes and projects that have a preventative aspect, while also making a long-term, sustainable and replicable impact on the industry. The FWF Workplace Education Programme (WEP) is a recent innovation that address structural issues in global garment supply chains. FWF developed three training modules to train workers and management, and equip them with the necessary tools to engage in constructive dialogue about problems and find adequate solutions.

WORKPLACE EDUCATION PROGRAMME

In garment factories, poor communication and a lack of awareness about workplace standards lie at the core of many problems. Even simple issues may go unaddressed, leading to worker dissatisfaction and low worker retention rates. As a result, many factories are caught in an endless, costly cycle of recruitment, training and resignations. FWF’s WEP training programmes aim to guide companies beyond auditing and corrective action, towards collaborative workplaces where issues are raised and resolved through open communication. The training programmes provide workers and managers with the tools they need to talk about problems and resolve disputes. FWF provides both general and country-specific training programmes, as well as modules focusing on issues like gender-based violence that address specific needs and vary from country to country.

WEP BASIC

The WEP Basic module provides an introduction to FWF’s Code of Labour Practices and complaints helpline. It is designed to help brands and factories take their first steps toward workplace awareness and grievance mechanisms, and fulfil their basic responsibility to inform workers about their rights and access to complaints mechanisms. Management, supervisors and workers are trained separately in two-hour sessions. To meet the Brand Performance Check requirements, at least 10% of production workers must receive training. Depending on the size of the factory, this may mean that several worker-training sessions will be needed. The module is available in Bulgaria, China, Indonesia, Macedonia, Myanmar, Romania, Tunisia, Turkey and Vietnam. In 2017, FWF carried out 54 trainings in 8 countries. In total, 3,944 people were trained. The largest number of trainings took place in China.

WEP VIOLENCE AND HARASSMENT PREVENTION PROGRAMME

The WEP Violence and harassment prevention programme, which is run in both Bangladesh and India, entered its fifth year. The programme trains workers, supervisors and management on combating gender-based violence and harassment and assists them in creating and sustaining workplace harassment committees (WHC). Management, supervisors and workers are trained in separate sessions. An additional session is designed for members of elected WHC. After the initial WHC training, FWF attends the follow-up trainings with factories for approximately 18 months to ensure that the WHCs are functional. In 2017, 14 new factories joined the programme in India and 7 in Bangladesh.

WEP COMMUNICATION MODULE (BFA–WEP 2017 AND 2018)

In 2017, FWF started piloting the new WEP Communication module which focuses on improving interaction between workers and factory management by developing communication skills with an emphasis on collaborative problem-solving. The module teaches workers how to voice their concerns, and represent their colleagues’ concerns in a constructive way. The module also trains factory management to deal with workers’ issues in a positive manner. The training module includes
both separate sessions for managers and workers, and sessions where management and employees discuss factory floor issues together.

The project, which is co-funded by Brot für Alle and the Dutch Ministry of Foreign Affairs, covers China, Indonesia, Myanmar and Vietnam.

Initially FWF was to roll out the WEP Communication in China. Due to the political situation in China, FWF decided to put the implementation of the training on hold. After a risk-assessment of our activities in China, FWF will decide whether the training can still take place. Since the initial idea was to train the trainers of Vietnam and China together, FWF reassessed their plan, and decided to first focus on training the trainers of Indonesia and Myanmar. The module and training guidelines were adapted to the country context of Myanmar and Indonesia. In September, a train-the-trainer session, specifically designed for the Indonesia and Myanmar teams, took place in Yangon. The first pilot was implemented at a supplier in Indonesia in December 2017. First outcomes were promising: after separate worker and management sessions, both groups came together in a common session and identified concrete and meaningful points for improvements through constructive dialogue. It was particularly encouraging that complex and sensitive issues such as verbal abuse by supervisors were raised during this session.

**STRATEGIC PARTNERSHIP**

FWF has been a lead partner in the five-year Strategic Partnership (SP) for Garment Supply Chain Transformation since 2016. The Partnership brings together FWF, Dutch trade unions CNV Internationaal and Mondiaal FNV and the Dutch Ministry of Foreign Affairs. The SP is part of the Dutch Ministry of Foreign Affair’s framework ‘Dialogue and Dissent’ 2016-2020. The SP’s joint programme aims to improve corporate and government policies regarding human rights compliance in garment supply chains in eight countries: Bangladesh, Cambodia, Ethiopia, India, Indonesia, Myanmar, Pakistan and Vietnam. The SP intends to demonstrate that improvements in living wages, gender equality and heightened social dialogue are possible in the CMT segment of the supply chain.

Activities conducted at the international level complement those with country focus. For example, in February, the SP brought together country managers and country representatives, as well as local staff, to be trained on lobby activities. The week led to Theories of Action for each country, which included national lobby goals.

In May, the SP partners jointly organised a Human Rights and Garments conference in The Hague. During the conference, a diverse group of participants discussed best practices on improving working conditions in the garment supply chains and took part in workshops on the three thematic areas. The conference gathered representatives from the four partners and of FWF member brands, as well as organisations such as the Dutch Textile Covenant, OECD, ILO Better Work, Clean Clothes Campaign, ICCO Cooperation, BBO and independent consultants. By the end of the conference, the participants had acquired new knowledge on ways to work on living wages, reduce gender-based violence and improve social dialogue in the supply chain.

During this conference, FWF and ILO Better Works signed a Memorandum of Understanding to intensify their collaboration in the area of information-sharing and alignment. The Ministry of Foreign Affairs also organised a side meeting on living wages and invited Dutch stakeholders to brainstorm ideas for potential collaboration.

Another main result of this year’s activities has been the joint setting of international lobby goals for the SP themes, social dialogue and gender-based violence. The SP commissioned Building Better Opportunities
BBO), a research organisation, to conduct a study and advise the SP on lobby strategies. After the findings were presented, the SP partners defined joint lobby approaches for the three themes. In the fall of 2017, the goals on social dialogue and the elimination of gender-based violence were approved. For living wages, the Steering Committee asked the SP’s international lobby group to revise the plan and adopt a more strategic approach in terms of achievements.

In 2017, the SP partners put a greater focus on collaboration in areas where there is overlap or added value can be shown. For example, Mondiaal FNV organised a well-received workshop on social dialogue for FWF member brands during the FWF Annual Conference. Also, while FWF is not operating in Cambodia, where the political space is shrinking and civil society is operating under increasingly difficult circumstances, as a signatory of the Apparel Industry MSI Quick Response Group, FWF wrote a letter to the Cambodian government urging it to respect fundamental democratic principles and workers’ rights. In doing so, FWF aligned its position with that of CNV, which is supporting its union partner in Cambodia.

LIVING WAGES

In 2017, FWF continued to focus on living wages in the garment sector. During the year, it revised its Brand Performance Check indicators on living wages.

To support FWF members in their various living wage pilot efforts – and to learn from them as they developed – FWF developed the Living Wage Incubator. Launched in January 2017, the Incubator offers FWF members the unique opportunity to convene and take on the challenge of introducing living wages in their supply chains together.

The Living Wage Incubator provides a forum where selected FWF member brands at different stages of the living wage process can develop and implement projects to raise wages in garment facilities, supporting local systems for social dialogue along the way. Incubator projects are instigated by brands in partnership with management and workers at brands’ selected production facilities. Through the Living Wage Incubator, brands have access to added support from FWF experts and the cumulative knowledge of the incubator participants. The lessons learned through the pilot projects can provide input for social dialogue, and offer clear guidance for the rest of the industry to increase support for living wages.

In 2017, fifteen brands participated in projects in China, India, Macedonia, Turkey, Tunisia and Vietnam. In its first year, the Living Wage Incubator produced some interesting and valuable results on multiple levels: FWF has been able to develop, trial and publish a number of groundbreaking tools and methodologies for collaborative wage increase processes, and in a small but growing number of factories, wages are going up as a result of such processes. Two FWF Living Wage Incubator meetings were held in 2017, as well as one supplier meeting in India, one workshop and four webinars. Additionally, FWF exchanged information about living wages with its SP partners, FNV and CNV, during the SP quarterly meetings and organised a workshop on living wages at the SP conference.

SOCIAL DIALOGUE

FWF believes that effective social dialogue is key to ensuring sustainable improvements in the garment industry. 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.’
In 2017, FWF continued to focus on creating an ‘enabling environment’ for social dialogue, both at the national and international level. FWF recognises that factories are often missing the practical tools for social dialogue; thus, FWF works together with factories, brands, and governments to promote social dialogue through its ongoing work, such as the WEP, which brands ask their suppliers to participate in, and the FWF helpline.

In 2017 a new module of the WEP was launched, the WEP Communication module, which focuses on building a strong foundation for social dialogue in the factories by improving worker-management interaction.

Additionally, in 2017, four FWF member brands joined the Indonesia Freedom of Association (FoA) Protocol, a multi-party agreement between brands, suppliers and unions. The Protocol consists of a practical set of factory-level guidelines on how to promote, defend and protect workers’ Freedom of Association rights. By joining this initiative, FWF brands are helping strengthen the programme, and FWF will continue to support these brands in their implementation of the Protocol.

GENDER-BASED VIOLENCE

In 2017, 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.

Since it began in 2012, the WEP violence and harassment prevention programme has trained approximately 5100 workers, as well as 2200 supervisors and 280 management. The programme, currently run in both Bangladesh and India, has also set up 72 workplace harassment committees, which listen to grievances from workers who have experienced or witnessed violence or harassment and work with factory management to ensure that the cases are resolved appropriately.

In India, FWF concluded Line Supervisor Training pilot programme. The programme was designed to pilot innovative methods for reducing workplace violence against women in the export-oriented garment industry through the training of current and potential line supervisors. Women workers with the potential for promotion were trained to be effective supervisors, while current male supervisors are taught gender-sensitivity and communication skills. In 2017, before the cumulation of the programme, two factories from Tirupur signed up for the programme and finished it by August. One factory from Bangalore, which had registered in 2016, completed the training in 2017 as well. These three factories enrolled a total of 39 female workers, out of which 30 workers completed the training. The Bangalore factory also sent 10 supervisors for training, out of which four completed the training.

Since 2016, FWF has worked together with FNV on the formation of a ‘gender platform’. This group of experts on gender-based violence was created during a meeting in Amsterdam, and in 2017, it extended to local platforms in Bangladesh and Indonesia. Originally designed to enable international trade unionists and workers’ rights experts to share their experience in South America and Africa with the FWF partners in Asia, the platform has expanded into a learning and sharing exchange between Asian countries as well.

Additionally, in 2017, FWF focussed on strengthening the capacity of local teams to lobby and advocate for the goal of achieving gender equality in the garment sector. Exchanges between the Bangladesh and India partners allowed the Bangladeshi team to learn how Indian NGOs and unions worked together to advocate for the adoption of the 2013 Anti-Harassment Act by the government. This is especially imperative for the Bangladesh partners, as the current guidelines surrounding sexual harassment in the workplace are being reviewed with the idea that they can be solidified into a law.
In October, FWF, in close cooperation with the International Training Centre of the ILO (ITCILO) and Dutch unions Mondiaal FNV and CNV Internationaal, held the inaugural Gender Forum. The training and knowledge-sharing event brought together businesses, governments, NGOs and trade unions to share solutions to address gender-based violence in garment factories. During this three-day event, participants worked together to create sustainable and practical solutions to problems they witness in their own countries. The Forum fostered new partnerships with the different stakeholders who have since gone on to take steps at the local level.

STAKEHOLDER ENGAGEMENT

In 2017, FWF maintained and improved relationships with stakeholders. FWF joined an ‘MSI emergency response group’ formed with ETI, FLA, SAC, SAI and WRAP to boost its ability to respond in a coordinated and joint manner when urgent issues of labour rights violations arise in garment-producing countries. One of the first collaborations was a joint letter to the Cambodian government raising concerns about the current situation in the country.

To increase FWF’s visibility and improve awareness of the FWF approach, FWF staff participated in several public events, such as panel discussions at the Ethical Fashion Show Berlin and the launch of a sustainable shopping guide organised by CCC in Germany.

Addressing a more expert, industry-focused audience, FWF presented its work at events, including the ISPO Industry Roundtable, the OECD Roundtable on Due Diligence in the Garment and Footwear Sector, several consultation meetings for the Social and Labour Convergence Project, a roundtable and the Annual Conference of FTA, a strategy meeting of IndustriAll, an ILO Multi-Stakeholder Regional Meeting on Promoting Decent Work in Thailand and the UN Forum for Business and Human Rights. Furthermore, FWF actively contributed to several working groups of the German partnership for sustainable textiles and a training on CSR and supply chains at the International Training Centre of the ILO in Turin.

In October 2017, FWF organised a roundtable in Macedonia to share and discuss learnings from the CNV 2010-2016 Living Wage Implementation project, conducted in cooperation with CNV Internationaal between 2010-2016. The project focussed on developing the wage ladder and implementing wage increases at factory level. FWF also ran a workshop on living wages for the signatories of the Agreement on Sustainable Garment and Textile (AGT) and joined a panel on living wages at a conference by BSCI.

In addition, FWF experts contributed to thematic sessions like ‘The Gender Lens to the UN Guiding Principles on Business and Human Rights’ and a preparatory meeting for the ILO Convention on Child Labour at the Dutch Ministry of Social Affairs.

To improve alignment with key stakeholders, and facilitate exchanges and learnings among FWF members and stakeholders, FWF organised national member and stakeholder meetings in the Netherlands, Germany, Sweden and Switzerland as well as the International Stakeholder Meeting and Annual Conference in Amsterdam.
PROJECTS

EU-INDIA INSTRUMENT FOR DEMOCRACY - LINE SUPERVISOR TRAINING PROGRAMME IN INDIA

Between September 2014 and August 2017, FWF, along with Indian partners SAVE and CIVIDEP, led a training programme for (potential) factory supervisors in the South Indian garment industry, funded by the Delegation of the European Union to India.

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

The programme included two separate modules: One for current supervisors, who were mostly male, and another for women workers who had the potential to become supervisors. The module for current supervisors focussed on soft skills, such as better communication and team management. The module for potential supervisors focussed on human resource management as well as technical skills, such as organising workflow and improving productivity. Both programmes covered some of the fundamentals pertaining to labour legislation, with a focus on anti-harassment.

In the three-year project, eighteen factories participated in the training programme conducted by FWF and its partners. A total of 117 women workers participated in the training in Tirupur and Bangalore; 71% of them completed the training. Training for current supervisors was given to 71 participants; 35% completed the training. Forty-eight per cent of the women workers who completed the training were promoted to supervisor level, and their monthly income rose between 21% and 47%. Participants also reported an increase in their confidence and knowledge. Likewise, management stated that they now perceive trained workers as better equipped for supervisory roles. A significant decrease in abuse by floor supervisors was documented, while business-related indicators improved as well, showing reduced mistakes, higher worker commitment and reduced absenteeism.

FWF is investigating opportunities to upscale the programme in 2018 in cooperation with other multi-stakeholder initiatives.

CHILD LABOUR PROJECT IN TURKEY

FWF conducted a verification audit in November 2014 at a shared supplier of three member brands. During that audit, the auditors found five Syrian children from three families working at a subcontractor of the main supplier. The member brands, in cooperation with the main supplier and FWF, launched a project to ensure that the children were removed from the workplace in a sustainable manner. One child moved to Germany before the start of the project, so the project continued for the remaining four children.

In September 2015, after numerous visits to the families to discuss alternatives and future steps for the children, the project was launched. The four children were enrolled in school and in order to ensure that the families could survive without the income of the child, they were given income compensation. Additionally, FWF worked with an Arabic-speaking service provider, who is also a certified schoolteacher, to monitor and support the family and the children, and periodically talk to the school.

Launching the project was complex, as it proved challenging to find the children’s home addresses, identify adequate schools and keep the families committed to the remediation process. One of the families later emigrated to Germany. Currently the project still supports the two remaining children in Turkey, and will continue until both of them turn 15.
TURKEY 1% FLEXIBLE FUND - SYRIAN REFUGEES IN THE TURKISH GARMENT SECTOR

In 2017, several activities were implemented to examine the situation of Syrian refugees working in the garment and textile sector. A supplier seminar was organised with over 100 participants in February, which was used both to discuss legal steps and procedures when employing Syrian refugees and to gather information on the current status quo.

Also in February, FWF organised a roundtable on Syrian refugee workers in the Turkish textile sector at the Netherlands Consulate General in Istanbul, in cooperation with the Dutch Ministry of Foreign Affairs. Building on previous meetings with various stakeholders, the roundtable discussion brought together relevant ministries from the Turkish and Dutch governments, employer organisations, unions and brands, as well as NGOs and international organisations. The aim of the high-level meeting was to discuss how different actors can contribute their varied knowledge and expertise to create a better environment for business and refugee workers alike. The legal situation of Syrian refugee workers, and the hurdles that lawmakers, governments, businesses and NGOs face when trying to integrate them into the labour market was the main focus of the discussion.

Throughout the year, the Turkey team kept up to date with the situation of Syrian refugees. It further developed the existing training module of the FWF WEP to adapt it to respond to this specific situation and the needs it creates.

In October, Fair Wear Foundation organised two webinars for suppliers and brands sourcing in Turkey to provide updates on the evolution of the Syrian refugee crisis, the legal status of refugees, and current legislation. During the webinar for suppliers, FWF shared new tools with the participants, including the Turkish version of the Factory Guide, a Refugee Guidance note and the amended WEP module. The webinar for brands was designed to inform member companies on the current status and introduce the tools developed to managing issues related to Syrian refugees. The outcomes from the webinar conducted earlier with suppliers was also discussed.

COMMUNICATIONS

WEBSITE

Traffic to www.fairwear.org grew from 160,000 visitors to almost 162,000 visitors in 2017. Most visits were from the Netherlands; Germany came second, followed by Belgian, Switzerland and Austria (new in the Top 5!). Bangladesh (in sixth place) was the only non-European country on the list.

With 5,000 individual visits, FWF experienced a website user peak on July 5th, apparently triggered when Dutch broadcaster NOS mentioned FWF in an article on the Dutch Agreement on Sustainable Garment and Textile.

In 2017, FWF added the new complaints section to the Fair Wear Foundation website. This has created a more efficient and comprehensive overview of FWF’s complaints handling system, which is accessible and easy to understand for website visitors.

SOCIAL MEDIA

Social media communication has become increasingly important for FWF, especially for building more interactive and instantaneous relationships with the different stakeholders. FWF’s social media network focuses primarily on stakeholder groups, garment brands, and media and opinion leaders.
In 2017, the FWF Facebook page grew from 8,000 followers to 9,300. Facebook spikes in 2017 were related to the paid/organic reach from the Christmas campaign in December. Over 75,000 people viewed the posts. In addition, the page was visited by 20,000 people when the news that FNG group had joined was posted in last February, with tags to all their brands.

FWF ended 2017 with 3,871 followers on Twitter, an increase of 500. The Twitter spikes in May, October and November were related to the Better Work/ILO collaboration announcement, the Gender Forum in Vietnam and the FWF Annual Conference.

In 2017, FWF also increased its engagement with Instagram, which has become its fastest-growing social media channel, with the best interaction rate. At the end of 2017, FWF had over 1,000 followers.

MEMBER COMMUNICATION

In 2017, FWF focussed more 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.

FWF also invested in joint communication with its brands, resulting in a successful Christmas campaign, led by FWF and promoted by FWF and its brands.

MEDIA

In 2017, FWF gained attention in international newspaper articles, blogs and radio and television programmes. FWF was featured in The London Times, BBC World, Der Spiegel, Financial Times, and Dutch online portal Oneworld, amongst others. The work of FWF was also extensively covered by industry media like Fashion United and just-style.

A FWF Op-ed on child labour in garment supply chains was published in Dutch newspaper Trouw and BHCR.

In October, through a press event with British fashion icon Katharine Hamnett, FWF managed to engage with over 20 Dutch blogger, vloggers and journalists from regular media.

VIDEOS

In 2017, FWF expanded its Best Practice video series on YouTube. The videos on living wages, collaboration in Myanmar and a film on how much a worker in Myanmar earns were well received by members and stakeholders and the general public.

ANNUAL CONFERENCE

The FWF Annual Conference 2017 was held on 9 and 10 November in Amsterdam. With 200 participants and over 80 member companies and stakeholder organisations represented, the conference provided opportunities for exchanging ideas about a wide range of topics. The 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 was ‘From niche to norm’.

The participants were inspired by keynote speakers Laura Hunter, Katharine Hamnett and Hans Doctor, who encouraged brands and stakeholders to tell their stories, be transparent and send out a positive message about their sustainability work.
Other leading industry experts joined FWF for a talk show, where potential ways to speed up much-needed industry change were explored. Together, FWF and industry experts zoomed out of single supply chains and took a wider view, without losing sight of the core issue: workers’ needs. They explored how the need for brands and other industry actors to have a space to try out new models can at times conflict with workers’ rights.

The question that all participants were trying to answer at the conference was: ‘How do we get the rest of the industry to change too’. Through the interactive sessions, brands discussed how it was important to take a step forward. Achieving fair labour conditions for all workers can, at times, feel like an insurmountable problem, but by making incremental, practical changes, brands can have a significant impact on the working conditions.

Brands also highlighted the need for collaboration—in order to create systemic change, brands need to share what they have learned from the changes they implement, so that others can build on their knowledge. Lastly, brands were encouraged to be ambassadors for change. To be transparent about their work, be inspiring, be vocal, be compelling, to show the industry, and the world that positive change is possible.

The inspiration sessions showed participants how five different FWF member brands, including the three shortlisted entries for the Best Practice Award, have assumed their responsibilities, enlarged their sphere of influence and pioneered progressive ideas to address labour rights violations in their supply chains. These examples should encourage other companies to think of ways they can increase their influence, and ensure it translates into concrete improvements in their supply chains.

**Workshops: collaborative action**

In the afternoon session, FWF designed workshops for small groups. These different workshops ranged from mapping supply chains to starting a collaborative PR project.

**Best Practice Award**

In 2017, Schijvens was the proud winner of the FWF Best Practice Award. The Dutch work wear brand managed to provide a living wage to workers at their supplier in Turkey. Along the way, the company learned some valuable lessons during the process, including figuring out the needs of local workers and the importance of raising all salaries (not just the lowest ones) to maintain wage differences that reflect workers’ skills and experience.

**PUBLICATIONS**

In 2017, FWF used various means of communication to disseminate the material it researched produced. Publications included guidance documents, country studies, videos and website portal articles. Among them were:

- Updated brand performance check guide
- FWF research agenda
- Communication guide

Additionally, in 2017, FWF completed country studies for Macedonia and Turkey.
COUNTRY OVERVIEW
COUNTRY SUMMARY

Below is an overview of the most important findings of the 2017 audits, complaints and Brand Performance Checks. Companies may have different financial years or delays can occur before supplier registers are updated. The numbers below may therefore not reflect the final tally for 2017.

<table>
<thead>
<tr>
<th>2017 FACTORIES SUPPLYING FWF MEMBERS</th>
<th>total number</th>
<th>percentage of total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bangladesh</td>
<td>233</td>
<td>8.46%</td>
</tr>
<tr>
<td>Bulgaria</td>
<td>40</td>
<td>1.45%</td>
</tr>
<tr>
<td>China</td>
<td>841</td>
<td>30.52%</td>
</tr>
<tr>
<td>India</td>
<td>234</td>
<td>8.49%</td>
</tr>
<tr>
<td>Indonesia</td>
<td>23</td>
<td>0.84%</td>
</tr>
<tr>
<td>Macedonia</td>
<td>36</td>
<td>1.31%</td>
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<tr>
<td>Myanmar</td>
<td>19</td>
<td>0.69%</td>
</tr>
<tr>
<td>Romania</td>
<td>59</td>
<td>2.14%</td>
</tr>
<tr>
<td>Tunisia</td>
<td>66</td>
<td>2.40%</td>
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<tr>
<td>Turkey</td>
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<tr>
<td>Vietnam</td>
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<td>all active countries</td>
<td>1910</td>
<td>69.33%</td>
</tr>
<tr>
<td>all other countries</td>
<td>845</td>
<td>30.67%</td>
</tr>
<tr>
<td>total</td>
<td>2755</td>
<td>100%</td>
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<th>2017 MEMBERS SOURCING PER COUNTRY</th>
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<td>Bangladesh</td>
<td>18</td>
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<tr>
<td>Bulgaria</td>
<td>17</td>
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<tr>
<td>China</td>
<td>53</td>
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<tr>
<td>India</td>
<td>39</td>
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<tr>
<td>Indonesia</td>
<td>10</td>
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<tr>
<td>Macedonia</td>
<td>14</td>
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<td>Myanmar</td>
<td>9</td>
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<tr>
<td>Romania</td>
<td>16</td>
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<tr>
<td>Tunisia</td>
<td>19</td>
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<tr>
<td>Turkey</td>
<td>41</td>
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<tr>
<td>Vietnam</td>
<td>26</td>
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<tr>
<td>Country</td>
<td>Members sourcing per country</td>
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<td>Bangladesh</td>
<td>18</td>
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<td>Bulgaria</td>
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<td>China</td>
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<td>Macedonia</td>
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<td>Tunisia</td>
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<td>Turkey</td>
<td>41</td>
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<tr>
<td>Vietnam</td>
<td>26</td>
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<tr>
<td>Totals</td>
<td>1910</td>
</tr>
</tbody>
</table>
BANGLADESH

Number of FWF members sourcing in Bangladesh: 18
Number of factories supplying FWF members: 233
Number of verification audits: 8
Number of monitoring audits: 4
Number of WEP trainings: 28
Number of calls to the complaints helpline: 165
Number of complaints: 62

In 2017, 18 member companies collectively sourced from 233 production locations in Bangladesh. This is a relatively modest increase compared to 2016 when 222 production locations were used. Total FOB volume sourced from Bangladesh, however, has increased by 68% to reach €467 million.

In 2017, FWF conducted 12 audits, 8 of which were verification audits. Audits revealed low worker rights awareness, low wages, restrictions to Freedom of Association, workers being paid below their pay grade, frequent excessive overtime, illegal terminations and, most commonly, fire safety concerns. CAPs were implemented systematically with support from the brands, leading to real improvement in working conditions.

The helpline was used extensively, with calls coming in on a weekly basis; a total of 165 calls were made to the complaints helpline, which resulted in some 60 complaints. Many of these were resolved through the factories’ internal grievance mechanisms (anti-harassment committees), with the support of FWF.

FWF implemented the WEP: Violence and harassment prevention programme in 28 factories in Bangladesh, including 7 new factories that came on board in 2017. The WEP in Bangladesh aims to build awareness of what constitutes harassment and help set up Anti-Harassment Committees (AHC) in garments factories. Regular follow-up meetings with the AHC show that many of these have become functional and have become an important internal channel to address grievances of workers. FWF will continue to support these committees and to extend this work further in existing and new factories, making use of relevant materials, including a video, publication, posters and training tools. In 2017, a visual booklet to be used by trainers was prepared by one of FWF’s partner organisations.

In 2017, the Strategic Partnership contributed to a roundtable meeting organised by the Dutch Embassy on living wages. The roundtable meeting brought together different stakeholders. FWF shared positive examples of living wage work in factories that supply FWF member companies.

In 2017, FWF and ILO Better Work signed a partnership agreement that will reduce duplication in auditing and will increase joint remediation strategies in factories where there is overlap between FWF member brands and ILO Better Work. The partnership will be piloted at factory level in Bangladesh in 2018. FWF also concluded an agreement with SNV to address gender-based violence in the garment sector of Bangladesh. Through its local partners organisations, FWF will provide training and capacity building support to bolster the efforts of management and workers of two factories under the umbrella of SNV’s Working with Women project.

In August 2017, two safety experts from the Netherlands visited Bangladesh on behalf of Fair Wear Foundation. The main objective of their mission was to study the progress achieved with regard to safety in the Ready-Made Garments (RMG) industry in Bangladesh, particularly in factories supplying FWF brands. The experts’ main conclusion was that a growing gap is developing between factories under Accord and Alliance, and those under the National Initiative. These findings were disseminated to the brands through the experts’ report and during a webinar.
In October 2017, a large delegation from Bangladesh, consisting of both FNV and FWF partner organisations, in addition to important stakeholders, participated in the Gender Forum ‘addressing violence and harassment against women and men in the garment industry’. The Forum generated renewed resolve for the diverse parties to work together, with a first important focus on the development of relevant legislation. To further strengthen the legal basis for women’s rights, FWF and FNV partner organisations worked closely together in their lobby and advocacy work to enact dedicated legislation on sexual harassment prevention and protection.

During a December roundtable meeting, FWF facilitated discussions and disseminated lessons and best practices on living wage, functioning AHCs, and effective social dialogue in factories.
BULGARIA

Number of FWF members sourcing in your country: 17
Number of factories supplying FWF members: 40
Number of verification audits: 1
Number of monitoring audits: 3
Number of WEP trainings: 2
Number of calls to the complaints helpline: 0
Number of complaints: 0

After tourism, the garment sector remains the second largest industry in Bulgaria, but its golden years appear to be in the past. Although order volume is back to levels similar to those reached before the financial crisis, stakeholders no longer consider the sector to be important. Factory workers are mostly middle-aged women (40–65 years old), who have often worked in the same factory for over 10 years. They do not actively seek social dialogue and do not believe in the possibility of change.

Wages in the sector only amount to 60% of the national average wage and factories struggle to recruit qualified young workers to replace older employees who go into retirement. Many young people seek opportunities abroad in other EU countries or in other industries.

Of the eight Codes of Labour Practices, living wage, freedom of association and the right to collective bargaining are the most relevant in the Bulgarian context. Factory workers are mostly paid a minimum wage, which is only half the estimated living wage. Employers usually abide by a law that requires a 0.6% wage increase for every year of experience, but the average wage in the garment industry only amounts to 60% of the national average wage. Many garment workers are among the ‘working poor.’

No CBA exists at industry level in the Bulgarian garment industry, but some factories do have CBAs. As mentioned above, workers show little interest for trade union membership and unions are not very active in the sector.

In 2017, FWF organised a stakeholder meeting in Bulgaria for the first time. During this meeting, key players in the Bulgarian garment industry were invited to discuss labour conditions and ways they could be improved, in collaboration with FWF. All participants, who included representatives from factories, trade unions, the General Labour Inspectorate as well as researchers and auditors, welcomed this meeting. The gathering included a presentation of FWF, and the discussion focussed on key issues for the Bulgarian garment sector, such as living wages and social dialogue.

CHINA

Number of FWF members sourcing in China: 53
Number of factories supplying FWF members: 841
Number of verification audits: 8
Number of monitoring audits: 70
Number of WEP trainings: 22
Number of calls to the complaints helpline: 50
Number of complaints: 6
In 2017, 8 verification audits and 70 monitoring audits were conducted in China. They showed that excessive overtime and underpayment of overtime premiums persist. In addition, many factories in China pay workers according to a piece rate system that does not take overtime hours into account. The more pieces workers can produce, the more they earn. Most factories in China therefore lack an effective wage comparison system that ensures workers can secure the legal minimum wage and overtime premiums through the gross piece wage. Access to social security remains insufficient, although workers’ awareness of social security has shown a small increase.

Verification audits show improvements on issues such as documentation and health and safety. On the other hand, little significant progress was recorded on increasing wages or reducing excessive overtime. Generally, factories are still far from paying living wages. A growing number of workers have joined the social security system, but in the course of training, factory management frequently reported that workers were reluctant to register for social security.

In 2017, most garment factories downsized production, due to shortage of labour and orders. The younger generation is not willing to enter the garment sector. Labour shortage has become a significant challenge. During both trainings and audits, factory owners reported that orders have turned away from China, in favour of regions with lower operations costs.

In 2017, 22 WEPs were organised in China. A total of 1,017 workers and 263 managers were trained on the eight labour standards. However, it remained difficult to convince factory management to enrol a sufficient number of workers in the training. Talking about freedom of association or inspiring participants to seek better work conditions through dialogue remains sensitive.

Six complaints, filed by workers from FWF members’ Chinese suppliers, were considered admissible. They involved payment delays, lack of severance pay, illegal deduction of social security fees and excessive overtime hours. The complaints were related to the following FWF code elements: living wage, reasonable hours of work and legally binding working relationship, and they were to some degree in line with the violations commonly found during audits.

Fewer complaints were received in 2017 than in the year before. This could be related to the fact that, due to the labour shortage, Chinese workers found it easier to move to another job and were also less willing to turn to outside parties for personal complaints. Because of new, tighter NGO legislation, local organisations appeared to organise fewer workshops on addressing labour conditions. Moreover, most NGOs were unwilling to test the boundaries of the new law, and opted to wait and see how strictly the new law would be implemented.
INDIA

Number of FWF members sourcing in your country: 39
Number of factories supplying FWF members: 234
Number of verification audits: 7
Number of monitoring audits: 13
Number of WEP trainings: 14
Number of calls to the complaints helpline: no data
Number of complaints: 25

FWF has been active in India since 2003. 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 are 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 Violence and harassment prevention programme in cooperation with local partners SAVE, CIVIDEI and MARG, focusing on the prevention of gender-based violence and the establishment of Internal Complaint Committees (ICC). These committees are required by Indian legislation since 2013. Management, supervisors and workers are trained in separate sessions. Following an election by the workers, the ICC members are trained and receive regular support afterwards by FWF’s local partners. In 2017, 14 factories participated in the programme.

Throughout the year, FWF worked on improving the training module and strengthening the capacity of partner organisations. Representatives attended the regional Gender Forum of FWF/ITC-ILO in Vietnam as well as the ITC-ILO Gender Academy in Turin. In addition, FWF organised a supplier seminar in Delhi, in cooperation with the Foreign Trade Association, to share best practices and discuss challenges to the establishment of functioning ICCs.

Minimum wages in India vary per state, sector and category of workers, but are overall considerably lower than the living wage estimates of stakeholders. Four FWF members have been implementing living wage pilots at five factories in Chennai, Bangalore and Tirupur. In March 2017, FWF brought these suppliers and members together in a South India edition of the FWF Living Wage Incubator to exchange learnings. FWF’s country representative is actively sharing insights from these pilots with stakeholders.

In 2017, FWF also saw a significant increase in complaints received through its five helplines. This is partly due to increased efforts to inform workers about their rights and the FWF complaint helpline. Most complaints concerned illegal dismissals, abusive behaviour by management, unpaid and excessive overtime and difficulties in claiming social security payments. Four complaints were resolved, seven are currently being remediated, and eleven are under investigation. Three complaints were closed without full remediation because the complainant could not be reached anymore or the member stopped conducting business with the factory.
INDONESIA

Number of FWF members sourcing in your country: 10
Number of factories supplying FWF members: 23
Number of verification audits: 8
Number of monitoring audits: 1
Number of WEP trainings: 1
Number of calls to the complaints helpline: 0
Number of complaints: 2

Indonesia’s manufacturing sector generates around a fifth of the country’s GDP. The garment industry is concentrated in West Java, Greater Jakarta and Batam. Women comprise a significant proportion of the 2.5 million workers employed in the industry. In 2017, FWF built on the work it conducted in 2016, when it established a presence and local team in the country. With the recently formed audit team, FWF conducted a total of nine audits, six of which were at factories located in Central and West Java, and three on the island of Bali. The six audits in Java took place at regular CMT factories, while the three audits in Bali were conducted at factories that made extensive use of home-based work, which meant that the audits not only covered the factory grounds but also a number of home-based work locations in the surrounding areas. These audits gave FWF the opportunity to gain much better insight into social compliance within the Indonesian garment sector.

In 2017, FWF received two complaints, both of them via the email/stakeholder network, rather than through its helpline. The first complaint was related to a legal minimum wage issue while the second grievance involved a case of physical assault between two workers and the factory’s response to it. In addition to these two cases, FWF spent significant time following up on complaints filed in 2016 and earlier, in one case putting together a video detailing the grievance and the follow-up. FWF also pursued two other cases: one, related to an alleged improper dismissal, required mediation; in the second case, workers improperly dismissed were offered an opportunity to return to work at the factory.

FWF recorded its biggest achievement in Indonesia when three FWF brands sourcing from factories in the country joined the Freedom of Association (FoA) Protocol in December during a multi-stakeholder seminar held in Jakarta. The FoA Protocol is an Indonesian garment sector initiative designed to facilitate factory-level freedom of association and social dialogue, which involves national trade unions as well as a number of international garment and footwear brands. To support its brands and this initiative, FWF hired a local FoA Protocol project implementation manager in November 2017.

In October, many participants from Indonesia attended the FWF Gender Forum, including members from government, trade union and NGOs. A concrete result was the establishment of a multi-stakeholder Gender Network Platform in Indonesia, which held an initial meeting in December 2017. Established to share ideas, lessons learned, and new research related to gender-based violence in the Indonesian garment sector, this platform could also pave the way for active collaboration with government to prevent and mitigate it.

FWF piloted a WEP Communications training program in Indonesia, likely to be beneficial for factory-level implementation of the FoA Protocol. This WEP module focuses on improving communication and trust between worker (representatives) and management. A Full WEP Communications session takes two days, and FWF was only able to organise the first day in December, with the second day to take place in 2018.
MACEDONIA

Number of FWF members sourcing in Macedonia: 14
Number of factories supplying FWF members: 36
Number of verification audits: 1
Number of monitoring audits: 9
Number of WEP trainings: 5
Number of calls to the complaints helpline: 3
Number of complaints: 1

Although the Macedonian textile sector accounts for less than 1% of the global garment exports, the garment industry is a vital part of Macedonia’s economy. The textile industry is one of Macedonia’s most developed economic sectors, and over 600 companies are actively involved at various levels of production, employing over 40,000 workers and producing over €450 million worth of exports.

FWF has been working on wage-related projects in Macedonia since 2010, most notably the Living Wage project. In 2011, with the support of CNV Internationaal, FWF 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 was to examine the relationship between wages and productivity, and to identify areas where productivity increases could be used to support better wages for workers. The five-year project with CNV came to an end in 2016; however, FWF remains committed to supporting brands in implementing living wages in Macedonia.

This has led to several FWF members starting up or continuing living wage projects at factory level in 2017, supported by FWF as part of the Living Wage Incubator.

In 2017, 14 FWF members were sourcing from 36 factories in Macedonia. FWF continued to expand the WEP trainings in Macedonia, with managers and workers at five suppliers actively participating in the WEP Basic training.

FWF audits in Macedonia show that management-worker dialogue could be significantly improved. The level of worker organisation is low, either in trade unions or worker committees. FWF actively encourages brands sourcing from Macedonia to give workers the motivation to set up worker committees, which can help improve working conditions, productivity and worker satisfaction.

In 2017, FWF published a new country study for Macedonia. This study provides insight on legislative developments over the past few years and input on the most common non-compliances. The most prominent non-compliance area is documentation. Records are often not kept properly, making it both difficult to assess if workers receive the benefits to which they are entitled, and how many hours they have actually worked. A second area of concern is health and safety. Factory audits often uncover problems with fire safety, ranging from faulty or absent fire detection systems to a lack of fire safety training.
**MYANMAR**

- **Number of FWF members sourcing in Myanmar**: 9
- **Number of factories supplying FWF members**: 19
- **Number of verification audits**: 9
- **Number of monitoring audits**: 2
- **Number of WEP trainings**: 9
- **Number of calls to the complaints helpline**: est. 50
- **Number of complaints**: 39

The current political situation in Myanmar, marked by the Rohingya refugee crisis in Rakhine state and human rights violations, is worrisome. FWF, FNV and their stakeholders are concerned and will be keeping a close watch on developments in Myanmar in 2018.

At the end of December, the Ministry of Labour announced that the next legal minimum wage level would be set at 4,800 MMK per day ($3.6), an increase of 33%. The Confederation of Trade Unions of Myanmar (CTUM), supported under the Strategic Partnership, had proposed an increase in the minimum wage to Kyats 6,600, while other organizations had proposed Kyats 5,600.

Since 2016, FWF has a fully functional audit team, in Myanmar. In 2017, 9 factories were audited by FWF, one being a re-audit. With additional audits and re-audits planned for 2018, FWF has audited the majority of factories that produce for FWF member companies.

Audits show low awareness of worker rights, low wages, restrictions related to Freedom of Association, child labour, frequent excessive overtime, illegal terminations, and widespread fire safety concerns. CAPs are implemented systematically with the support of the brands, leading to real improvement in working conditions. A 2017 re-audit also demonstrated significant improvements.

The complaints helpline, active since 2016, was used extensively with calls coming in on a weekly basis. Social dialogue pilots that involved FWF mediating and facilitating better communication between factory unions and management were implemented in several factories.

In 2017, workers from 15 factories filed complaints. The majority of them related to arbitrary/illegal terminations, freedom of association, and problems related to wages/remuneration. With the support and encouragement of the brands, complaints have been, or are in the process of being effectively remediated.

The FWF WEP Basic module, launched in 2016, has been implemented in 11 factories in Myanmar so far. In 2017, nine factories participated in the WEP. FWF will also start providing the FWF WEP Communication module in Myanmar, specifically designed to help factory managers and workers engage in a safe and constructive dialogue to improve production process and working conditions. The local training team customised the new module in 2017 and the first pilots will start in 2018.

To effectively mitigate child labour, FWF developed a practical guide, built around six steps, that aims to help garment factories in Myanmar establish a more robust age verification system. FWF organised a first training on age verification, based on its guidance note, in November 2017. It provides a platform to exchange ideas, tools and mechanisms to strengthen age verification systems, and will be repeated on an annual basis. FWF has also started to develop publications that shed light on the context of child labour, illustrated through the personal stories of child workers found in FWF factories.

In 2017, FWF (together with FNV) provided financial support to CTUM and will enhance the lobbying capacity of their partner. Throughout 2017, trainings and workshops held in the Yangon, Mandalay and Sagaing regions helped the Industrial Workers Federation of Myanmar (IWFM), which is under the CTUM umbrella, develop their organising and recruitment skills. The targets were mostly factories with no union...
where workplace disputes were ongoing. By the end of November 2017, IWFM had 59 basic unions. At the beginning of January 2017, there were only 14 CBAs in 14 factories; by the end of the year, 87 CBAs between employers and workers covered 12,689 workers. In addition, verbal agreements were also concluded between employers and workers.
ROMANIA

Number of FWF members sourcing in Romania: 16
Number of factories supplying FWF members: 59
Number of verification audits: 3
Number of monitoring audits: 4
Number of WEP trainings: 1
Number of calls to the complaints helpline: 4
Number of complaints: 2

FWF has been active in Romania since 2006. In 2017, factory audits showed that issues related to occupational health and safety, wages, overtime and worker representation remain a problem. As a general issue in Romania, FWF audits have identified 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. The lack of independent worker representation is another recurring issue: worker representatives are often part of the management and/or are not democratically elected.

The position of women in the Romanian workplace remains problematic. For example, audits revealed that high unemployment rates often lead to women to refrain from taking maternity or medical leave for fear of losing their jobs, or productive and anniversary bonuses due to their absence.

In addition, workers also frequently cited issues with hours of work and payment. Many audit findings were related to the lack of transparent mechanisms to calculate quotas. Overtime records are therefore not accurate and overtime payment does not reflect the real value of the actual overtime. For FWF and its members in Romania, the main challenges remain how to take steps towards living wages, as wage policies combine both formal binding relationships and informal/discretionary fringe benefits.

Verification efforts in 2017 focussed 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 stimulate grievance mechanisms. In 2017, there was an increase in calls to FWF’s complaints handling system. FWF is supporting one of its member companies closely in remediating a complex complaint case.
TUNISIA

Number of FWF members sourcing in Tunisia: 19
Number of factories supplying FWF members: 66
Number of verification audits: 4
Number of monitoring audits: 6
Number of WEP trainings: 5
Number of calls to the complaints helpline: 6
Number of complaints: 4

The year 2017 saw some important changes for Tunisia and its garment sector. In order to boost exports, the Tunisian government devaluated the Tunisian dinar by 25%. According to the Tunisian employers’ organisations, the move had a positive effect on textile exports, but it also increased the cost of living for garment workers, as imports such as agricultural products grew more expensive. Trade unions UGTT and FTDES estimated a living wage to be around 750 TND, but these calculations pre-date the devaluation. FWF actively informed its members about the effect of the devaluation on (living) wages, and provided brands with guidance on living wage cost calculations in Tunisia. In addition, FWF reached out to FTDES, which are conducting research on living wages in Monastir. As soon as their results are published in 2018, FWF will work with the brands sourcing from Tunisia toward setting a living wage at the Tunisian garment factories.

The year was also marked by important developments on gender. The Tunisian parliament adopted legislation to prevent and ban violence against women, which defines violence in a more comprehensive way, including physical, economic, sexual, political and psychological violence. In terms of pay equality between men and women, Tunisia ranked 13th of all countries. FWF provided training to its local worker interviewer at the ILO training centre to ensure greater gender sensitivity during audits.

FWF continued its regular activities, conducting audits and trainings, handling complaint and engaging with local stakeholders. The most common findings during audits in 2017 were related to living wages, freedom of association, health and safety and a legally binding employment relationship. The local FWF team found that workers were often not classified in accordance with the CBA or they did not receive back payment reflecting the wage increase after the CBA came into force. The rate of unionisation and worker representation remained low, and unions or worker committees were often non-existent in garment factories. If structural worker-management dialogue took place, it usually evolved around disciplinary procedures and holidays. Most Tunisian garment workers are not aware of their labour rights. The majority of Tunisian garment workers have short-term contracts, which leaves them at risk of being unemployed.

In total, FWF received six calls to its helpline, which led to four complaints. Workers raised issues including being demoted to other positions, one case of unfair dismissal, late payment of wages and general working conditions. In two cases, the calls led to an onsite investigation. Two complaints have been remediated, one is under remediation and one is still under investigation.

In 2017, FWF actively engaged with Tunisian trade unions, employers’ organisations, governmental organisations, NGOs and international stakeholders. The information collected was used to inform members on living wages and gender. In 2018, FWF will be even more actively engaging stakeholders by organising a roundtable and a supplier seminar to create more awareness on living wages and gender in the Tunisian garment industry.
Turkey remains an important garment supplier for Europe and it is one of the priority countries for FWF, which has been active in the country since 2002. Most suppliers are based in the Istanbul area, with Izmir as the second most important region. SME factories with a long sub-contractor chain dominate the industry, with working conditions deteriorating down the supply chain.

Turkey is sheltering many Syrian refugees and some of them are active in the garment and textile sector. In 2017, FWF continued its activities in close cooperation with other multi-stakeholder initiatives (MSIs), to provide solutions for refugees willing and able to work, and call for Syrian refugees to get easier access to work permits. In February 2017, FWF and the Dutch Embassy organised a roundtable with relevant actors, including the Turkish Ministry of Labour, representatives of factories and brands, UN agencies, unions, employer organisations and relevant NGOs.

FWF continued to liaise with these organisations to further facilitate decent employment for the Syrian refugees. A supplier seminar was organised early in the year with over 100 participants, followed by a webinar in autumn, to raise awareness and provide guidance on the steps required to secure working permits for Syrian refugees. In parallel, a webinar was organised for FWF member companies sourcing in Turkey to update them on the situation and providing guidance related to Syrian refugees.

In 2017, FWF local teams conducted 41 audits in total. In addition to issues related to Syrian refugees, these audits confirmed problems related to the FWF code. Common findings include issues with worker-management dialogue and double bookkeeping related to working hours and/or wages to partially avoid payments to the social security administration. Based on the concerns raised by workers addressed through the complaints system, it appears that union members, or workers who want to form or join a union, are often faced with obstruction and/or dismissal. Other widespread problems relate to working hours, underpayment of overtime and annual leave.
VIETNAM

Number of FWF members sourcing in Vietnam: 26
Number of factories supplying FWF members: 135
Number of verification audits: 9
Number of monitoring audits: 22
Number of WEP trainings: 9
Number of calls to the complaints helpline: 19
Number of complaints: 7

FWF’s core verification activities in Vietnam continued throughout 2017, focusing on factory audits, complaints handling and extending the WEP Basic. FWF expanded its team with an additional worker interviewer to strengthen the audit team in North Vietnam and a trainer who was recruited to offer in-house factory trainings as part of WEP. In December 2017, FWF organised two supplier seminars for factory managers and agents, focused on how to set up effective internal grievance systems. Two suppliers presented their own internal grievance mechanisms and FWF explained its complaints system by presenting two complaint cases filed by employees.

FWF consulted stakeholders from the Ministry of Labour (MOLISA), the national trade union VGCL, employers’ association VCCI and several local labour NGOs. Stakeholder consultations focused among others on the most recent developments in the run-up to revisions of the Vietnam Labour Code revisions to be drafted in 2017/2018 and expected to be adopted by the National Assembly in 2019. Another development important to the Vietnamese textile industry is the trade deal between Vietnam and the EU, due to be ratified in 2018. FWF also consulted stakeholders to prepare and introduce the research FWF is planning for 2018 on forms of gender-based violence in the Vietnamese textile industry. Moreover, FWF held discussions with the Vietnam Ministry of Labour and the National Wage Council on ways to implement higher wage levels and how FWF involves its member brands’ pricing models in this context.

Within the framework of the Strategic Partnership, FWF supported CNV in rolling out the Multi-Company CBA project, which aims to have a group of suppliers join a collective bargaining and negotiation process with the employers’ association and trade union.

The audit team was particularly concerned with the fact that factory unions are largely 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. Findings from FWF audits show that excessive overtime in Vietnamese garment factories continues to be one of the most prominent violations of workers’ rights. Other common issues found in FWF audits include incomplete labour contracts, resignation policies that are not correctly implemented, and low awareness among workers of their rights and responsibilities. Vietnamese garment factories in general have improved health and safety standards and are improving their internal compliance systems.

The complaints that were handled dealt with excessive overtime hours without payment of the overtime premium, the lack of labour contract or the inability to resign with adequate severance pay, and social security. Remediation focused on setting more realistic production targets in cooperation with workers, accurately registering working hours and corrective action to reduce excessive overtime. Other remediation efforts by FWF members concentrated on ensuring adequate leave or severance pay to workers who had resigned.