



Develop. Supply. Manage.
Full-service supplier of professional clothing.

SUSTAINABILITY REPORT

Edition: 2017

www.workfashion.com

workfashion.com®

workfashion.com sustainability report

03	Strengthening co-operation
04	50 years of workfashion.com
05	Our services
06	2017 at a glance
07	Our stakeholders
08-11	The world of labels
12-13	Targets and activities 2017
14-15	Living Wage project with Igmatomiteks
16	Clear rules lead to commitment
18-21	Sustainability in the company DNA
22-23	Systematic control – because sustainability is not a coincidence
26-27	Overview of our production partners
28-29	Classification of producing countries in 2017
30-33	Transparency in detail – our partners
35	The direct line for production employees
37	Knowledge leads to sustainability
38-39	Exchange Macedonia-Switzerland

Strengthening co-operation

At workfashion.com, the 2017 business year was marked by new products, successful partnerships, the focus on Macedonia as a production location and the 50th anniversary. There were numerous challenges but these were outweighed by the successes, which enable us to look back with pride on the past year.



Sustainability in focus

All our business decisions are based on the three pillars of sustainability: efficiency, social fairness and environmental sustainability. In 2017, we once again strengthened our pioneering role in the area of sustainability through our involvement in various committees and by giving presentations on sustainability. With the overview of various sustainability labels (pages 8-11), we wish to transparently clarify the individual aspects of sustainable procurement.

Changes to wages

The increase in the minimum wage in Macedonia presented a major challenge. On the one hand, we consider this development to be very positive and important. However, it also presents some difficulties that need to be surmounted. Together with our production partner Igmatomiteks, in recent years we have already been able to make an important contribution towards higher wages by means of the Living Wage project. After the successful completion of the first phase, it is now possible for us to hand the responsibility back to the partner. More about this on pages 14 and 15.

Successful partnerships

A co-operative working model with all our suppliers is the basis of successful business activity. For example, we maintain long-term partnerships with many of our production sites and suppliers, which enable joint development. We are particularly proud of the co-operation with our Swiss suppliers, which we further deepened in 2017.

We were also able to strengthen our co-operation with our production partners in Macedonia, where we achieved a production volume of over 90 %.

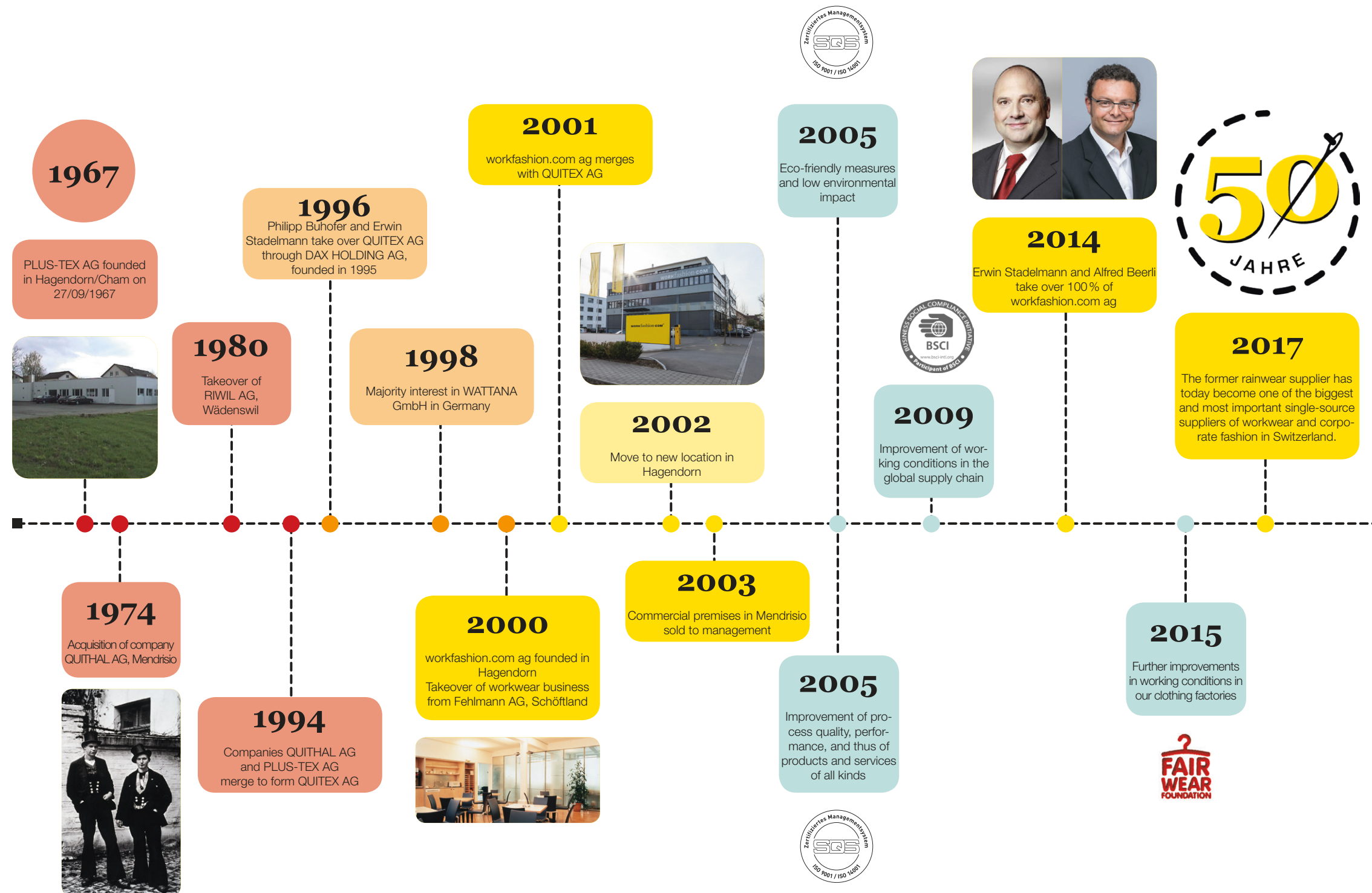
Mastering challenges

In 2018, we once again face various challenges that must be mastered. However, thanks to our international network and an excellent team, we are well prepared for the future.


Alfred J. Beerli, CEO

50 years of workfashion.com

On 27 September 1967, the company was registered under the name PLUS-TEX AG thus laying the foundation for a successful company history. Although much has changed since then, the most important thing has remained, namely workwear that meets the highest standards of quality and sustainability.



Our services

workfashion.com differentiates itself from competitors by offering creative and innovative clothing solutions combined with qualified and individual advisory service. With the combination of fashion expertise and logistical know-how, we develop cost-efficient, sustainable clothing concepts that are individually tailored to our customer's requirements.

2017 at a glance

GORE-TEX® PYRAD

Always safe – in any weather: For work in the power supply sector, workfashion.com now offers the new rainwear GORE-TEX® PYRAD® with class 2 arc protection.



Involvement in Living Wage project



Successful collaboration with Swiss partners

Many years of successful partnerships with Swiss producers have helped strengthen the position of Switzerland as a production location.



91 % monitoring threshold during brand performance check

In the second year, not only have we met the required standards, we have in most cases exceeded them, and with 72 points we were only three away from leadership status.

Greater focus on Macedonia



In 2017, over 90 % of our total production volume was produced in Macedonia.

50 years of workfashion.com

This must be duly celebrated. On 27 September (the date the company was founded) we invited our customers to an unforgettable evening at the Böschhof in Hünenberg.



Our stakeholders

We take our responsibilities to society, to the environment, and to our customers and employees very seriously.

Only by meeting the different needs of our stakeholders can we be successful in the long term. That's why we try to reconcile our economic, social and environmental goals.



We sort out the label chaos

Sustainable procurement brings benefits at various levels:

- Better working conditions in textile production and reduced risks to reputation
- Efficiency gains and environmental protection by saving resources, energy and water
- Health protection through the use of less toxic chemicals
- Exemplary role and better positioning in sustainable clothing













However, there are various social and environmental challenges at all stages of the textile life cycle. To simplify the choice of the right partner, various standards serve as a guide. It is not the number of labels that counts, but the quality of the individual promises. Nor is there any standard that comprehensively

covers social and environmental aspects across the entire supply chain.

Based on the «Sustainability Compass», on the following pages we would therefore like to give you an overview of the most important standards and their content. The list is not exhaustive.

More information on sustainable procurement can be found on the following pages:

www.kompass-nachhaltigkeit.ch
www.labelinfo.ch

	Product development	Raw materials	Material production	Garment manufacture	Delivery
<div>           </div>				Fair Wear Foundation	
			amfori BSCI		
			SA 8000		
			ISO 9001, ISO 14001 und OHSAS 18001		
			OEKO-TEX® 100		
			OEKO-TEX® STeP		
			OEKO-TEX® made in green		
			GOTS		
		Fairtrade cotton			
		cradle to cradle			
	bluesign® APPROVED FABRIC		bluesign® PRODUCT		
	Social standard initiatives		Factory certificate	Management standard	Product certificate
	firmly implemented at workfashion.com		partly available on request		

Description of the labels and certificates

Type of label:		Criteria:	
		Social	Ecological
Social standard initiatives:			
The product is not certified. Being a member of these initiatives does not guarantee that the criteria have already been met, but it does prove that the provider takes the subject seriously and that it will be reviewed by the relevant institutions.			
	Fair Wear Foundation (FWF)		
Social: Fair Wear Foundation is an independent, non-profit organisation committed to improving working conditions in garment factories. The members pledge to implement FWF Code of Labour Practices in their supply chain. As a multi-stakeholder initiative, it enjoys a high degree of credibility.			
	amfori BSCI		
Social: amfori BSCI is an initiative for companies committed to improving working conditions in the global supply chain. Members sign a code of conduct and set up a uniform monitoring system. Training for production companies is also offered.			
Factory certificates:			
The product is not certified. A specific factory is certified.			
	SA8000		
Social: requires the implementation of minimum social requirements (including ILO core labour standards) and the establishment of a management system for social standards in the certified establishments.			
Management standards:			
The management standard lays the foundation for a continuous and demonstrable improvement process.			
	ISO 9001, ISO 14001 and OHSAS 18001		
Management, environment, occupational safety and health protection: demands continuous and verifiable improvement of process quality.			

Product certificates:		
The product is certified and labelled.		
	OEKO-TEX®100	
Health: guarantees that textiles are free from harmful substances. Only the final product (material, ingredients) is tested.		
	STeP	
Ecological & social: assesses the environmental friendliness, working conditions and occupational safety of the production processes.		
	Made in Green	
Ecological & social: combines the standards OEKO-TEX® 100 and STeP. The product contains no harmful substance- and manufacturing requires compliance with minimum social requirements (including ILO core labour standards).		
	Global Organic Textile Standard (GOTS)	
Ecological: focuses on the environmental aspect and guarantees that at least 70 % of the fibres come from controlled organic production. Social: requires compliance with minimum social requirements (including ILO core labour standards) in manufacturing.		
	Fairtrade	
Social: demands a fair price for cotton production, minimum social requirements and a raw material premium for social projects in favour of the local community. The standard also contains individual ecological criteria, but focuses on the social aspects as a whole.		
	Cradle to cradle	
Ecological: refers to the materials used in a product. These are environmentally safe, harmless to health and above all 100 % recyclable.		
	bluesign® PRODUCT (requirement: bluesign® APPROVED FABRIC)	
Ecological: comprehensive ecological criteria in the production of textiles. Social: no emphasis, only a few social criteria in the area of occupational health are covered.		

Targets and activities in 2017

workfashion.com has had an eventful year with many developments in the field of social and environmental sustainability. In 2017, in addition to continuing all the improvement measures that have been achieved so far, we focused on tackling the wage issue, which was a major challenge after the minimum wage in Macedonia was raised.

Targets in 2017	Activities taken in 2017
Over 90 % of our production volume has been audited in the form of social audits, monitoring and reviews, or takes place in low-risk countries.	<ul style="list-style-type: none">After successful auditing of three more factories, we will have achieved a monitoring level of 99.6 % (83.4 % by FWF; 13.4 % by amfori BSCI; 2.8 % from low risk countries) of our production volume.
Successful introduction of worker representative committees and safety officers at our main suppliers.	<ul style="list-style-type: none">Unfortunately in 2017 we did not achieve this objective just yet. We continue to pursue it however, and are seeking the support of local experts in order to better communicate the benefits to employees in the factories.
Continuation of employee training sessions (FWF Work Place Education Programme), to ensure that production workers are informed about their rights.	<ul style="list-style-type: none">Our two largest production partners in Macedonia, Viemi and Ju-Ka (Sveti Nikole) were successfully trained in 2017.
Ongoing implementation of corrective and development measures from audits through monitoring activities, reviews and workfashion.com visit at the production partners.	<ul style="list-style-type: none">Successful implementation of many corrective measures at our partners in Macedonia.
Knowledge enhancement through participation in FWF «Living Wage Incubator» project.	<ul style="list-style-type: none">Phase one of our Living Wage project has been successfully completed so that we can start phase two in 2018. (Further information on p. 14-15)
Minimising procurement from China due to insufficient transparency.	<ul style="list-style-type: none">Further reduction to 2.9 %

Targets in 2018

- Together with our Macedonian garment manufacturers, we are working towards 100 % wage transparency.
- Together with our Turkish garment manufacturers, we are increasingly focusing our attention on implementing the CAPs to bring them up to the same level as our Macedonian partners.
- We are helping at least one of our main partners to establish worker representation. For this purpose, we are obtaining advice from local FWF experts and local trade unions.
- Following the contract changes, we want to continue supporting Igmatomiteks and operate at 100 % capacity.
- Further withdrawal from China.

Challenges in 2018

- Promote social dialogue: We want to strengthen the communication between employees, management and ourselves as client, and to create a direct dialogue between all stakeholders. Despite the language barrier, we want to maintain closer contact with employees in our partner factories.
- The workers in the various factories are still sceptical about the idea of worker representation and object this type of association. With the help of a Macedonian union, we want to convince employees in our partner factories that worker representation presents a lot of opportunities.
- Promotion of a critical, constructive dialogue with other brands at joint production sites in Turkey and Macedonia.
- In order to exert even greater influence on the implementation of various improvement measures at our production partners in Turkey and Macedonia, we are working towards a critical and constructive dialogue with other brands.

Living Wage project with Igmatomiteks

As part of the Living Wage project of Fair Wear Foundation, workfashion.com has guided the garment manufacturer Igmatomiteks back to independence and marketability and has helped raising employee salaries.



Igmatomiteks is a relatively small garment manufacturer in eastern Macedonia near the border with Bulgaria in a generally less developed environment. The collaboration started in 2014. The annual production volume is around 10 % and rising. The special thing about Igmatomiteks is that we can enable employees with minor disabilities to work there. The Macedonian government is providing a small amount of financial support to facilitate the integration of these disabled people into the labour market.

When workfashion.com started collaborating with Igmatomiteks in 2014, the factory was not working to its full capacity and did not have nearly enough work to guarantee the livelihood of all its employees. After a short time, it became clear that Igmatomiteks would be able to complete the orders received in accordance with our standards and that we wanted to place more orders with them in the future. However, there were some areas in which we needed to assist Igmatomiteks with regard to continuous development. When workfashion.com became a member of Fair Wear Foundation in 2015, it committed itself to improving working conditions in its supply chain and promoting sustainable partnerships. We thought of Igmatomiteks as a partnership with especially promising future, which was why we decided to go from an idea to a real project. The timing, when Fair Wear Foundation started the Living Wage Incubator in 2016 was therefore ideal to make our development plan for Igmatomiteks, which was to become marketable again, come true.

100 % order guarantee

The primary aim of the first phase of the Living Wage project was to give Igmatomiteks order guarantee i.e. to ensure the factory had enough work so that each employee has a fixed monthly salary. A contract was drawn up guaranteeing Igmatomiteks 100 % pay, regardless of the number of orders we place there. In this way, not only did the existing workforce benefit, but additional personnel could also be hired. In addition, workflows were continuously improved so that productivity could also be increased. Today, Igmatomiteks employs twice as many people than at the start of the Living Wage project.

In addition to order guarantee, Igmatomiteks benefited from full assumption of costs by workfashion.com during the first three years. Not only were labour costs covered by workfashion.com, so too were the costs of electricity bills, petrol bills, spare parts and staff catering during working hours.



Becoming competitive

Due to the successful implementation of this model, Igmatomiteks has become more and more efficient over the years and has been able to reinvest a portion of its revenues into new machinery, additional equipment, the renovation of production facilities and other improvements. These extensive changes had exactly the effect that workfashion.com had hoped for through the Living Wage project: Igmatomiteks has managed to become both competitive and to stand on its own two feet. All employees receive a monthly salary, which has increased significantly since the beginning of the project. Wages are rising sharply, not only because of the efforts of workfashion.com, but also because of an increase in the legal minimum wage. As to how these increased wages will move in comparison to the rising cost of living, only time will tell. However, what is certain is that workfashion.com is still working hard to work with management and employees towards a living wage.

Independence and personal responsibility

After completing the first phase at the end of 2017, workfashion.com and Igmatomiteks decided to end their existing contract and enter into a new collaboration agreement. Since March 2018, and as is the case with all other production partners, workfashion.com pays according to placed orders. In other words, a mixed calculation applies between the number of paid minutes worked and a kind of unit price. Due to the co-development, Igmatomiteks gained greater independence. This allowed us to return the necessary individual responsibility to our partner so that it can survive in the market without further financial support. workfashion.com and Igmatomiteks will continue to work 100 %, as the project has turned this factory into a reliable and valuable supplier that delivers high-quality work.

Due to the very close contact with the management and the employees of Igmatomiteks, workfashion.com wants to build on the standard achieved and to promote the union organisation in the sense of employee participation. In phase 2 of the Living Wage project, 100 % wage transparency will continue to prevail, so that we can continue to work on developing wages. The next major challenge will be the general cost trend because the minimum wage has been raised and the cost of living will continue to increase. However, we are determined to face up to this challenge and are looking forward to a long-term and sustainable co-operation with Igmatomiteks.



Phase 1:
Mid-2016-2017

Phase 2:
from 2018

Place of performance:
Razlovci, Delcevo,
Macedonia

Supply chain level:
Ready-to-wear clothing

Number of employees at the factory:
79

Production volumes:
100 % capacity utilisation

Goal of the project:
Order- and wage guarantee
for all employees

Increase of the net wage:
Around 30 % since the project
started

Clear rules create commitment

The Code of Conduct is the basis for the collaboration between Fair Wear Foundation and work-fashion.com. This is based on the conventions of the ILO (International Labour Organisation) as well as the Universal Declaration of Human Rights. The eight working guidelines are at the core of all of our activities, which are aimed at improving the working conditions in our production facilities.



8 a legally binding employment relationship



1 employment is freely chosen



2 freedom of association and the right to collective bargaining



7 safe and healthy working conditions





3 no discrimination in employment



6 reasonable hours of work



5 payment of a living wage



4 no exploitation of child labour



Picture: Macedonia

Sustainability in the company DNA

workfashion.com offers a full-service solution for professional clothing and clothing management. With a well-coordinated international network made up of specialised production partners with state-of-the-art facilities, we cover the entire spectrum of production technologies. Fair working conditions for the employees in our production facilities are our number one priority.

Our sustainability strategy

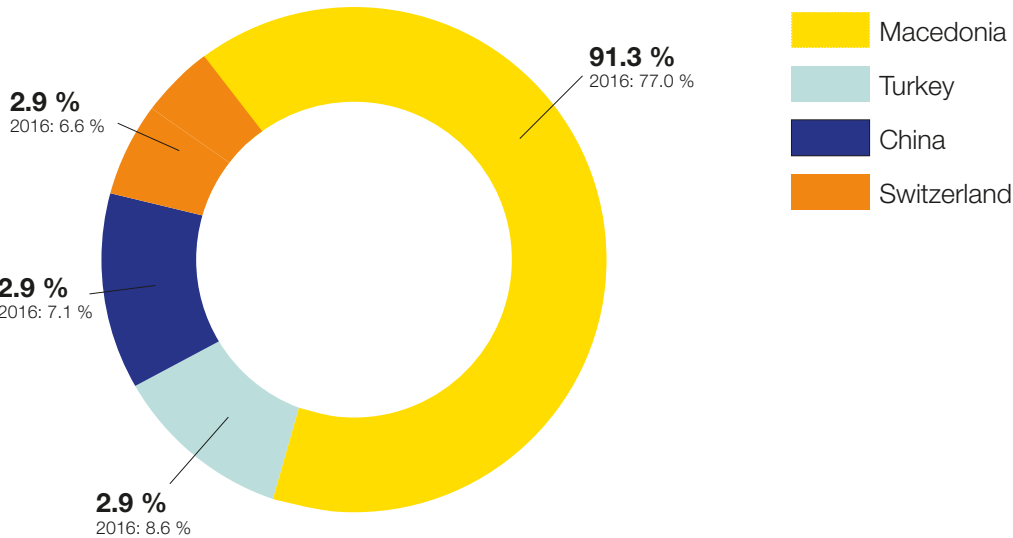
Sustainability at workfashion.com does not begin with procurement: it is the foundation of all our business practices. Our sustainability strategy is based on the Sustainable Development Goals of the United Nations for Sustainable Development.



All our business decisions are based on the three pillars of sustainability: feasibility, social fairness and environmental sustainability. In order to take sufficient account of social considerations, we work together with Fair Wear Foundation, amfori BSCI and our production partners to promote better working conditions in the factories. Long-term supplier relationships and partnerships with our production factories play a decisive role here. Through ever greater levels of mutual trust and with the help of our monitoring measures (pages 22/23), we can ensure that all our partners commit to complying with FWF Code of Conduct and strive for fair working conditions in their factories.

We have also enjoyed great success in the field of environmentally friendly production methods. The number of metres of bluesign® fabrics used is increasing from year to year and the volume of OEKO-TEX® 100 certified materials purchased is almost 100 %. Organic cotton still has a hard time, as some customers aim for the conventional cotton as soon as they are confronted with the higher price of organic cotton. Nevertheless, we will continue to promote the use of sustainable raw materials, ingredients and merchandise. Our suppliers are located in both Europe and Asia, with over 90 %* of our clothing being produced in Macedonia (see chart). An overview of our production partners can be found on pages 26/27.

*Analysis based on 2017 production volume



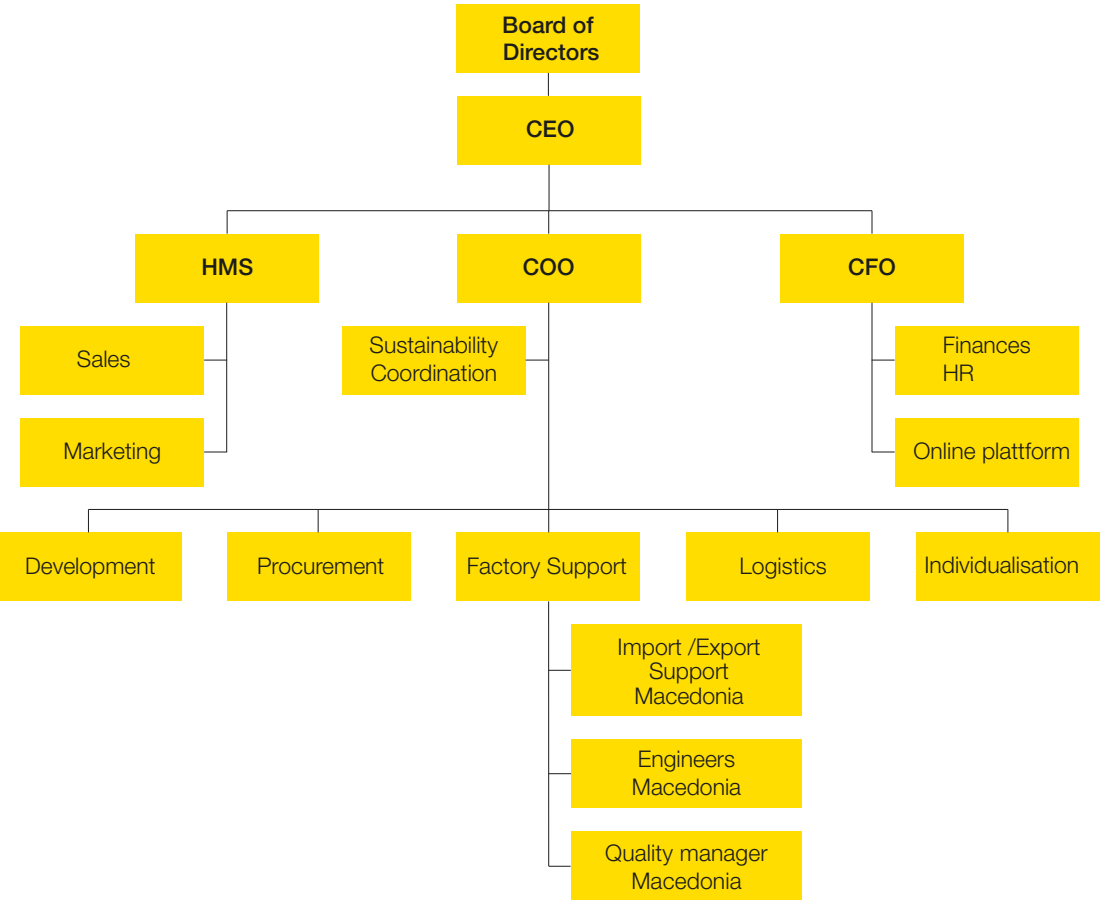
Subcontractors and agents

workfashion.com does not place any orders via agents – it works with the manufacturers directly. Some of our suppliers do commission subcontractors for production orders. We are aware of these and they are also listed in the overview of production partners (pages 26/27).

Sustainability at all levels

The workfashion.com sustainability strategy is of the utmost importance to our Board of Directors, our executive management and our employees. Through close collaboration between the individual departments and the management, we ensure an efficient, flexible and solution-focused dialogue. At the heart of this are Development, Purchasing and Factory Support, which are responsible for operations as well as compliance with the sustainability standards. They are supported by Sustainability Coordination. In Macedonia, our quality manager supports us not only in quality control, but continuously monitors sustainability matters on our behalf.











Organisation



Choosing new production partners

New production partners are evaluated by company management, in consultation with Procurement and Sales. The most important criterion for the long-term collaboration we strive towards is smooth communication. At the very beginning, we review the status of new production partners with regard to social sustainability. If they don't comply with our minimum requirements based on FWF, we don't work with them.

The following criteria also play a central role in our selection:

-  Location of production facilities
-  First impression during visit
-  Quality of products
-  Capability and knowledge of the management
-  Infrastructure
-  Creditworthiness
-  Wage level of employees
-  Cost level
-  Willingness to comply with, and continuously improve, the working conditions
-  Acceptance of our Code of Conduct (Code of Labour Practices) and fulfilment of further requirements resulting from our FWF and amfori BSCI memberships

In 2017, two new partnerships were added to cope with peak production periods. Both Macedonian garment manufacturers meet the above mentioned criteria. Although one of the two partnerships was limited to a contract period of five months, the factory was still audited by FWF.

Existing production partners

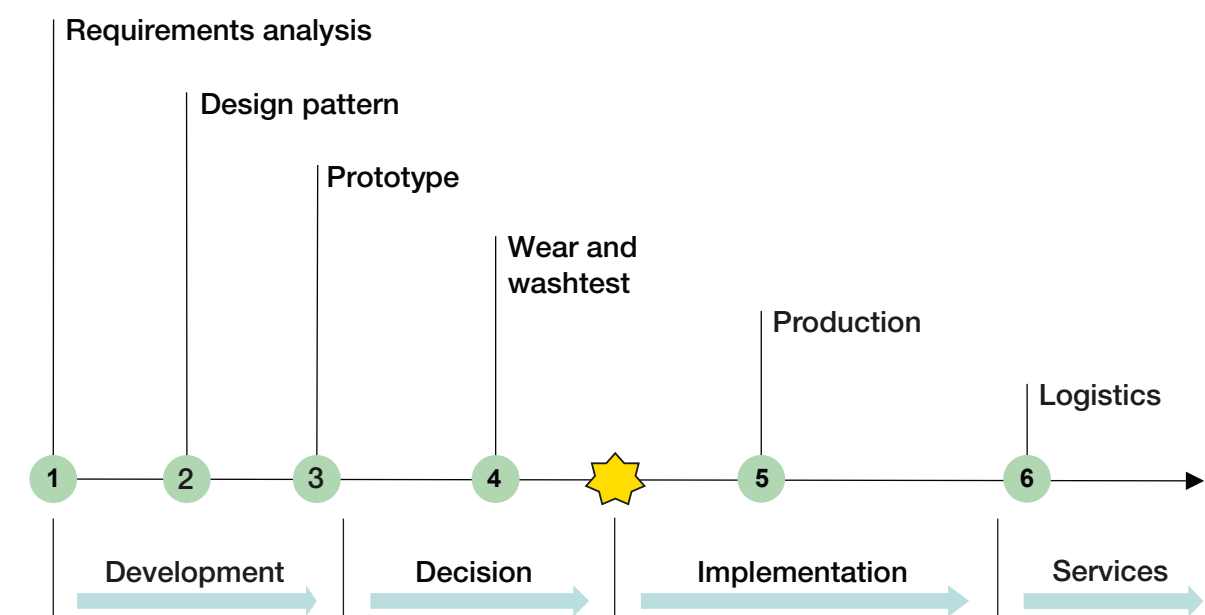
Checklists are used when visiting new and existing production partners. This ensures that quality issues as well as issues relating to working conditions are constantly discussed. Prior dialogue with Sustainability Coordination is a very important aspect of this.

From the initial idea to the final product

Many of our customers attach great importance to our products being available over many years. As a provider of professional clothing, [workfashion.com](https://www.workfashion.com) is not influenced by seasonal fluctuations. Demand too is spread evenly throughout the year.

Therefore, workfashion.com stocks an instantly available, NOS (never out of stock) program – in addition to customised, combinable elements and individual new developments. To produce our NOS program, we use free capacities purposefully, so that we utilise our production partners' capacities evenly, and avoid overtime and output gaps as far as possible.

We plan our production based on material availability. We plan delivery deadlines together with our production partners. Depending on material availability, this means a delivery time for new developments of 10 to 20 weeks for productions from Europe, and 14 to 26 weeks for productions from Asia.



Pricing

In general, for every product manufactured in-house, workfashion.com calculates the processing steps required and determines the target time. These serve as the basis for price negotiations, in which we clarify any discrepancies with our suppliers. Similarly to China, Macedonia has seen steady wage increases for several years. This inevitably impacts on price negotiations, in which workfashion.com seeks, with its main partners, to find a solution that is acceptable to all parties. Through our involvement in FWF «Living Wage Incubator» project, we are also seeking to increase transparency in pricing.

Systematic monitoring – because sustainability doesn't happen by chance

The principle of sustainability must extend beyond the boundaries of the company. Therefore, workfashion.com applies a holistic monitoring system, which in the sense of a process approach strives to establish a sustainable way of working with suppliers and partners.

1. Code of Conduct & FWF questionnaire

All production facilities are required to accurately and fully complete FWF questionnaire and to sign the Code of Conduct.

2. Production facility audits

All production facilities are regularly audited by external, independent organisations.

3. Complaints mechanism

The employees of our production partners can air their grievances to the local FWF Complaints Manager about their working conditions, if these are inadequate.

4. Visits by workfashion.com employees

The production sites are regularly visited to discuss concerns, to define and implement measures and to check their effectiveness.

5. Sustainability report

workfashion.com writes an annual report on sustainability activities.

6. Brand Performance Check (by FWF)

The Brand Performance Check assesses the development within workfashion.com.

Follow Up

The best monitoring system is only of use if the results continue to be worked on and you strive for continuous improvement. In order to stay on the ball and to implement the improvement measures identified, we work with the following methods:

7. Evaluation of the Brand Performance Checks

After a detailed analysis, measures are defined for joint development with the production partners.

8. Corrective Action Plan (Corrective Action Plan)

Corrective Actions (CAPs) are discussed with the production partners, implemented and then reviewed.

9. Process optimisation

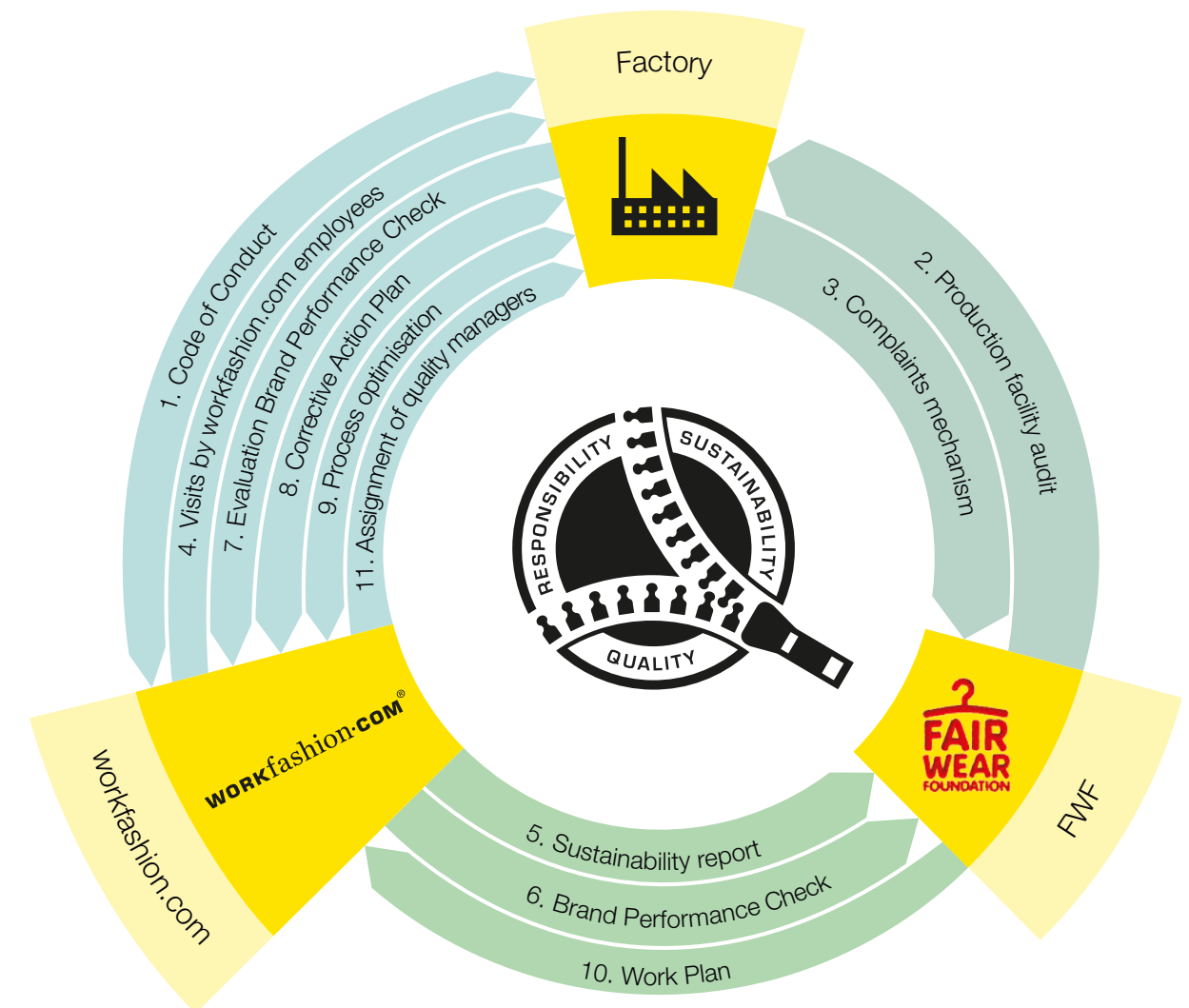
By optimising the processes, not only can you save a lot of time and money, employees at the factories also benefit from them.

10. Work Plan

Every year, workfashion.com draws up a work plan which among other things clarifies the planned activities for the following year.

11. Assignment of quality managers on site

Three local employees help us to document progress and work through the CAPs.



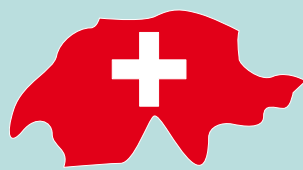



Case study:

In the latest Brand Performance Check, FWF advised workfashion.com to pay more attention to sub-contractors and to ensure that they too are familiar with the Code of Conduct and that working conditions in their factories are suitable. The opportunity for improvement was taken and all new production sites were informed about our membership of FWF prior to placing their first orders. First, the Code of Conduct was signed, after which photos were taken of the information posters. Due to the constant dialogue between workfashion.com and the production sites, as well as the valuable work of our quality staff, we were able to ensure that with our most recent production partnerships everything ran smoothly right from the start. One of the two new production factories, Kamoteks, was already audited in 2017. The second, Paltex, will follow in 2018.

It is only thanks to the workers at our production partners that we can always deliver the best workfashion.com quality.



Overview of our production partners

																	
	Switzerland			Macedonia							Turkey			China			
Name	Tiziana Moda	Dodo's Nähatelier	work-fashion.com	Nov Trend	Viemi	Kamoteks	Paltex	JU-KA Veles	JU-KA Sveti Nikole	Igmatomiteks	Teks Team	R.I.G.A. Tekstil	Emek Tekstil	Hangzhou Tonglu Tiang-cheng	Warrantex Ningbo Yingzhou	Warrantex Ningbo Waniing	Megafair
Numbers	411	34	663	-	250'169	61'710	59'199	14'444	45'122	82'506	28'959	3'028		1'650	3'755	2'504	17'009
Production-volume 2017 (FOB)	0.3 %	0.1 %	2.5 %	0.1 %	41.9 %	10.3 %	10.9 %	7.5 %	8.3 %	12.3 %	2.5 %	0.4 %		0.1 %	0.5 %	0.3 %	2.0 %
Type of article	Templates Prototypes Wearing test pieces Small series Embroidery Prints			Embroidery	Tops	Shirts Blouses		Pants Overalls Bibs Shorts			Tops			Caps	T-Shirts		Woven goods
Collaboration since	2010	2011		2009	2008	2017	2017	2007	2015	2014	2011	2015	2016	2015	2016	2016	2000
Factory visit 2017	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	no	yes	yes	yes
Audits und WEP's	n.a.*			no	FWF Audit: 2017 FWF WEP: 2017	FWF Audit: 2017	FWF Audit and WEP planned: 2018	FWF Audit planned: 2018 WEP: 2016	FWF Audit: 2016 FWF WEP: 2017	FWF Audit: 2016 FWF WEP: 2016	FWF Audit: 2017 FWF WEP: planned 2018		no	amfori BSCI Audit: 2017			
Status FWF CAP	n.a.			n.a.	pending	n.a.	pending	partially pending			pending		n.a.	pending			
	*n.a. = not available																

Production countries

Classification of production countries in 2017

	Switzerland	Macedonia	Turkey	China
No problems				
Some problems				
Major problems				
Employment is freely chosen				
No discrimination in employment				
No exploitation of child labour				
Freedom of association and the right to collective bargaining				
Payment of a living wage				
Reasonable hours of work				
Safe and healthy working conditions				
Legally binding employment relationship				

FWF and amfori BSCI analyse high risk issues in their country reports. Based on these country reports, workfashion.com has classified the risks.

The specific analysis of our production partners can be found on pages 30-33.



Transparency in detail – Our partners

The following pages describe the specific activities of our garment-manufacturers over the past year. In particular, the country-specific aspects and obstacles give you an insight into the often unexpected legal, financial and social challenges that keep presenting themselves.

1. Macedonia (share 91.3 %)

In 2017, more than 90 % of our total production volume was produced in Macedonia. For several years now, we have been working with three garment factories and an embroidery producer in central and western Macedonia. In 2017, two more factories were added with which we were able to handle the increased volumes we were fortunate to achieve.

2017 was a special year for us, as we needed more production capacity due to our growth, and our production partners in Macedonia experienced many political changes as a result of governmental changes. On the one hand, there is a high level of appreciation for workers because of ongoing emigration, which leads to a continuous improvement of working conditions. On the other hand, the election promises of the new government had a very strong impact on the wage structure throughout the economy. As a result, since the new government took office in June 2017, the legal minimum wage has been raised by 25 % since September, accompanied by a significant increase of the overall pay structure in Macedonia.

JUKA Sveti Nikole and Veles

These two production sites are run by the same management, but are about 35 km apart. We have been working with JUKA in Veles since 2007 and with the factory in Sveti Nikole since 2015. The two factories were last audited in 2015 and 2016 respectively, the audits revealed that there are no violations of the Code of Conduct with regard to forced labour, child labour or discrimination in the workplace and that employment contracts were legally binding. Two areas in which JUKA can still improve are union participation and the promotion of a stronger dialogue between management and workers. These two points are strongly linked. In 2018 we see an opportunity here, with the help of a local trade union, to give the workers more knowledge about their rights

and why it is worthwhile to communicate more with the management and to promote dialogue.

Viemi

One of our very long-standing partners is Viemi in western Macedonia. For more than ten years, we have had our tops produced there. Following the deployment of many new machines in 2016 and the introduction of more efficient working practices due to process changes, in 2017 Viemi went even further by investing in an automation system that was commissioned in November. Fortunately, with Viemi we were able to process most of the CAPs from the 2015 audit report, so that not many points were listed again during the audit in December 2017. However, Viemi received a complaint in December which is still under investigation by FWF (see p. 35). This was labour standard 6: reasonable working hours.

Igmatomiteks

We have been doing business with Igmatomiteks for three years, with whom we enjoy a very close working relationship due to the Living Wage project (see p. 14/15). The last FWF audit took place in September 2016 and we are very pleased that in 2017 almost all open CAPs could be processed. The focus at this factory is on labour standard 5: payment of a living wage.

Paltex

Production partner Paltex was added in 2017 and has not yet been audited by FWF. In February 2017, an amfori BSCI audit took place, for which Paltex received an A-rating (very good). A FWF audit is planned for 2018.

State-of-the-art garment manufacture at Viemi.

The hanger-mounted items are automatically fed into the individual production stages, finished and then checked.



Kamoteks

In 2017, we began a five-month, fixed-term contract with manufacturer Kamoteks, in order to meet peak production volumes. Right from the start of the partnership, we conducted an FWF audit, which showed that not all workers were sufficiently aware of the eight ILO labour standards. In addition, the audit revealed that although there was worker representation, there was no union activity. After receiving the audit report, we tried to discuss the CAPs with Kamoteks, but this did not prove very easy due to the short-term partnership.

2. Turkey (share 2.9 %)

RIGA and Emek Tekstil

R.I.G.A. and Emek Tekstil account for a very small portion of our production volume. Nonetheless, we conducted an audit in 2017 to identify potential improvements: Work is required in the field of occupational health and safety and the document and evidence management still reveals gaps. Since the owners and the management are looking for a new production location, or even want to build a new one, it is still unclear how the further improvements can be implemented. We want to continue to work closely with this factory and to continue the successful development.

TEKS

For seven years we've enjoyed a good working relationship with this warp- and weft-knitted fabrics manufacturer. In 2017, a shared audit was carried out together with another FWF member brand, which produces at Teks. We were pleased that most of the health-and-safety-related shortcomings had been remedied. One of the main problems, however, was that the hours worked could not be accurately verified because records were incomplete. We continue to work on the implementation of the open CAPs, in order to bring this production partner up to the level of our Macedonian partners.



Picture: Switzerland, workfashion.com ag

3. Switzerland (share 2.9 %)

Tiziana Moda, dodo's Nähatelier, workfashion.com production

After our Swiss partner studios have been informed about our memberships with FWF and amfori BSCI and because the federal legislation already covers the ILO conventions, there are no significant challenges to be reported. The only topics that will keep us busy in the future are the increasing shortage of skilled workers and the rising costs in Switzerland.

4. China (share: 2.9 %)

Hangzhou Tonglu Tiancheng, Warrantex, Megafair

Compared to the previous year, we were able to reduce our production volume from 7.1 % to a total of 2.9 %. We see this as a success, as it means further growth in our production volume in Macedonia and will further strengthen our entire supply chain. In general we are very satisfied with our Chinese partner factories, all of which were once again audited by amfori BSCI in 2017. We are satisfied with the audit results, which are either C (acceptable) or B (good), especially since we can exert very little influence at these production sites due to the small quantities that we produce there and because our production volume is so tiny that we prefer to focus on our improvement plans in Macedonia.

5. Bosnia (share: 0 %)

Miltex

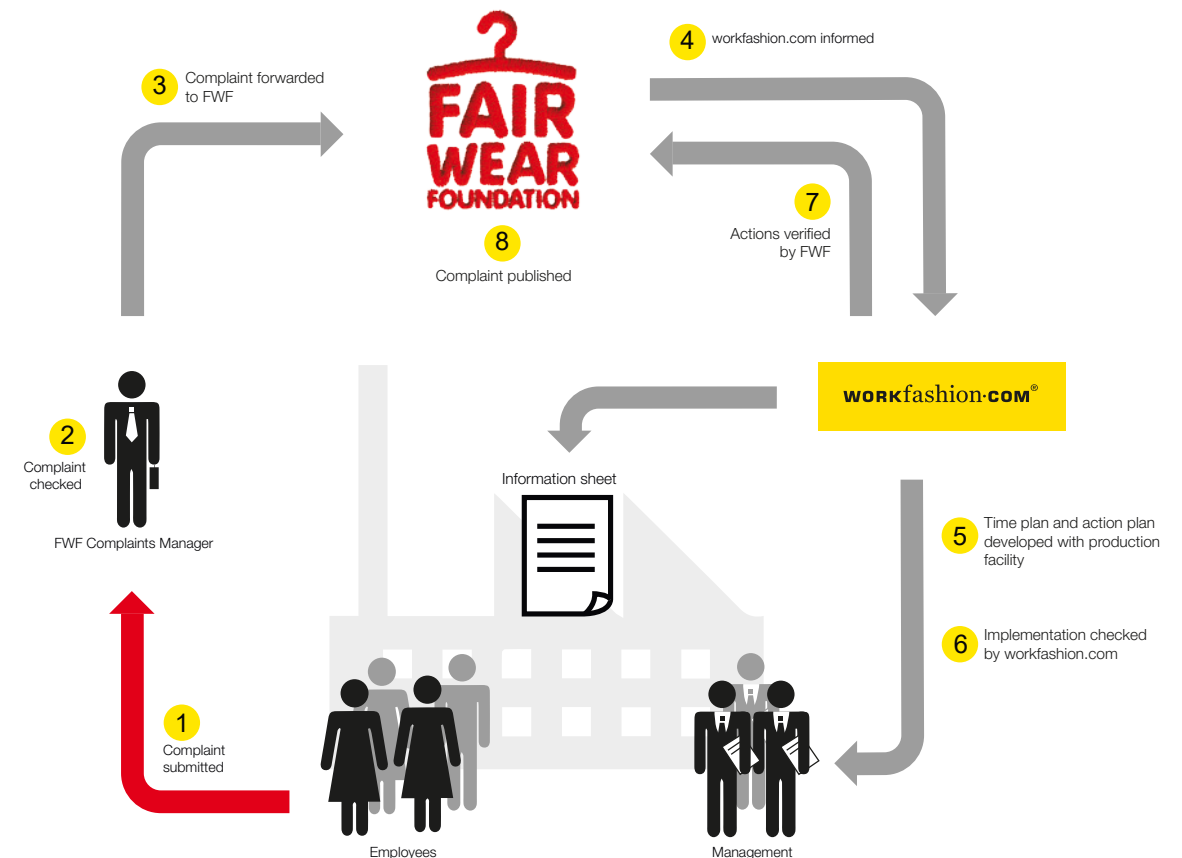
Unfortunately, we were unable to place any orders last year with our partner Miltex, with whom we have been collaborating on a project-specific basis for three years. This has to do with the fact that we process very specific materials there for which there was no customer demand in 2017 or for which we were able to supply customers from stock. When new production is required we plan to have the factory audited by FWF.



Complaints procedure

The direct line for production employees

workfashion.com has taken steps to implement FWF complaints system among its production partners. Employee training sessions are held and a notice displayed on the bulletin board to draw employees' attention at the production facilities to the complaints system. This gives them the opportunity to air their grievances to an independent officer. Once the complaint has been reviewed by FWF, workfashion.com is informed. Afterwards, we work with the production partner to find an amicable solution for all parties involved.



Current complaint

In 2017, workfashion.com received a complaint from the production site Viemi. The incident, which was reported in December 2017, concerned a violation of the working guidelines on «appropriate working hours». This observation was not reported by an employee of Viemi, but by an external person. Investigations are ongoing as to whether or not this complaint is/was justified. So far no reliable evidence has been found and the local FWF team is continuing to look into the matter.

We and in particular our long-standing production partner Viemi, in whom we have absolute confidence, are very anxious to clarify this incident and to seek a dialogue with the workforce. It is not yet clear whether the employees also believe they have had to work too hard or whether their views will contradict the account given by the complainant.

Knowledge creates sustainability

A constant exchange of information and regular training are among the fundamental principles for ensuring fair working conditions. Therefore workfashion.com consciously fosters a culture of communication with regard to sustainability – both internally and with external stakeholders.

workfashion.com uses various channels to sensitise its stakeholders to the issue of sustainability. We develop our knowledge through information and studies, which we receive in part thanks to our membership of FWF and amfori BSCI, as well as regular exchanges of views with other members and stakeholders.

workfashion.com informs employees

- Internal sustainability training for new employees
- Sending of a monthly newsletter with information about the topic of sustainability, which is sent to both customers and employees
- Sustainability Week
- Weekly exchange of views on the subject of sustainability at the procurement meeting

workfashion.com informs its production partners

All our production partners have been informed of our membership of FWF and amfori BSCI and been made aware of our relevant Code of Conduct. Discussion about working conditions and of corrective measures are mandatory aspects of production facility visits. During these visits, we also make sure that the information sheet is displayed for employees.

External communications

workfashion.com regularly informs its customers and potential customers about sustainability issues and its activities in relation to FWF and the amfori BSCI. Our customers are also informed through the following channels:

- Information on the company website www.workfashion.com
- Notes in brochures and in the e-mail signature
- Company blog with regular reports on the topic of sustainability
- Monthly newsletter with information about sustainability
- Customer presentations on sustainability
- Sustainability Report

Reaching more people, together

workfashion.com sets out to promote the issue of sustainability in several committees and in various projects. The aim of these efforts is to raise awareness among the general public about responsible action in the textile industry.

Another of the crucial pillars of our involvement is cultivating relations with NGOs. We see it as our on-going mission to impart our knowledge in associations and in presentations. It is also important to us to pass on our values to the next generation.

In 2017 we continued to show commitment by giving various lectures. We want to continue doing everything we can, through workfashion.com employee representatives in associations including the amfori BSCI/Swiss National Contact Group and Swiss Textiles.



Exchange Macedonia- Switzerland

Sheena Thommen
Product development
workfashion.com ag

After weeks of preparation, my exchange finally got started on 21 November. I travelled to Macedonia to visit our production partner Igmatomiteks.

As soon as I arrived in Skopje, I was warmly received by the head of the production facility and his family.

First impressions count

The next day we visited the factory for the first time. I was astonished to find that the factory, unlike the rural environment, is very modern and equipped with the latest equipment. The initially sceptical looks on the faces of the employees were soon transformed into friendly smiles.

A deeper insight into production

On the second day, I got a deeper insight into the production facility. From cutting and production to the warehouse and the offices, I was able to look over all of the employees' shoulders and get to know the processes better.

A cutting machine which counts the lengths of cloth, modern sewing machines, and a machine that automatically removes loose threads help smooth the workflows. However, most important are the employees who do their job with the utmost care and strive to deliver the best workfashion.com quality.

Promoting co-operation through an exchange – this was the theme of an employee exchange at the end of November with our production partner Igmatomiteks in Macedonia. We took a look behind the scenes at our production partner and provided one of his seamstresses insight into our company.



Country and people

Since the working days in Raelovci end early, I had enough time to get to know the country and its people better. An aperitif with the production managers, Turkish tea at Emine's, a trip to nearby Bulgaria and even a meeting with the president of Delcevo were on the programme.

Home sweet home

After a packed programme, many positive impressions, enjoyable encounters and an experience richer, on 25 November I returned to Switzerland. I was accompanied by Emine Djevirova, who was going to have a look behind the scenes of workfashion.com the following week.



Emine Djevirova Igmatomiteks seamstress

After Sheena's stay in Macedonia, I was allowed to travel with her to Switzerland on 25 November.

Nervousness was inevitable, because it was my first ever flight. Fortunately, Sheena was there and helped me with everything. However, as I do not speak German or English and Sheena does not speak Macedonian, during the trip we had to communicate using Google Translate – thank heavens for mobile phones!

Discovering Switzerland

At the beginning of my stay in Switzerland, on Sunday I was able to make a trip to Lucerne together with Rada and Sanela, two employees of workfashion.com.

com, and Sanela's family. During the week, I also had the opportunity to explore the surrounding area of workfashion.com headquarters, which enabled me to get a great impression of this beautiful country.

Working at workfashion.com

On Monday I was greeted by many new faces during the company tour. Everyone was very friendly and I immediately felt comfortable at workfashion.com. After the initial introduction, I was allowed to move to my place in the sewing workshop, where over the three-day period I frequently performed certain jobs by myself. I also got a deeper insight into individualisation and development.

A breakfast dedicated to sustainability

On Tuesday morning, a sustainability breakfast was organised as part of the exchange and was attended by all employees of workfashion.com. Sheena reported on her experiences in Macedonia and showed her photos. It was very nice to see all the staff and spend time with them, even though I couldn't really talk to them.

Saying goodbye

After four varied and unique days, I returned to Macedonia on 30 November.

During the week in Switzerland, I noticed that the work here is not so very different than in Macedonia. However, one very positive thing I noticed is how clean and tidy Switzerland is. I really liked that.

