



SUSTAINABILITY REPORT 2020

Start date of Fair Wear Foundation membership:

13th June 2012

Reporting period (financial year):

01.01.2020 - 31.12.2020

ALBIRO
fashion on the job!

www.albiro.com

CONTENTS

1.	Greetings by Corinne and Lukas Loosli	3
2.	Organigram of the group management board 2020	4
3.	Commitments of ALBIRO	5
	3.1. Social commitments	7
	3.1.1. Fair Wear Foundation	7
	3.1.2. amfori BSCI	8
	3.2. Ecological commitments	9
	3.2.1. ISO 14001:2015 Certification of environmental management systems	9
	3.2.2. OEKO-TEX Standard 100	9
	3.2.3. Other ecological facts	10
	3.3. Economical commitments	11
	3.3.1. ISO 9001:2015 Certification of quality management systems	11
	3.3.2. Swiss Textiles Federation	11
4.	Summary of the goals & achievements 2020	12
5.	Sourcing strategy and suppliers	13
	5.1. Pricing strategy	13
	5.2. Organisation of the sourcing department	14
	5.3. Production cycle	15
	5.4. Suppliers relations	15
	5.5. Suppliers management and sourcing decisions	15
6.	System for monitoring and remediation	16
	6.1. North Macedonia	17
	6.2. Morocco	19
	6.3. Bosnia	21
	6.4. Serbia	22
	6.5. Turkey	23
	6.6. India	24
	6.7. Suppliers of trade items	25
7.	Complaints	26
	7.1. Complaints procedure	26
	7.2. Complaints in 2018	26
	7.3. Complaints in 2019	26
	7.4. Complaints in 2020	26
8.	Trainings and capacity building	27
	8.1. ALBIRO staff members	27
	8.2. Agents and importers	27
	8.3. Manufacturers and workers	27
	8.4. Customers	28
9.	Information Management (MSA)	28
10.	Marketing activities	29
11.	Further social projects of ALBIRO	30
	11.1. ALBIRO foundation	30
12.	Glossary	31

1. GREETINGS BY CORINNE AND LUKAS LOOSLI

ALBIRO is a family-owned stock company, existing since more than 195 years, with headquarters in Switzerland.

From the very beginning, the company has always cared for ethically correct business practices and a compliant handling for its employees, according to the core labour standards of the ILO. ALBIRO has implemented its own Code of Conduct to communicate this commitment both internally and externally.

In the past years, ALBIRO has evolved into an internationally operating group, with partners from other countries, with different cultures and mentalities. A transparent and coherent social policy, inside and outside Switzerland, is an important component of our commitment to sustainability and our responsibility towards society. As our manufacturers are depending on our orders, we are using the full capacities of our most important and closely affiliated factories.

Fair Wear Foundation is an important partner as an organization for the cooperation among different actors in the area of social sustainability. Since June 2012 we are working with Fair Wear Foundation to monitor and to improve working conditions of our suppliers and garment manufacturers. Fair Wear Foundation has an essential role to play in the production processes. With the additional cooperation of the institution amfori BSCI, we have succeeded in assessing the social performance of our supply chain and in ensuring compliance with the eight ILO Core Labour Standards.

The most important goal in 2020 was to make the right steps to the living wage with our manufacturers. The continuously improvement of the working conditions and the preservation of the achieved standards are verified with regular internal and external audits.

In 2020 the 7th generation of the family take the lead in the company.

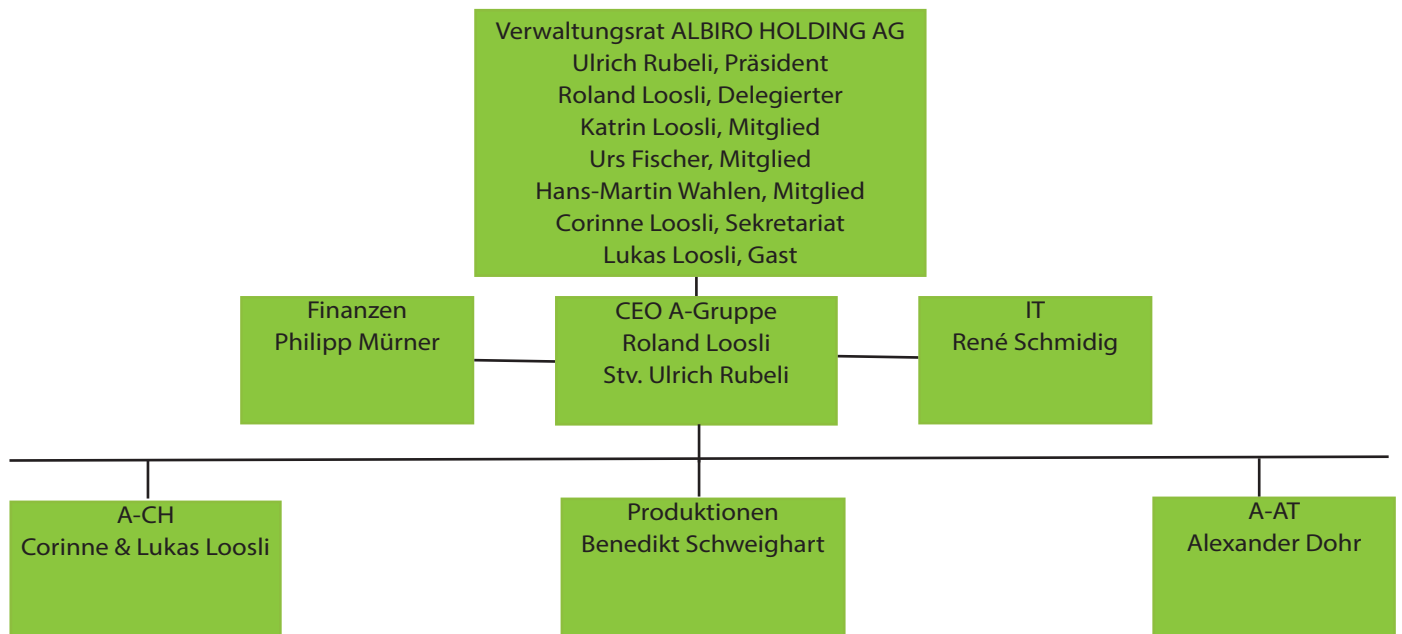
With the current covid situation it's still not easy to reach all the goals we want to reach. But even in these difficult times we stand by our word and will continue to take our steps to a fair and sustainable future.

Best regards,

Corinne and Lukas Loosli/ CEOs ALBIRO Switzerland



2. ORGANIGRAM OF THE GROUP MANAGEMENT BOARD 2020



3. COMMITMENTS OF ALBIRO

ALBIRO is attaching great value to responsible corporate policy. Our company will assume responsibility regarding the working conditions to which our products are made, towards our business partners, consumers and society.

That's why ALBIRO has ratified its own Code of Conduct. This code contains a summary of internationally recognised core labour standards that are monitored in all production sites in which our products are manufactured.



CODE OF CONDUCT

Freiwillige Verpflichtung zur Einhaltung von Sozialstandards in Nähbetrieben

Die ALBIRO Gruppe, bestehend aus der ALBIRO HOLDING AG und ihren Tochtergesellschaften, produziert Arbeits- und Schutzbekleidung in Werken in Osteuropa, Nordafrika und Fernost.

Die von der ALBIRO Gruppe verpflichteten Nähbetriebe werden regelmässig auf die Einhaltung der grundlegenden Sozialstandards gemäss der International Labour Organisation (ILO) überprüft. Die Überprüfung erfolgt durch die Kader der ALBIRO Gruppe und zusätzlich durch Audits unabhängiger Auditoren der FAIR WEAR FOUNDATION und des BSCI (Business Social Compliance Initiative).

Als Mitglied der FAIR WEAR FOUNDATION und des BSCI verpflichtet sich die ALBIRO Gruppe, den Verhaltenskodex von FAIR WEAR / BSCI gemäss den nachstehend aufgeführten Punkten zu beachten:

- Freie Arbeitswahl (keine Zwangsarbeit)
- Keine Diskriminierung am Arbeitsplatz
- Keine Kinderarbeit sowie besonderer Schutz für jugendliche ArbeitnehmerInnen
- Vereinigungsfreiheit und Recht auf Kollektivverhandlungen
- Ein rechtsverbindliches Arbeitsverhältnis
- Angemessene Arbeitszeiten
- Angemessene Bezahlung
- Sichere und gesundheitsverträgliche Arbeitsbedingungen

Der Verwaltungsrat, die Geschäftsleitung und die Kader der ALBIRO Gruppe setzen alles daran, dass die sozialen und ethischen Grundsätze eingehalten werden und alle Produkte den erwähnten Anforderungen entsprechen.

Für die ALBIRO GRUPPE:

ALBIRO HOLDING AG

Ulrich Rubeli
Präsident des Verwaltungsrates

Roland Loosli
CEO

Sumiswald, 11. Mai 2016



ALBIRO AG Dorfstrasse 14 | CH-3454 Sumiswald | Tel. +41 34 432 33 33 | Fax +41 34 432 33 34
www.albiro.com | info@albiro.com | MWST-Nr. CHE-102.479.335

3. COMMITMENTS OF ALBIRO

ALBIRO is cooperating closely with different international organisations in order to carry on verifications and inspections.



3.1. SOCIAL COMMITMENTS

3.1.1. Fair Wear Foundation

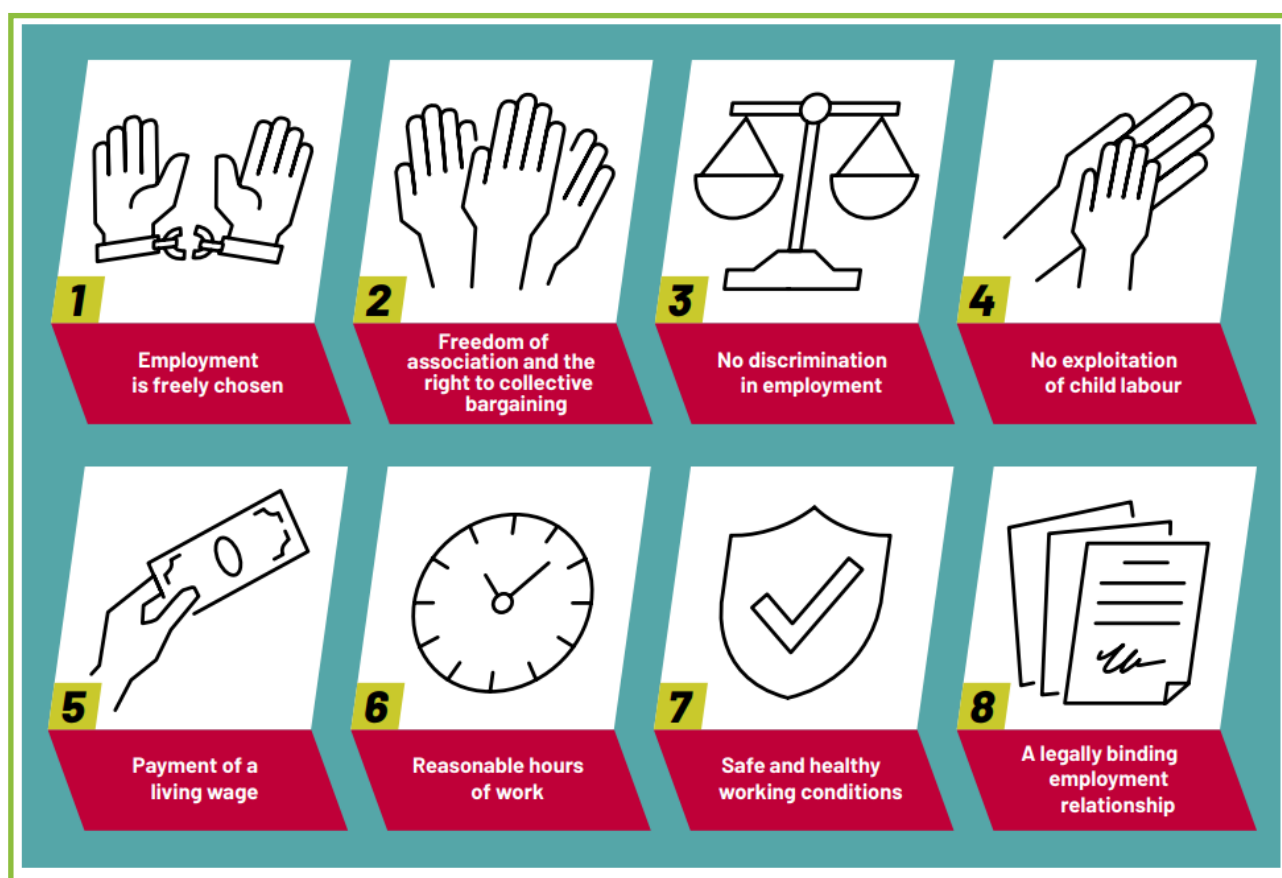
ALBIRO, as the first Swiss workwear company, joined the Fair Wear Foundation already in 2012. Fair Wear Foundation is a non-profit organisation that works with brands, factories, trade unions, NGOs and sometimes governments to verify and improve workplace conditions in the garment industry.

ALBIRO demands outstanding requirements in working conditions in our own and closely affiliated production sites as well as in the suppliers' factories all over the world.

Verification of working conditions by Fair Wear Foundation

Fair Wear Foundation verifies the working conditions in our factories with audits. Those audits will be carried out by people who can speak the local language. Some of the workers will be asked to give an interview during the audit.

Companies that are members of Fair Wear Foundation, commit themselves to deal only with sewn products which are manufactured in fair working conditions. That's why Fair Wear Foundation requests that the factories comply with the following Code of Labour Practices:



At the last Brand Performance Check in 2020, FWF attested that 92 % of ALBIRO's supply chain was monitored. ALBIRO was awarded the „good“ category, and is aiming to belong to the „leader“ category in the near future.

3.1.2. amfori BSCI

Since 2009, ALBIRO is a member of amfori BSCI as well. amfori BSCI is a non-profit organisation who provide companies with a Code of Conduct, based on the core labour standards of the International Labour Organisation (ILO, in order to ensure and monitor the social standards in the production sites worldwide. The service of amfori BSCI come into effect in the countries in which Fair Wear Foundation is not active (such as Morocco).

The below amfori BSCI Code of Conduct set the values and principles, which amfori BSCI members committed themselves to apply in their supply chain.

amfori BSCI Code of Conduct

Our enterprise agrees to respect the following labour principles set out in the amfori BSCI Code of Conduct.

amfori BSCI Principles



The Rights of Freedom of Association and Collective Bargaining

Our enterprise respects the right of workers to form unions or other kinds of workers' associations and to engage in collective bargaining.



Fair remuneration

Our enterprise respects the right of workers to receive fair remuneration.



Occupational health and safety

Our enterprise ensures a healthy and safe working environment, assessing risk and taking all necessary measures to eliminate or reduce it.



Special protection for young workers

Our enterprise provides special protection to any workers that are not yet adults.



No bonded labour

Our enterprise does not engage in any form of forced servitude, trafficked or non-voluntary labour.



Ethical business behaviour

Our enterprise does not tolerate any acts of corruption, extortion, embezzlement or bribery.



No discrimination

Our enterprise provides equal opportunities and does not discriminate against workers.




Decent working hours

Our enterprise observes the law regarding hours of work.



No child labour

Our enterprise does not hire any worker below the legal minimum age.



No precarious employment

Our enterprise hires workers on the basis of documented contracts according to the law.



Protection of the environment

Our enterprise takes the necessary measures to avoid environmental degradation.

amfori BSCI Approach



Code Observance

Our enterprise is obliged to protect workers' rights as mandated by the law and the amfori BSCI Code.



Workers' Involvement and Protection

Our enterprise keeps workers informed about their rights and responsibilities.



Supply Chain Management and Cascade Effect

Our enterprise uses the amfori BSCI Principles to influence other business partners.



Grievance Mechanism

Our enterprise provides a system to collect complaints and suggestions from employees.

www.amfori.org

amfori  **BSCI**
Trade with purpose

3.2. ECOLOGICAL COMMITMENTS

3.2.1. ISO 14001:2015 Certification of environmental management systems

ISO 14001:2015 forms the basis for a systematic orientation on relevant environmental aspects including concerned stakeholders. Such an environmental management system will help to minimise risks and to continuously improve the organisation. Verification that the criteria are satisfied will be gaining for customers, suppliers, partners and for the public. There is an annual audit to ensure that standards are being maintained and a recertification audit after 3 years.

Since 2010, the environmental management of ALBIRO AG is set up and certified according to EN ISO 14001:2015 by the SQS. This is the basis for the continuous improvement process of ALBIRO.



3.2.2. OEKO-TEX Standard 100

Since 2015, the company ALBIRO AG is certified with OEKO-TEX Standard 100®, that means that all materials used for ALBIRO products are regularly tested and certified without any harmful substances. The compliance of the commitments is audited regularly.



Tested for harmful substances.
www.oeko-tex.com/standard100

3.2.3. Other ecological facts

Solar panels have been installed on the building of our headquarters in Sumiswald that provide 100 % in summer of our power needs. With our panels we save 50 tonnes of CO2 each year.



Furthermore, the construction has been built according to the Swiss Minergie ® ECO standard.



ALBIRO is also with a PET Recycling certified.



3.3. ECONOMICAL COMMITMENTS

3.3.1. ISO 9001:2015 Certification of quality management systems

ISO 9001:2015 is providing the basis for a sustainable and target oriented positioning of enterprises on the markets. Thus, chances and opportunities could be achieved and implemented as well as risks reduced. The demonstrably fulfilled requirements should lead to a development of confidence and a consolidation of image for customers and stakeholders. There is an annual audit to ensure that standards are being maintained and a recertification audit after 3 years.

Since 2010, the quality management system of ALBIRO AG is set up and certified according to ISO 9001:2015 by the SQS. This is the basis for the continuous improvement process of ALBIRO.



3.3.2. Swiss Textiles Federation

ALBIRO is member of the Swiss Textile Federation SWISS TEXTILES since 2016. SWISS TEXTILES aims to offer attractive services and provides for better frameworks among economical and political decision-makers.

SWISS TEXTILES

4. SUMMARY OF THE GOALS & ACHIEVEMENTS 2020

Goals for 2020	Achievements in 2020
Transparent price costing and wage calculation our own production factories.	Goal partly achieved. We are still working on this topic. Not every factory wants to share the details with us.
Preparation of new living wage projects in our own production factories.	The running project in north macedonia is still running and is extened to 2021. The new living wage projects are the same as point 1. Difficult to reach all the details from the factories.
Better and more intense direct communication between our headquarter in Sumiswald an our own production sites in Europe an Morocco.	Goal achieved. Inspite of Covid-19 and all the restrictions, we were able to expand our communication with the factories.
ALBIRO is aiming to belong to the FWF „Leader“.	Goal not achieved in 2020.

5. SOURCING STRATEGY AND SUPPLIERS

5.1. PRICING STRATEGY

Prices and tariffs of many articles were modified always under consideration of the pay rise by law and the changes of productivity of each single production unit in 2020.

Prices and tariffs paid to producers must cover all costs and expenditures and have to be a basis for the profitability of the company.

A equitable price strategy requires transparency on both sides – on producer's and purchaser's side.

5.2. ORGANISATION OF THE SOURCING DEPARTMENT

Group 1 products - Own productions

All items for which we buy the materials ourselves are denominated as own production and belong to group 1 products.

The dispatch of the fabrics and accessories held in stock from our warehouse to the factories is allowing a complete setting-up, without any delay. With the help of our advanced ERP-system (SAP), we administrate the material data and the bills of materials as well as the scheduling of production orders.

Our purchasing and production management is planning and arranging the orders, according to the capacities, directly to the respective production sites. The manufacturing will be then processed with the support of our technicians and our quality management team.

Group 2 products - External productions

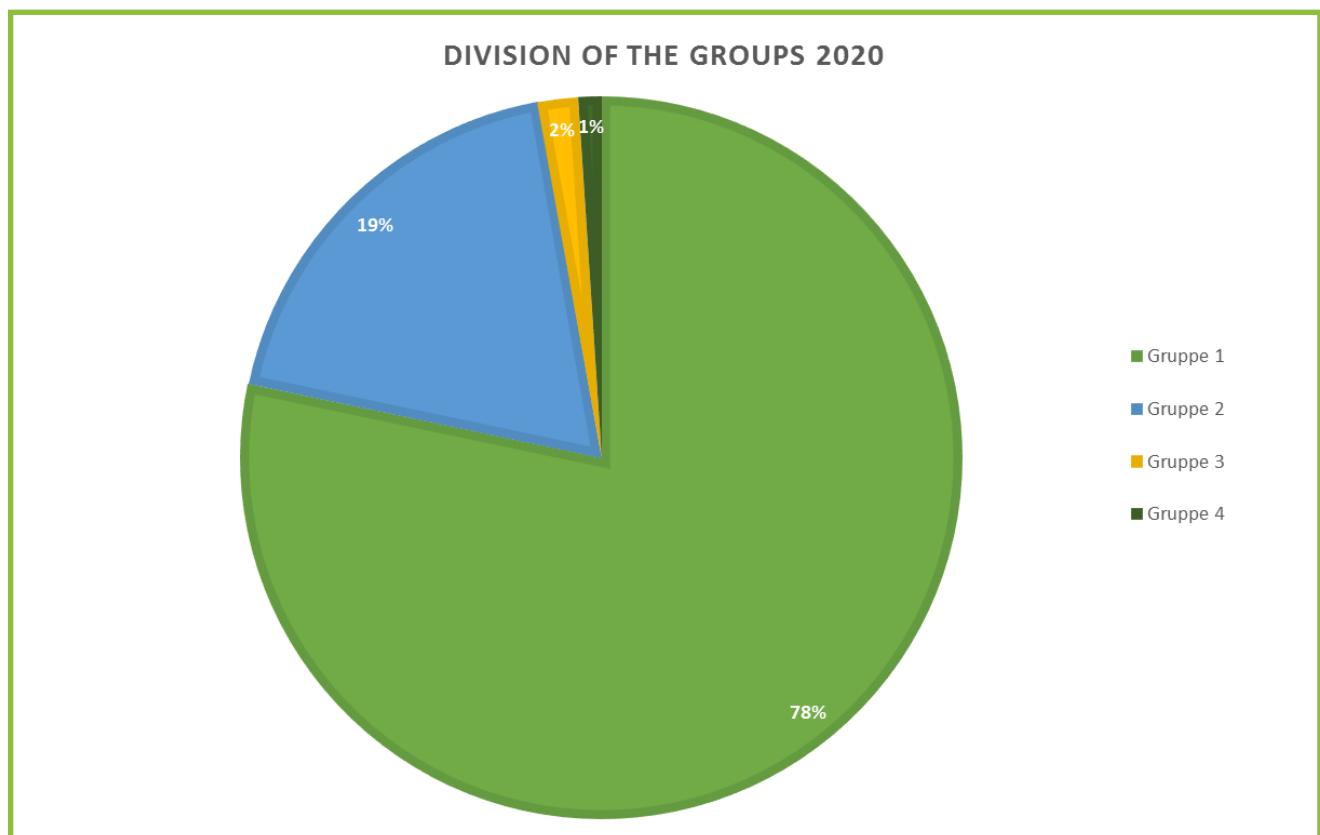
A few products are developed and made for us by long-time external partners in Turkey, Portugal or China. The compliance with the requirements of Fair Wear Foundation, amfori BSCI or OEKO-TEX® Standard 100 is the precondition for the purchase and this will be audited just the same.

Group 3 products - Trade items

These products are a marginal range addition, that we are buying as a service for our customers. They are not labelled with ALBIRO brands but with the brands of the respective external suppliers. The sustainability requirements will be checked once a year as well.

Group 4 products - Support processes, subcontractors including printing, embroidery and washing plant

This group includes all printers, stickers and laundry that refine our products.



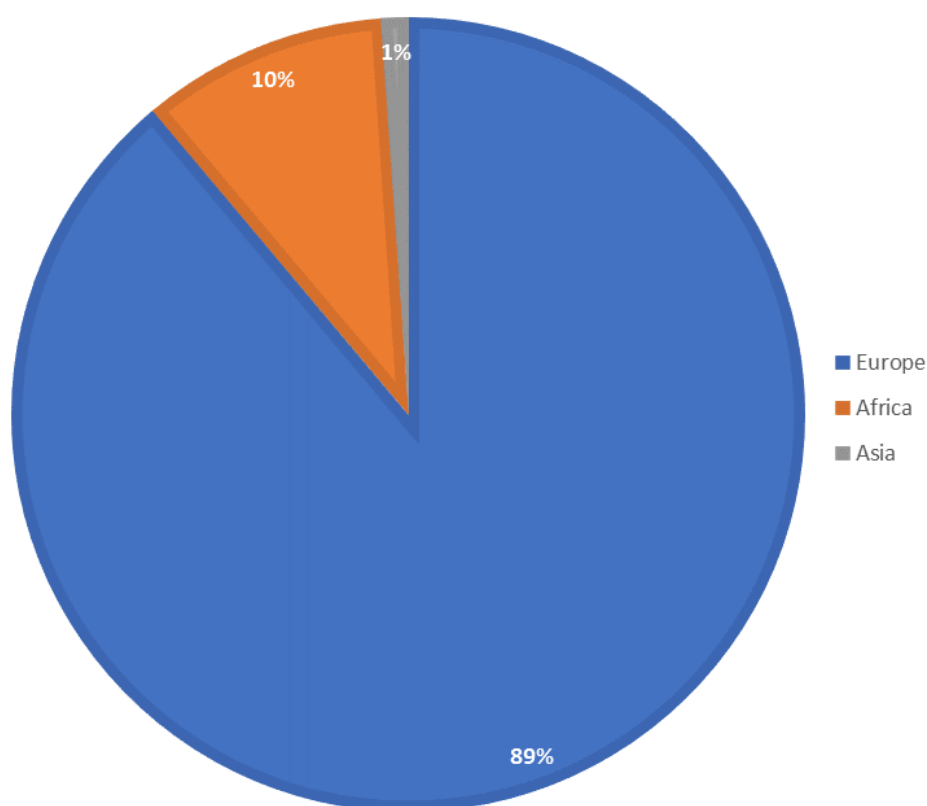
5.3. PRODUCTION CYCLE

Workwear is only marginally influenced by fashionable trends and can be therefore planned and produced without seasonal variations. Big orders in the range of Corporate Fashion in the brand ALBIRO could cause some production fluctuations. Thanks to our financial independence, our modern ERP-System, our long-standing material suppliers and our own or closely affiliated production facilities in Middle Europe, we can eliminate such fluctuations with the stock by increasing or reducing the stock quantities.

5.4. SUPPLIERS RELATION

We mainly produce in Europe, where we have a share of 89 %. The share in Asia continues to decline slightly, last year 16 %, this year 1 %.

DIVISION IN COUNTRIES 2020



5.5. SUPPLIERS MANAGEMENT AND SOURCING DECISIONS

With the support of modern communication tools, ALBIRO is in constant contact with the production facilities. The factories will be visited regularly by ALBIRO employees (technic, quality and sustainability). As a member of Fair Wear Foundation, ALBIRO committed itself to visit all producers at least once a year.

6. SYSTEM FOR MONITORING AND REMEDIATION

ALBIRO's garment suppliers are located in different countries having their own legislation, language and culture. In order to assess the status of factories and suppliers, we count on local skilled experts in social standards. Therefore we ask Fair Wear Foundation or amfori BSCI, or other institutions such as SGS, to carry out the audits and provide a report. Depending on the applied standards, the results will be evaluated and a remediation plan will be established. A timeline for the findings and the corrective actions will be scheduled within a year.

Sometimes, several audits could be carried out in a factory. This could mean that different opinions will be expressed and this should be avoided, if possible. We get a support of each institution for the audits evaluation; the Audit Assessment Tool of Fair Wear Foundation for instance.

No matter which audit has been made, the producer will be assisted in its efforts to improve his working conditions.



Here you find information about our most significant partners producing our own brand ALBIRO.

6.1. NORTH MACEDONIA



Production:

ALBIRO produces over 50 % of the complete turnover in 3 productions in North Macedonia. Two of them are producing exclusively for ALBIRO and are 100 % utilized. This collaboration between ALBIRO and the two productions has existed for more than 15 years. Both factories are audited by Fair Wear Foundation.

The direct cooperation of ALBIRO with the production locations and with the audit team of Fair Wear Foundation is ensuring the continuous improvement process in Macedonia.

The main factory is certified with ISO 9001:2015 (Quality Management System).

Salary:

In North Macedonia exists a legal minimum wage.

As from December 2020, the minimum wage has been raised from 12.507MKD to 14.500MKD net (approximately 233 EURO) per month.

A living wage should be earned in a standard working week (no more than 48 hours) and allow garment workers to be able to buy food for them and their families, pay the rent, pay for healthcare, clothing, transportation and education and have a small amount of savings for when something unexpected happens. The minimum cost of living for a family of four is estimated at 32'233 MKD by the North Macedonian Trade Union Federation (SSM). The paid salaries in the factories can not meet basic living costs. This shows how important the living wage projects are.

Situation in North Macedonia:

The name change from Macedonia to North Macedonia has now been officially implemented. The strategic focus is entirely on joining the NATO and the EU. This is expected to stabilize economic development and increase investment.

However, the country still has to take many reform steps in order to create reliable and transparent framework conditions for the economy.

North Macedonia struggles with the same problems which they already faced in 2019. Overtime and work on Saturdays are still common. The production locations hardly find young people who still want to work in the textile industry. Beside that it is not easy to find skilled workers. Only a few companies provide trainings to educate the workers. In the last years the government tried to focus on the cooperation between industry and education which has led so far to no significant improvement. The educational system still does not provide the knowledge and skills which are relevant for the economy and for the business sector.

There is a new legislation on internships which will be a step in a right direction for supporting the learning of practical skills. Solid education and high-quality trainings, regulated working hours, modern work environment and decent wages are still good measures to maintain the profession attractive for workers in the long term.

COVID-19:

North Macedonia was hardly hit by the pandemic due to fast reactions against the spreading and rigorous immigration laws till end of May 2020. There was not any known infection in the northeast region of Macedonia. Therefore both companies haven't suffered under the COVID-pandemic ALBIRO cooperate with. Due to the very good order situation in both production units there were no losses or slumps of incomes.

On the other hand the regions around the capital of Macedonia and city of Kumanovo were hit very strong. Both companies in this region have registered a high rate of staff loss which have led to deficits in production and productivity.

The situation has crucial turned over all regions of Macedonia in the 2nd part of 2020. Even there were comprehensive staff losses all production units have continued their operational business – no unit was forced to shutdown.

The government of Macedonia has given subsidies and not refundable benefits to cover a minimum of losses and benefits. Despite these public services a lot of companies have closed their units and have dismissed their staff.



6.2. MOROCCO



Production:

In Fez we have a long-standing and important production partner (since 2008) with 100 % capacity utilisation by ALBIRO. The production volume is 10 % of the completely turnover. The production can look up to a extremely successful constellation in the management.

The partnership between the German and the Moroccan main shareholders and our common french language enable us a direct communication in all areas of cooperation. In Morocco, amfori BSCI is available. The amfori BSCI standard 2.0 is verified with audits conducted by SGS Morocco. Since the first audit in 2011, several issues have been improved. All workers are receiving holiday pay, are properly registered with the national social services providers and the social security contributions as well as the health insurance are fully paid, which is still pretty rare in Morocco.

In cooperation with the Management, several actions have been implemented in order to increase the productivity and also to raise the social standards in the production. Adequate remuneration and social coverage have been ensured. A contracted doctor has been hired and the safety at the workplace has been completely reworked. The working hours are respected and the workers' representative have been elected. Free trainings in reading and writing in French and in Arabic are given by the company to the employees.

80 % of the executive managers at MTM are women. Women and men in the same position are getting the same wage. In 2017 the factory has received an award for the promotion of equality between men and women at work, granted by the Moroccan minister of employment. And last but not least, the company has its own football team!

Salary:

As from July 2019, the minimum wage has been raised from 13.46 MAD per hour up to 14.13 MAD (approx. 1.33 EURO) per hour. Beside that the Moroccan state already informed the productions to increase the wage by July 2020 again from 14.13 MAD per hour up to 14.81MAD (approx. 1.40 EURO).

The living wage estimation for an adult working full time (48 hours per week or the local maximum regular working hours per week) is calculated by amfori BSCI as follows:

total family basket (4455.00 MAD * 110 %) / 1.83 number of wage earners per family = 2677.87 MAD (approx. 247 EURO).

Situation in Morocco:

The textile sector includes 1200 companies employing 165.000 people, which is approximately 27 % of all industrial employment. An economic growth plan „Marco 2025“ will start in 2021 and is targeting market growth, production, quality, employment and export sales in the textile and clothing sector.

Despite Morocco's economic progress, the country suffers from high unemployment, poverty, and illiteracy, particularly in rural areas. Key economic challenges for Morocco will be the improvement of the education system. Morocco is a reliable production location through its geopolitical situation as well as its political and social stability.

Morocco offers fast delivery by land with short-term delivery dates thanks to its proximity to Europe. The shortening of the delivery routes is also a way to reduce the ecological footprint of the companies.

Achievements in 2020:

In order to get employees to work safely and on time, our production partner in Morocco invested in a new transport bus. While driving, the employees are covered by a multi-risk insurance. This is another positive step towards job improvement.

COVID-19:

Morocco has already closed their borders for passengers transport in March 2020; therefore COVID has less chances to spread in the country. Regardless our partner company in Fes had to close the unit for about 6 weeks even if there was not any person infected by COVID. After the shutdown the company has to follow very strong safeguard requirements which have avoided any positive infection by now.

Due to the positive order situation over the whole business year the registered loss caused by the shutdown could be lessened.

The public authorities have given benefits and not refundable subsidies to compensate losses and deficits in productivity.

6.3. BOSNIA



Production:

ALBIRO works with two producers in Bosnia with a turnover of 15 %.

With one producer, ALBIRO is the exclusive partner and is fully using its capacity. The local production manager is a very skilled tailor with long-time work experience. amfori BSCI is helping us to establish and implement the sustainability strategy with SGS Serbia together.

The excellent audit rating could be kept all the past years. This is clearly demonstrating how the ALBIRO sustainability strategy is well and exemplarily understood by the employees. Due to short ways in the communication with the local management and with ALBIRO's influence, the specified and set standards can be implemented and fulfilled.

The second producer which works for ALBIRO is a SA8000-certified factory that is producing mainly shirts. Since 2016, ALBIRO is producing workwear there. SA8000 is ensuring our sustainability strategy and is providing an updated handling of the social standards every six months.

Salary:

The country's textile sector has grown in recent years, but the minimum wage in Bosnia and Herzegovina didn't change since 2017. The minimum wage is still 605.48 BAM (approx. 310 EURO gross and 208 EURO net). The estimated living wage per month (family of four) is 767 EURO.

Situation in Bosnia:

The textile sector employs approximately 20.000 people, which is round about 3 % of all industrial employment. Of these 3 %, 80 % are women. The economy is growing slowly. Inhibiting factors for economic development are political uncertainty, lack of transparency, complex bureaucracy and the high emigration rate. This rate leads to a population decline.

COVID-19:

Bosnia & Herzegovina was strongly hit by the pandemic from the beginning. Both companies we cooperate with have to shutdown for 2 ½ to 3 weeks. Furthermore there has been a high level of staff deficit which has led to strong losses in productivity. By producing face masks for the Austrian market one company could compensate at least a part of the loss of production.

Small benefits given by the public authorities were given to companies. However the economic situation in Bosnia & Herzegovina is still very tight.

6.4. SERBIA

Production:

Fortunately ALBIRO was able to increase the overall order situation in 2020, especially for welded styles. For that reason, ALBIRO was looking for new production partners who are specialized in welding clothes and who are Gore certified. Both productions have been working for the European market for many years. Luckily, ALBIRO was able to draw on the experience and reports on another FWF member, who was open and transparent to share the latest audits and CAPs.

Salary:

In Serbia the national minimum wage in 2020 was 256 EURO net per month by a full-time work of 40 hours a week. No worker in Serbia can be paid less than this mandatory minimum rate. The government announced to increase the minimum wage by 6.6 % in 2021. The living wage estimation is calculated by the Clean Clothes Campaign in 2017 with 652 EURO net a month.

Situation in Serbia :

Textile and apparel production in Serbia has a long-standing tradition and for many years has been one of the main export industries of the country. Nowadays, around 1.800 active companies with more than 43.000 employees operate in the Serbian textile. Serbia struggles, like North Macedonia, with unpaid overtime and work on Saturdays.

Serbia began negotiations for full membership in the EU in January 2014 and its goal is to join the EU by 2025. The overall unemployment rate has decreased in the last years and is currently 10.98 %. The youth unemployment in return is very high by 30 %. Beside that there exists a pronounced gender gap in the employment rate (54 % for men and 39.1 % for women) although women are seen as a great potential.

COVID-19:

Serbia has been strongly hit by COVID however in comparison to other countries on the Western Balkan Serbia has followed quite liberal measurements against the pandemic. The immigration restrictions were lessened already in May 2020 with the consequences that due to the increased international tourism the COVID situation has critical turned. One of ALBIRO's partner has shutdown twice in 2020 (for 6 weeks in April/May and for 3 weeks in November/December).

Financial subsidies and benefits were given by the government. Even comprehensive funds were issued to stimulate the national economic.

6.5. TURKEY



Production:

Turkey is a preferred partner for the knitwear manufacture, with its proximity to the countries with cotton plantations. For that reason, ALBIRO is making the major part of the circular knitgoods with three Turkish producers. Two are audited by Fair Wear Foundation.

The third production was newly added in 2019 and ALBIRO was implementing a trial order. An expansion was made in 2020. In that case a FWF audit will be planned for next year. All three production locations were visited in 2019 by the CSR stuff and the purchasing department.

Salary:

In Turkey the minimum wage in 2020 was 2324 TRY gross (350 EURO net / 440.30 EURO gross per month). The government announced that the minimum wage will increase up to 3577 TRY per month in 2021. The minimum cost of living for a family of four is estimated 1002 EURO a month by the Clean Clothes Campaign in 2017.

Situation in Turkey:

As the Syrian conflict begins its ninth year, Turkey continues to host the highest number of refugees in the world, with over 3.6 million Syrian refugees. As a FWF member ALBIRO pays special attention to the possibility of employing Syrian refugees. It should be ensured that a legal working contract and a fair remuneration, under applicable law, exists.

FWF highlighted that each member is required to take concrete steps by mapping their supply chains. Therefore ALBIRO visited all three production locations in 2019 and discussed this topic with the management. Beside that ALBIRO signed with its producers a binding partnership contract to regulate the dealing with this situation. Furthermore we received a list with the involved factories for fabrics, trimmings, dyeing etc. for building a more transparent supply chain.

COVID-19:

Turkey is badly affected by the pandemic. Various restrictions apply in the country. State support for those affected was promised. Also individual productions were closed.

6.6. INDIA



Production:

In cooperation with a Swiss agent, ALBIRO is manufacturing small quantities of knitwear items in India. Our Indian producer is audited by amfori BSCI and is visited several times by our agent. Our producer maintains a transparent business policy towards his workers and his customers. All documents are disclosed and may be examined.

The employees will be informed at the factory's entrance about their rights and the upcoming training courses. All these points create a mutual trust and respect. As the entire supply chain is GOTS certified, this type of production contributes positively to the environment and to the working conditions. The GOTS certification gives employees a better sense of the environment and of the use of chemicals. On this basis, the company owner tries to improve the general environmental awareness of his employees. This starts with small improvements, such as the refraining from the use of plastic.

Salary:

In August 2019 the Indian parliament passed the „code on wages Act, 2019“. The new code prohibits factories to pay the employees less than the stipulated minimum wage, which is settled by 178INR a day (2.31 EURO). In India each region has its own price policy.

The document „living wage policy“ from FWF informs members about the minimum wages in individual countries and their estimated living wages. For Tirupur the legal minimum wage for unskilled workers is 4.956INR and for skilled workers 7.358INR. The trade union „Hind Mazdoor Sabha“ estimated a wage of 18.000INR and the GGLWC 20.118INR for a basic but decent living, based on a family of 4 with 1.58 workers. Beside that the issue of gender-based disparities is still common when it comes to salary. At the moment, women earn roughly 45 % less than men in the same occupation.

Situation in India:

India is the second largest textile exporter worldwide after China and is the third largest employer in the country with 45 million people. It is expected that this number will increase to 55 million by 2021. Pollution is still an issue that receives too little attention. A first step to solve this problem was taken in 2019 where India has banned the imports of waste plastic. Beside that India has committed to completely phasing out single-use plastics by 2022.

The most common problems in the textile business are still excessive overtime and discrimination, especially the gender gap. In India people have to work 48 hours a week. Which means minimum 8 hours a day, 6 days per week. It is forbidden to work more than 60 hours a week, including overtime.

COVID-19:

In India, life was cut down quite drastically and the productions stood still for several weeks. In 2020 the government decided on a whole series of billion dollar rescue and economic measures to secure the economy.

6.7. SUPPLIERS OF TRADE ITEMS

ALBIRO is providing a complete service to customers, therefore some products are bought from external sources on their behalf, such as formal suits, uniforms, caps, scarves, belts and bags. The long-standing suppliers of these trade items are located in Switzerland or in the European Union (EU) with production in the EU.

For those additional purchases, ALBIRO is also ensuring the sustainability of those products. The sustainability and the respect of the ILO core labour standards have to be checked with a supplier's assessment before the supplier is approved and the order is placed. A close relationship helps to get regular information upon ALBIRO's requirements and to monitor the further development of the suppliers. Generally, the producers have their own code of conduct or they are members of organisations such as FWF or amfori BSCI.

On a regular basis ALBIRO visits its external suppliers to strengthen the collaboration and to help improving the working conditions.

In 2020 ALBIRO visited its long term business partner for formal suits and uniforms in Czechia. The company informed ALBIRO about the lack of skilled workers which mostly results from the proximity to Germany. The people of Eastern Europe are looking for better paid jobs across the border and are willing to take long journeys to get there.

To compensate this shortage of skilled workers, the Czech Republic has launched projects to recruit from abroad, mainly from Vietnam. The challenge is to integrate the Vietnamese migrants into society and to ensure that they receive the same rights as the local people.

7. COMPLAINTS

7.1. COMPLAINTS PROCEDURE

Fair Wear Foundation is providing workers in the garment factories the possibility to complaint about grievances. This takes place either with a phone call to a FWF's supporter or by email to the headquarters in Amsterdam. According to our commitment, we have hung out the Fair Wear Foundation Information sheet with the email address for the workers' feedback.

7.2. COMPLAINTS IN 2018 #525

The received complaint in October 2018, from North Macedonia, could now be completed in 2020.

During several visits and with the help of FWF we were able to achieve following steps:

- Voting a freely choosen workers' representation with the help of FWF
- The management confirmed that a training will be executed during working hours for the workers' representation
- raising the pice rate of several styles
- in 2019 overtime bonus fee was paid by ALBIRO to make sure that all workers receive their salary due
- paying the complete legal amount of K-15 for 2019
- paying the outstanding amount of K-15 for 2018

The last step will be a verification Audit which will take place in 2021, as it was not possible in 2020 due to the COVID-19 pandemic.

7.3. COMPLAINTS IN 2019 #633

In April 2019 ALBIRO was informed by FWF that a complaint had been received from another factory in North Macedonia.

The affected company took the complaint very seriously and sent different statements to each point of the complaint to ALBIRO and FWF. The company's statement was discussed with FWF and the complaint can be closed in 2021. There will be a verification Audit in 2021.

7.4. COMPLAINTS IN 2020 #897

In May 2020 ALBIRO received another complaint from North Macedonia, which is related to the COVID-19 pandemic. FWF reported that the factory is not respecting the newly adopted government measures. ALBIRO were informed that during the course of two months the workers who fall under these measures have been paid below the legal minimum wage.

FWF was able to confirm this complaint. The company admitted their mistake and paid the lack of minimum wage to all affected workers in September 2020. The last step will be a verification Audit which will take place in 2021, as it was not possible in 2020 due to the COVID-19 pandemic.

8. TRAININGS AND CAPACITY BUILDING

8.1. ALBIRO STAFF MEMBERS

Since 2012, all staff members of ALBIRO are getting informed and trained about the commitments towards FWF and amfori BSCI. New ALBIRO staff goes through an introduction program that points out the importance of sustainability in their new working area.

In order to fully implement the area of sustainability, every department must be involved in this topic.

For example the purchasing department has a big impact. The pricing system must enable a regulated wage payment. FWF offers different kind of tools which can help the FWF member brands, like the „labor minute template“ and the „wage calculation“.

Another example is a careful production planning. Only then overtime can be avoided and the quality can be improved.

8.2. AGENTS AND IMPORTERS

In countries where we buy our full service products we usually work with agents and importers to make sure that our sustainability requirements will be kept. Therefore, those will be informed and trained during onsite-visits just like the workers in the factories. Trainings of amfori Academy are available. The cooperation with our responsible agents in the improvement of production facilities and their management is an important concern for ALBIRO.

8.3. MANUFACTURERS AND WORKERS

The CSR team and purchasing department work closely together in the selection of new suppliers. As soon as a new, potential production has been found, the companies will be informed via mail about the sustainability activities which ALBIRO does. FairWear offers different kind of tools to inform the productions. In addition to the announcement letter, the FWF Questionnaire will be sent to all suppliers. With this document, the supplier confirms the compliance of the CoLP (Code of Labour Practices).

The signed CoLP is the foundation of the work between the production and ALBIRO, and it is the first step on the way to a continuous improvement concept.

After ALBIRO has received the signed Questionnaire, a visit to the production facilities takes place. A health & safety check will be carried out during this visit. Needed improvements will be discussed and ALBIRO provides help on how the points can be improved.

In order to prepare the new productions regarding an upcoming audit, WEP trainings are carried out. This WEP training provides a basic introduction to FWF's Code of Labour Practices as well as the FWF complaints hotline and other grievance mechanisms. In countries where FWF is not active, we work with amfori BSCI.

Beside these basic WEP trainings all member brands can revert on different kind of trainings which can also be carried out in companies with a long term relationship. In these cases specific trainings can be held, such as the „violence prevention capacity building“ module etc.

8.4. CUSTOMERS

In order to make the customers more aware about sustainability, ALBIRO has decided to train and inform them in a better way.

In 2018, this was implemented as part of a retailers-meeting. In 2019 we informed our customers in every meeting, and all the efforts are paying off.

We also refer to sustainability on our website and our company presentation, as well as in personal customer discussions with our sales representatives.

The sustainability is a really important part for our customers on the decision which brand they want to buy.

9. INFORMATION MANAGEMENT (MSA)

ALBIRO has got audit reports of the major part of its production facilities, which have to be monitored. During our site visits, they will be discussed and possible measures will be defined. This data is saved in the visit reports. In order to facilitate the overview of such open issues, ALBIRO has purchased a software in which the monitoring and the implementation of the improvements can be followed up consistently.

In doing so, we obtain an increased level of attention from the local management and a better follow-up of the developments in good time. In the future, the potential delay of improvements can be recognized and tackled in a constructive dialogue.

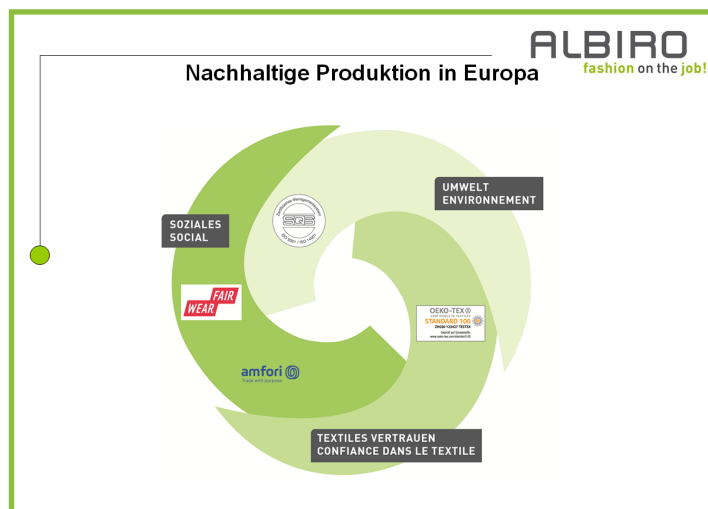
In our Management System ALBIRO (MSA), there is a section about the assessment of countries and their basic challenges. On the basis of reports of organisations, such as Fair Wear Foundation for instance, country-specific problems are pointed out again and again. Those have to be discussed with the suppliers, so that its status can be regularly inquired.

The platform of amfori BSCI provides information on the status of audits handling and the amfori Academy shows the available courses for producers. These systems are newly organized and the data of the production facilities are verified by audits at least every two years.

10. MARKETING ACTIVITIES

In the whole internal and especially external ALBIRO's communication, the social commitments of ALBIRO and the sustainability strategy are pointed out. Both organisations Fair Wear Foundation and amfori BSCI are the essential basis. OEKO-TEX® Standard 100 belongs also to it.

In addition, the social commitments of ALBIRO will be explained during customers events and commercial fairs and the target groups, resp. the interested persons, will be trained. Our salespersons have the FWF Flyer in their equipment and present the most important points on every Customer Meeting.



11. FURTHER SOCIAL PROJECTS OF ALBIRO

11.1. ALBIRO FOUNDATION

The ALBIRO FOUNDATION was established in 2012 in Sumiswald.

The purpose of the foundation is to support and to promote the science, the culture, the education as well as the humanitarian and development aid in the countries, in which the ALBIRO group is producing garments.

In 2020, the foundation was able to donate 5 hygiene towers for the „Emmental Hospital“. These were urgently needed in order to be able to care for the Covid-19 patients.



12. GLOSSARY

BSCI New: amfori	Business Compliance Initiative of Foreign Trade Association, Brussels, European Union, with new name amfori
CAP	Corrective Action Plan of Fair Wear Foundation Audit Report
CoLP	Code of Labour Practice of Fair Wear Foundation
CSR	Corporate Social Responsibility
ERP	Enterprise Resources Program
FWF	Fair Wear Foundation, Amsterdam
ILO	International Labour Organisation
MSA	Management System of ALBIRO
NGO	Non-governmental organisations
SAP	Systems, Applications & Products in Data Processing - Software
SGS	Société Générale de Surveillance – Inspection, Verification, Testing and Certification Institute, Geneva, Switzerland
SQS	Swiss Association for Quality Management and Systems ISO 9001 (Quality Management), ISO 14001 (Environment Management), Zollikofen, Switzerland
WEP	Workplace Education Program of Fair Wear Foundation