



**ALBIRO**  
fashion on the job!

**SUSTAINABILITY  
REPORT**

**2021**



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## 1. GREETINGS BY CORINNE AND LUKAS LOOSLI

ALBIRO is a family owned stock company, founded in Sumiswald, with more than 195 years of tradition. In 2020 the 7th generation took over the leadership of the company.

ALBIRO is committed to a sustainable business development, resource conservation and fair employment conditions. The International labour standard of the ILO forms the basis of our work. Based on that ALBIRO has implemented its own Code of Conduct to communicate this commitment at all levels. In the past years, ALBIRO has evolved into an internationally operating group, with partners from different countries and people with different cultural backgrounds.

A transparent and coherent social policy, at our headquarter in Switzerland and our productions in Eastern Europe, is an important component of our responsibility to society and the environment. As our manufacturers are depending on our orders, we are using the full capacities of our most important and closely affiliated factories.

Since June 2012 we are working with Fair Wear Foundation to monitor and to improve working conditions of our suppliers and garment manufacturers. 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.

In 2021 the pandemic had a negative impact on the continuation of business transactions and the further growth of ALBIRO AG. With the current COVID-19 situation it was not easy to achieve the goals which have been set. As a service provider we are closely dependent of the well-being our customers. Unfortunately, many of our customers were affected by the pandemic in 2021. For that reason, the production capacity was not fully utilized at our production facilities. The missing or postponed orders can probably be produced next year.

Albiro kept in contact with all our suppliers throughout 2021 and we followed up on COVID-19 related risks. The head of production and the CSR manager continued to visit our main factories in Serbia, North Macedonia, as well as Bosnia and Herzegovina. Therefore we were able to verify working conditions and Occupational Health & Safety measures. Short-time work in our headquarter in Switzerland continued and was adjusted differently at each department.

This was necessary in order to put preventive measures to temper the impact of the economic difficulties,

such as disturbances, stopping customer reception and delays on account of the procurement of materials.

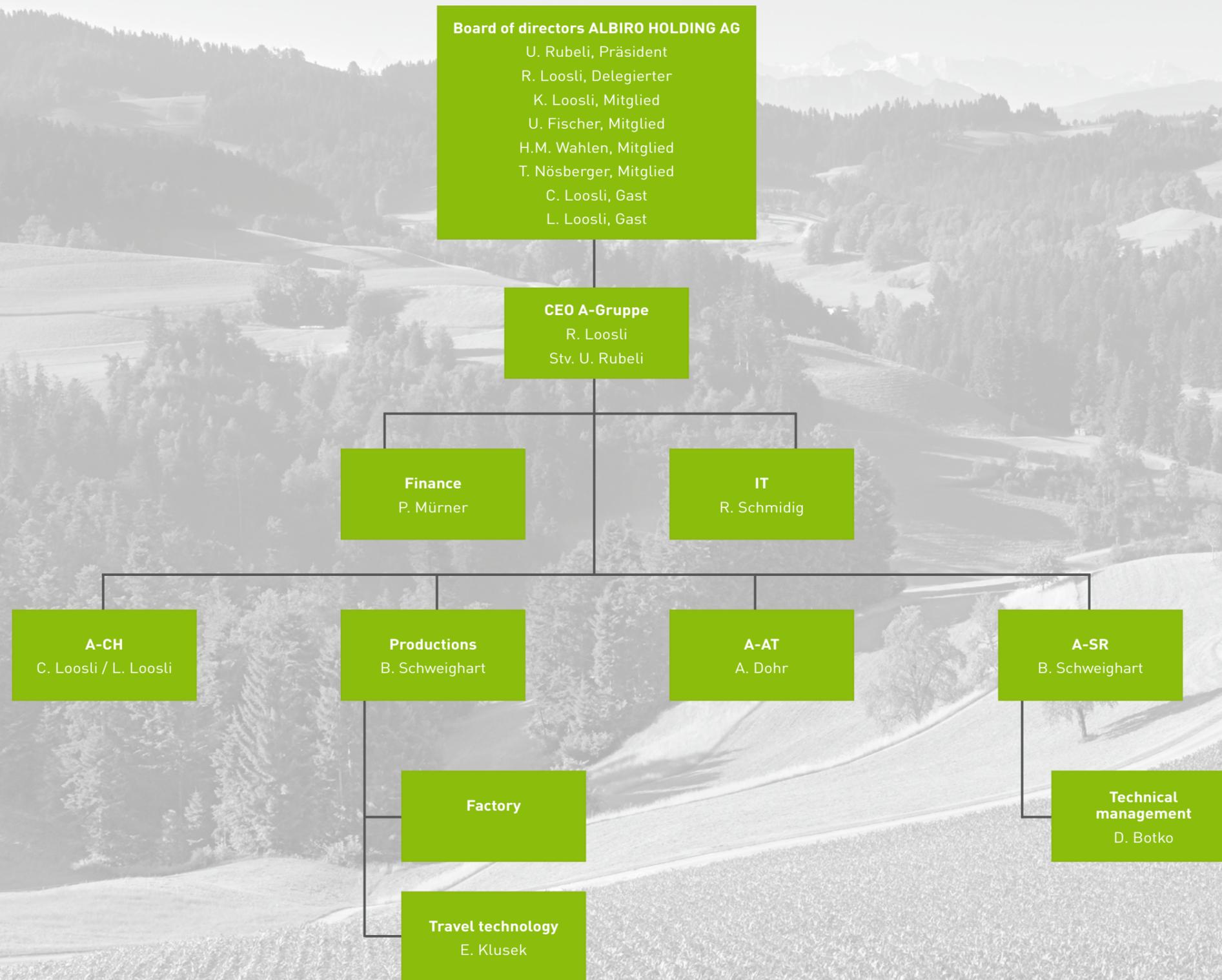
In spite of many negative headlines, important milestones have been achieved in 2021.

- Another group subsidiary «ALBIRO Serbia» has been initiated on January the 1st. In the long term, the production with its 120 seamstresses should become a competence centre of weatherproof clothing, which will also create new jobs in Uzice. Further relevant information and additional details are summarised under point 6.4.
- The new and sustainable warehouse expansion of ALBIRO AG has been started this year. With this extension, we are not only increasing our efficiency, but also improving our logistic - and our customer services. The two external warehouses will be dissolved and combined in our new warehouse next door. Shorter distances will lead to faster responses and more flexibility. Furthermore, the factory outlet, which has been located in the headquarter for over 25 years, will be integrated into the building. The new shopping experience will be available on 330 square meters. Our priority objective is to remain innovative and to respond to our customer's needs.



Best regards,  
Corinne and Lukas Loosli/  
CEOs ALBIRO Switzerland

## 2. ORGANIGRAM OF THE GROUP MANAGEMENT BOARD



### 3. COMMITMENTS OF ALBIRO

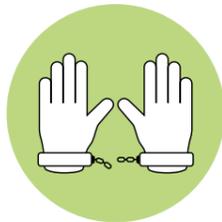
ALBIRO places a high value on a responsible corporate policy. Our company takes the responsibility regarding the working conditions in our production facilities, towards our business partners and to consumers and the society.

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.

We verify the measures taken within the framework of our code of conduct by means of external audits at regular intervals and take corrective action whenever necessary.

ALBIRO is cooperating closely with different international organisations

#### ALBIRO CODE OF CONDUCT



**Employment is freely chosen**



**Payment of a living wage**



**No discrimination in employment**



**Reasonable working hours**



**No child labor and special protection for young workers**



**Safe and healthy working conditions**



**Freedom of association and the right to collective bargaining**



**A legally binding employment relationship**

#### SOCIAL



#### TEXTILE CONFIDENCE



#### ENVIRONMENT



### 3.1. SOCIAL COMMITMENTS

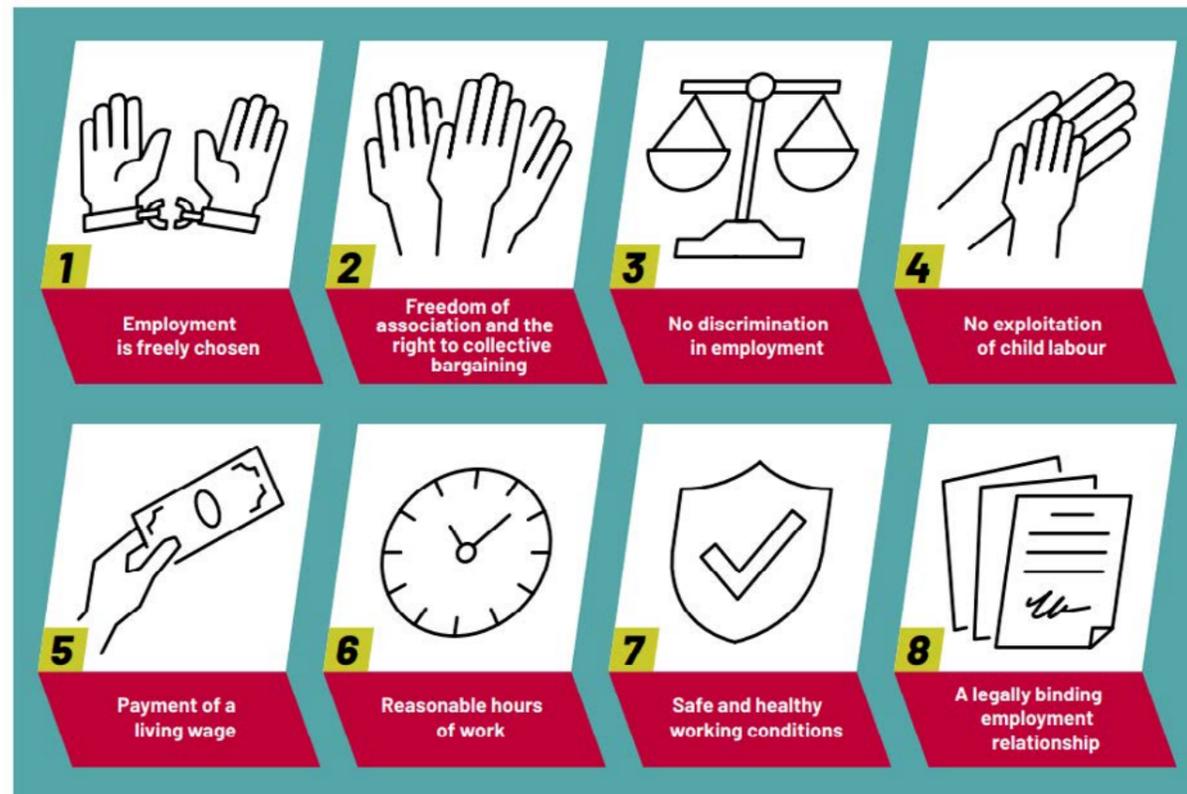
#### 3.1.1. Fair Wear Foundation

ALBIRO joined the Fair Wear Foundation in 2012 as first Swiss work wear company. Fair Wear Foundation is a non-profit organisation which believes that there is a better way to make clothes. Fair Wear's mission is to see a world where the garment industry supports workers in realising their rights to safe, dignified, properly paid employment. The way a brand manages its production has an enormous influence on factory conditions and should be addressed to change the way our clothes are made.

The Brand Performance Check is a tool FWF uses to figure out how member brands business practices improve labour conditions. Every year, Fair Wear review brands efforts by measuring how well they have assessed, identified and resolved issues with their suppliers

ALBIRO tries to achieve better working conditions by making high demands on the closely affiliated production and subcontractor level. Fair Wear Foundation verifies the working conditions in our factories through audits which are executed by their local staff team. During these audits a nominated group of workers gets anonymous interviewed

The basis of the collaboration between Fair Wear and a member is the Code of Labour Practices (or Labour Standards). The core of this code is made up from eight labour standards derived from ILO Conventions and the UN's Declaration on Human Rights. This means the Fair Wear Code of Labour Practices is based on internationally recognised standards which have been set through tripartite negotiation.



With a benchmark score of 70 points and a monitoring threshold of 100%, ALBIRO has achieved the category «good» in 2021.

#### 3.1.2. amfori BSCI

Since 2009, ALBIRO is also a member of amfori BSCI. BSCI is an initiative of amfori (formerly FTA) the leading business association of European and international commerce that brings together retailers, importers, brands and national associations to improve the political and legal framework for trade in a sustainable way.

BSCI supports member companies to integrate social compliance at the heart of their global supply chains.

We verify the working conditions through BSCI Audits wherever FWF is not active

### 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.
- Ethical business behaviour**  
Our enterprise does not tolerate any acts of corruption, extortion, embezzlement or bribery.
- Fair remuneration**  
Our enterprise respects the right of workers to receive fair remuneration.
- No discrimination**  
Our enterprise provides equal opportunities and does not discriminate against workers.
- 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.
- Decent working hours**  
Our enterprise observes the law regarding hours of work.
- Special protection for young workers**  
Our enterprise provides special protection to any workers that are not yet adults.
- No child labour**  
Our enterprise does not hire any worker below the legal minimum age.
- No bonded labour**  
Our enterprise does not engage in any form of forced servitude, trafficked or non-voluntary labour.
- 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.
- Supply Chain Management and Cascade Effect**  
Our enterprise uses the amfori BSCI Principles to influence other business partners.
- Workers' Involvement and Protection**  
Our enterprise keeps workers informed about their rights and responsibilities.
- Grievance Mechanism**  
Our enterprise provides a system to collect complaints and suggestions from employees.

[www.amfori.org](http://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 specifies the requirements for an environmental management system that an organization can use to enhance its environmental performance. ISO 14001:2015 is intended for use by an organization seeking to manage its environmental responsibilities in a systematic manner that contributes to the environmental pillar of sustainability. 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, ALBIRO Holding 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.



### 3.2.3. Other ecological facts

#### MINERGIE® ECO standard

Solar panels have been installed on the roof at our headquarter in Sumiswald. These panels provide 100% of the needed energy in summer thus ALBIRO saves 50 tonnes CO2 each year. Further, the construction has been built according to the Swiss MINERGIE® ECO standard.



#### PET Recycling

Besides ALBIRO holds a PET Recycling certificate.



## 3.3. ECONOMICAL COMMITMENTS

### 3.3.1. ISO 9001:2015 Certification of quality management systems

ISO 9001 is defined as the international standard that specifies requirements for a quality management system. We are using the standard to demonstrate the ability to consistently provide products and services that meet customer and regulatory requirements. The fulfilled requirements should lead to a development of confidence and a consolidation for customers and stakeholders. The certification must be renewed every three years. An annual validation audit ensures the maintaining of the standards. Since 2010, the quality management system of ALBIRO AG is set up and certified according to ISO 9001:2015 by the SQS.



### 3.3.2. Swiss Textiles Federation

Since 2016 ALBIRO is member of the Swiss Textile Federation SWISS TEXTILES. SWISS TEXTILES Swiss Textiles is committed to optimal economic and trade policy framework conditions. In addition, members are constantly informed about changes in the law and case law that directly affect textile and clothing companies in their day-to-day business.



## 4. SUMMARY OF THE GOALS & ACHIEVEMENTS 2021

GOALS FOR 2021	ACHIEVEMENTS IN 2021
Transparent price costing and wage calculation through FWF fair price app	We want to expand our knowledge of cost break downs of all product groups. A next step will be to calculate the labour minute costs of our products to be able to calculate the exact costs of labour and link this to our own buying prices. First styles have been calculated in two our main factories in North Macedonia. For 2022 we expect to receive the prices for all styles.
Preparation of new living wage projects in our own production factories.	The project in North Macedonia is still running and is extended to 2022. In 2021 we faced the problem that the money of this project were used to cover the minimum wage instead of using the money for an additional bonus. This behavior mainly resulted from the insufficient order situation. ALBIRO will make sure that in 2022 the factory will obtain enough orders to cover the minimum wage and to give the extra bonus to the workers. Furthermore we started a LW project in our own factory in Serbia.
ALBIRO wants to raise the awareness of the FWF CoLP and complaints hotline at our production locations.	The order for the FWF worker info cards has been placed. These will be hand over to the workers of our production partners in North Macedonia during our next on-site visit. Beside that we have released a budget for further steps for example distribute presents like USB sticks with the printed FWF hotline. This will be implemented in 2022.
Factory participation in training programmes that support transformative processes related to human rights.	Our factory in India has participated in the FWF training «Violence and harassment prevention». We are still searching for training which will be accepted by FWF for North Macedonia where our main factories are located.
To build a competence centre of weatherproof clothing in our own production in Serbia	First steps has been implemented. A management team has been set up and the organizational structures have been initiated.
ALBIRO wants to create a sustainable warehouse at our headquarter in Sumiswald	The new and sustainable warehouse expansion of ALBIRO AG has been started this year. The two external warehouses will be dissolved and combined in our new warehouse next door. Furthermore the factory outlet, which has been located in the headquarter for over 25 years, will be integrated into the building. The warehouse expansion will be completed in 2022.
The final objection of ALBIRO is to become FWF «Leader»	Goal has not been achieved in 2021.

## 5. SOURCING STRATEGY AND SUPPLIERS

### 5.1. PRICING STRATEGY

Prices and tariffs of many articles in North Macedonia, Serbia and Bosnia have been modified under consideration of the pay rise by law and the changes of productivity of each single production unit in 2021. In Marocco ALBIRO has increased the prices in general up to 2.5% on the entire assortment. 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.

A more extensive overhaul of the sewing prices will also be required in 2022 for North Macedonia and Serbia. We are expecting prices to increase by more than 5% to 15% as personnel- and energy costs will strongly increase.

### 5.2. ORGANISATION OF THE SOURCING DEPARTMENT

#### ■ Group 1 products - Own productions

Styles that are developed inhouse and where the procurement runs through ALBIRO are called «Group 1 products» and belongs to our own produced styles. The variety of materials and accessories in our own warehouse allows a complete settingup in our factories, without any delay. With our advanced ERP-system (SAP), we administrate the material data, 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 of our production facilities. The manufacturing will be processed with the support of our technicians and our quality management team.

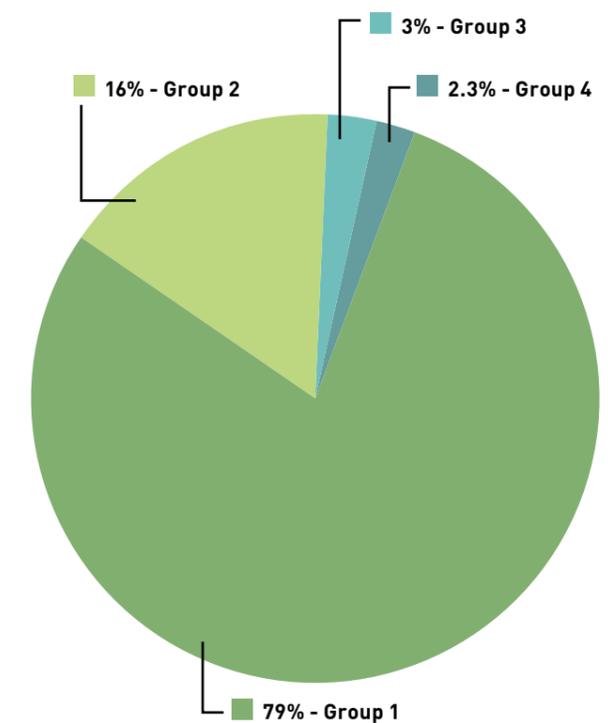
#### ■ Group 2 products - External productions

Some styles of our product range are developed in Switzerland and manufactured by external long-term partners in Turkey, Czech Republic and Slovakia. All suppliers must present a valid OEKO-TEX® certification and must be compliance with the requirements of Fair Wear Foundation and amfori BSCI. The products of our Group 2 suppliers subject to our high demands of quality and are audited and certified like Group 1.

#### ■ Group 3 products - Trade items

These styles are expansions of our product range, and part of our customer service. All suppliers of this category must sign the FWF Questionnaire in order to ensure proper working conditions and to confirm the CoLP.

#### Division of the Groups 2021



#### ■ Group 4 products - Support processes

This group includes printers, embroiders and laundries that refine our products. All factories of this category must sign the FWF Questionnaire in order to ensure proper working conditions and to confirm the CoLP.



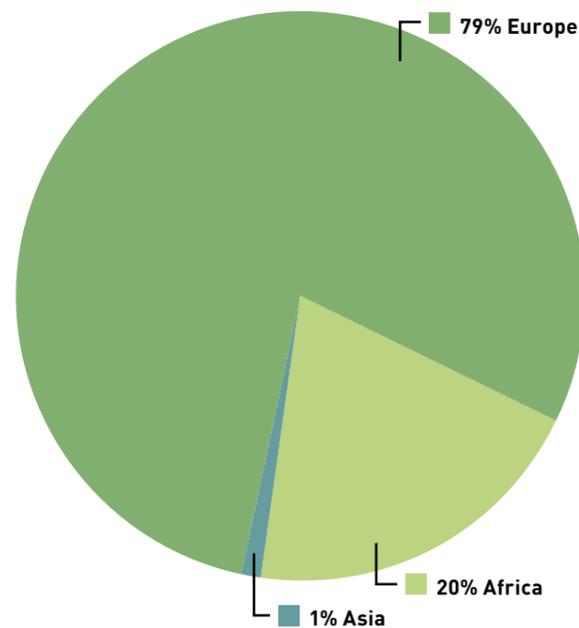
### 5.3. PRODUCTION CYCLE

Workwear is only marginally influenced by fashion trends and can be therefore planned and produced without seasonal variations. High volume of «Corporate Fashion» orders at our brand ALBIRO might 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 by increasing or reducing the stock quantities.

### 5.4. SUPPLIERS RELATION

ALBIROs main productions are located in Europe. This represents a overall production volume of almost 80%. Only 20% is produced in our production facility in Morocco and just 1% is produced in Asia, which is related to our Group 3 products.

Division in countries 2021



## 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 rely on local skilled experts in social standards.

Therefore we ask Fair Wear Foundation, amfori BSCI, or other institutions such as SGS, to carry out the audits and to provide reports. 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. Regardless which audit has been carried out, ALBIRO supports the efforts of the production facilities in order to improve its working conditions.



### 5.5. SUPPLIERS MANAGEMENT AND SOURCING DECISIONS

With the support of modern communication tools, ALBIRO is in constant contact with its production facilities. The factories are 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.



attention. Job losses from the recession and its aftermath have disproportionately affected women and youth, which may set back efforts to raise the region's perennially low rates of labour force participation. Youth unemployment rose to 37.7 percent in 2021, up 5.4 percentage points from June 2020, further worsening youth employment prospects. In 2020 Bulgaria refused to approve the EU's membership negotiation framework for North Macedonia because of disputes over history and language. In 2021 Bulgaria again blocks the North Macedonia and Albania EU Accession Talks. The EU accession is expected to stabilize economic development and increase investments. In March 2020 North Macedonia joined the NATO. North Macedonia struggles with the same problems which they already faced in 2021. While doing business is generally easy in North Macedonia and the legal framework is largely in line with international standards, corruption is a consistent issue. Overtime and Saturday work are still common. The production locations hardly find young people who still wants to work in the textile industry. 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:**

The situation with COVID-19 in North Macedonia hasn't changed much compared with the rest of European countries and 2020. Pandemic waves came and went away. Government's recommendations evolved according to the percentage of vaccinated people, which is quite low with less than 30%, and the number of newly infected cases. The National COVID-19 vaccination plan was introduced and delivered very late, by beginning of 2021. The overall, general side effect of this pandemic is the radical reduction of cultural programmes and the drastic decrease in public attendance. Macedonian cultural institutions are used to a small but more or less constant number of visitors, but the pandemic has pushed it to the very limit. All our partner companies have been affected through staff shortages throughout the whole year. Compared to 2020 luckily there was no need to shut down the whole factory.

**6.1. NORTH MACEDONIA**

**Production:**

In comparison to 2020 ALBIRO increased the overall production capacity in North Macedonia from 50% up to 60%. Two factories are producing exclusively for ALBIRO and are 100% utilized. This collaboration exists for more than 15 years. All production partners in North Macedonia are audited by FWF. The direct cooperation between ALBIRO and the production locations together with the audit team of Fair Wear Foundation is ensuring the continuous improvement process in North Macedonia. Our main factory, with a capacity of 50%, is ISO 9001:2015 (Quality Management System) certified.

**Salary:**

As of April 2021, the minimum wage has been increased to 15.194 MKD net / 22.194 MKD gross per month. The North Macedonian Trade Union Federation (SSM) estimated the living wage with 32'233 MKD. A living wage must be earned within in a standard working week (no more than 48 hours) and must allow the garment workers to buy food for them and their families, to pay the rent, to pay for their health-

care, for clothing, transportation and education and must allow the worker to save some money. The paid salaries in the factories still cannot meet basic living costs. This shows how important the living wage projects are.

**Situation in North Macedonia:**

2021 was marked by a slow rise in Gross domestic product, a historically high public debt and an increased energy crisis. Faced with the consequences of the country's low domestic energy production, high dependence on energy imports, and the inadequate management of energy infrastructure, the Government was unable to prevent or mitigate the impact of the looming energy crisis. The increase in electricity costs for companies started to be reflected in the rise in prices of many products, which is likely to increase inflation. The latest data from 2021 show economic growth. However, the recovery remains fragile. Early warning signals from the labour market call for close policy



## 6.2. MOROCCO

### Production:

Since 2008 we are producing workwear, mainly trousers at our long-term partner in Fez with a 100% production utilization. The production volume is 10% of our complete turnover.

The production can look up to an 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 productiv-

ity and also to raise the social standards. 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 earning 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.

### Salary:

By end of June 2021 the minimum wage has been raised from 14.13 MAD up to 14.81 MAD/h (1.39€/h). 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 is one of the first industrial employer in Morocco. Morocco has recorded the strongest increase in textile exports to the EU since the beginning of 2021. Despite the health crisis, the textile industry has managed to reposition itself thanks to revive its activities by creating 116500 new jobs and 80 investment projects. Sustainable development is a key issue in the textile sector. For that reason, Morocco sees the need of a greener and more responsible market. According to the Minister of Industry and Trade: «The Moroccan label must have a prominent place in the local and international market, and we will spare no effort to achieve this. It is a priority in the government's programme».

Morocco's economy has grown 6.3% in 2021, one of the highest rates in the Middle East and North Africa region. This growth is due to a successful COVID-19 vaccination campaign as well as a continued fiscal and monetary stimulus and the exceptional harvest after two years of drought.

On 8 February 2021, at least 28 garment workers were killed and 17 others injured after becoming trapped in a factory disaster in Tangier, Morocco.

The workers were drowned or electrocuted after a flood caused a short circuit in the main factory, which

employed 130 mostly women workers and operated in an underground garage in a residential area. Residents say the factory had operated for more than 20 years, and question how it had evaded labour inspections. The incident has raised health and safety concerns within the industry and comes just one month after a fire at another illegal textile factory in Tangier in January, which injured one person and destroyed the factory, where 400 people worked. This tragedy must be a wake-up call for brands and retailers sourcing from Morocco to take responsibility for the working conditions of the workers.

### COVID-19:

Morocco has already closed their borders for passengers transport in March 2020.

Our partner company in Fes had to close the unit for about 6 weeks. After the shutdown the company had to follow very strong safeguard requirements. The public authorities have given benefits and not refundable subsidies to compensate losses and deficits in productivity.

In general Moroccan women are likely to be disproportionately impacted by the economic consequences of the pandemic. Female labour force participation in Morocco stands at 21.3% and is concentrated in the agricultural and industrial sectors.

By closing schools the additional work will also most likely weigh on women, who already shoulder the majority of unpaid domestic activities in Morocco. In 2017 a study showed that 38% of Moroccan women spend their free time to domestic work, in comparison of 5% of the Moroccan men. In this context, the pandemic risks further relegating women to the domestic sphere. In addition, isolation at home may lead to a heightened risk of violence against women. Therefore authorities have set up a toll-free number, «8350», and a platform to warn about violence against women, launched at the initiative of the National Union of Moroccan Women (UNFM) at the end of January 2020.

Our production partner in Fez has implemented the COVID-19 measures rigorously therefore the production was able to continue their work almost normally. The vaccination quote within the staff amounts almost 80% which is remarkably high for Morocco and has led to an increased annual output of approx. 20%.





last had the chance to elect the city government in 2008. Additional disagreements between the main parties meant it took two additional months and a joint intervention by diplomats before the city council elected a new mayor.

In March 2021, the Council of Europe Committee of Ministers criticized the 11-year failure of political leaders in Bosnia to implement a European Court of Human Rights to end political discrimination against Jews, Roma, and others.

The failure of the authorities to establish a sustainable migration and asylum system led to a humanitarian crisis in December 2020. Following extensive EU engagement and support, a temporary tent camp was established in Lipa to provide shelter to all persons in need.

**COVID-19:**

From the very beginning Bosnia & Herzegovina was strongly hit by the pandemic. Our production partner had to shut down 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, we were able to 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.

Negative risks are still related to the uncertainty of the duration of the pandemic and the epidemiological situ-

ation, but the risks related to the speed of vaccination are less pronounced than in the previous projection period.

According to a nongovernmental organization, the fallout from the Covid-19 pandemic disproportionately impacted marginalized populations, including Roma. Roma people, who are often employed in the informal sector, lost means of income and Roma children lacked access to online education. Beside that 35-40% had no insurance needed to access health care. According to the women's rights organization United Women, domestic violence increased during the pandemic while services for victims were reduced. The lack of systematic data collection and analysis of gender-based and domestic violence continued.

**6.3. BOSNIA**

**Production:**

ALBIRO works with a long term partner in Bosnia with a total turnover of 13%.

As a exclusive partner, ALBIRO is using the full 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. The excellent audit rating has been kept 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.

**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€ gross and 208€ net). The estimat-

ed living wage per month (family of four) is 1021€. The minimum wage for Republika Srpska in Bosnia and Herzegovina has been revised from 450 BAM to 520 BAM per month, with effect from 01.01.2021

**Situation in Bosnia:**

The textile sector employs approximately 20.000 people, which is around 4% of the total industrial employment. Of these 4%, 80% are women.

Bosnia and Herzegovina signed the Council of Europe's Convention on preventing and combating violence against women and domestic violence on 8 March 2013. Unfortunately, Bosnia has not made any progress with the implementation so that in September 2021 the European Parliament urged Bosnia to harmonize and implement legislation in line with the Istanbul Convention. In December 2020, the first local elections in 12 years were held in Mostard. Due to disagreements about election law among the main ethnic parties, voters



## 6.4. SERBIA

### Production:

Another group subsidiary «ALBIRO Serbia» has been initiated on January the 1st in 2021.

As a former production for weather clothing, ALBIRO was able to take over the building with around 120 employees in Uzice and set up its own production. Beside ALBIRO-Switzerland and ALBIRO-Austria, ALBIRO Serbia also produces for third-party customers in the EU. The annual capacity amounts 35'-40'000 pieces, which are produced in 2 sewing lines.

After a new management team was set up and trained, ALBIRO Switzerland was able to set up a working group on the subject of living wages. At the end of 2021, the first meetings were convened and the course was set to pay living wages in our own production in Serbia. In long term ALBIRO Serbia should become a competence centre of high-quality weatherproof clothing, which will also create new jobs in Uzice.

### Salary:

According to the decision of the Government of the Republic of Serbia, the minimum wage in the period from January to December 2021, excluding taxes and mandatory social security contributions, is 183.93 (net) Serbian dinars per working hour, which is equivalent to 1.57€. Last year the rate was 172.54 dinars.

Depending on the number of working hours per month, the official minimum wage in Serbia in 2021 ranges from 33,263.91 to 38,580.89 dinars per month.

The next increase of the minimum wage will take place in 2022 with 201.22RSD/hour net.

### Situation in Serbia:

Textile and apparel production in Serbia have 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:

As in other economies, loss of employment and lock-down conditions in Serbia raised concerns about increased exposure to the risk of domestic violence during the first wave of the COVID-19 crisis.

The government has taken a series of measures to mitigate the negative impact of the crisis on the economy for example providing private enterprises with loan guarantees and tax deferrals and distributing a special universal cash transfer of EUR 100 to each citizen. Serbia's health sector was relatively well equipped in terms of infrastructure to deal with the health impact of the pandemic. High unemployment and widespread informality already weaken Serbia's economy and can slow down recovery.

Women are especially affected. They make up the majority of the healthcare workforce, which has exposed them to greater risk of infection. At the same time, women shouldered much of the burden at home, given school closures and longstanding gender inequalities in unpaid work.



## 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 knit goods with two Turkish producers. Both of them are audited by Fair Wear Foundation.

All production locations were visited in 2019 by the CSR staff and the purchasing department. As the pandemic continued in 2021, we were not able to visit our production partners on site.

### Salary:

In Turkey the minimum wage in 2021 was 3,577.50 TRY gross / 2,825.00 net (235.60€ gross and 186.04€ net / per month). Turkey's minimum wage will rise 50% in 2022 to help offset living costs that have surged as the central bank unleashed a series of lira-weakening interest-rates. The monthly net minimum salary will be 4,250 TRY (284,59€). The minimum cost of living for a family of four is estimated 1002€ a month by the Clean Clothes Campaign in 2017.

### Situation in Turkey:

With over 3.6 million Syrian refugees, Turkey continues to host the highest number of refugees in the world. According to Turkish law, refugees have the right to education, health care and access to other social services. Since 2016, refugees in Turkey have been allowed to work legally if they apply for a work permit. As a FWF member ALBIRO pays special attention to this topic. If a production location hires Syrian refu-

gees, it must be ensured that a legal working contract and a fair remuneration, under applicable law, exists. Together with our production partners in Turkey, we have created the «Syrian refugee policy», which has been signed from both sides.

The tense economic situation has led to negative attitudes towards refugees and raised the concerns of Turkish citizens.

The Turkish Lira lost almost 40 percent of its value against the euro over the course of 2021. Turkey faces the risk of an economic and financial crisis in 2022.

ALBIRO follows developments regarding human rights with concern.

In a public hearing by the Committee of Human Rights and Humanitarian Aid, the invited experts expressed their alarm at the increasing repression of the opposition and civil society in Turkey. The rights of women, LGBTQ+ and minorities have been further curtailed in 2021 when the country withdrew from the Istanbul Convention, the largest international agreement protecting women's rights.

### COVID-19:

Offering high-quality products at affordable prices with faster and reliable delivery, Turkish firms managed to establish themselves as the most important suppliers during a period of worldwide uncertainty. Even Turkey is badly affected by the pandemic, our production partners were able to continue their work without any production shutdown.



## 6.6. INDIA

### Production:

In cooperation with a Swiss agent, ALBIRO is manufacturing small quantities of knitwear in India. Our Indian producer is audited by amfori BSCI and is visited several times a year 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.

Since 2019 the minimum wage has not been adjusted and remains the same for 2021.

### 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.

In 2021 key labour legislation have been rolled out as promised by the central government in the pursuit of labour reforms. Three new labour codes were approved by India's parliament, one Occupational Safety, Health and Working Conditions Code Bill, 2020.

From January to July 2021, India exported US\$23.8 billion worth of textile products, 52.6% higher than the same period in 2020, and 13.7% higher than the pre-pandemic level of 2019.

A leading factor in this exceptional growth is the China Plus One strategy, the business strategy to avoid investing in only China and diversifying into additional countries, which has been adopted by many European and US apparel brands.

### 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. As the second wave started in April 2021, the state government-imposed lock down on May 2021 and it has been continued for 40 days. On mid of June the production facility was able to reopen. Due to this lock down the factory had many back logs in getting cotton yarns / dyeing processing and in housing the fabrics. It has taken nearly 4 months for our factory to get back on track from the date they reopened the factory. Luckily in this whole time nobody has lost their job and the production proceeds in the usual manner.



## 6.7. SUPPLIERS OF TRADE ITEMS

ALBIRO is providing a complete customer service. Therefore, some products are bought from external sources, 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 these 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 suppli-

ers to strengthen the collaboration and to help improving the working conditions.

Due to COVID-19 regulations it was not possible to visit our external suppliers in 2021. Nevertheless, we kept close contact through a monthly COVID-19 update.



## 7. COMPLAINTS

### 7.1. COMPLAINTS PROCEDURE

Fair Wear Foundation is providing workers in the garment industry the possibility to complain about grievances. In all production facilities the FWF Code of Labour Practices is posted in the local language. If workers feel that their rights are being violated they can file a complaint. This is done through a complaints handler who speaks the local language, which allows workers to raise their concerns in a secure environment. When a complaint is filed, the member brand receives a notification by e-mail. At this point ALBIRO's internal procedure applies. The CSR manager informs the CEO and the production technician and starts to investigate at the accused factory.

During this process ALBIRO shares periodically the current status of the complaint. FWF will maintain contact with the complainant to assess whether, from the complainant's perspective, the agreed upon remediation steps are being implemented. FWF is responsible for verifying whether a complaint has been fully remediated according to the agreed-upon remediation plan. When verification shows the remediation has been implemented satisfactorily, the status of the complaint will change to 'closed'. All complaints are published on the FWF website.

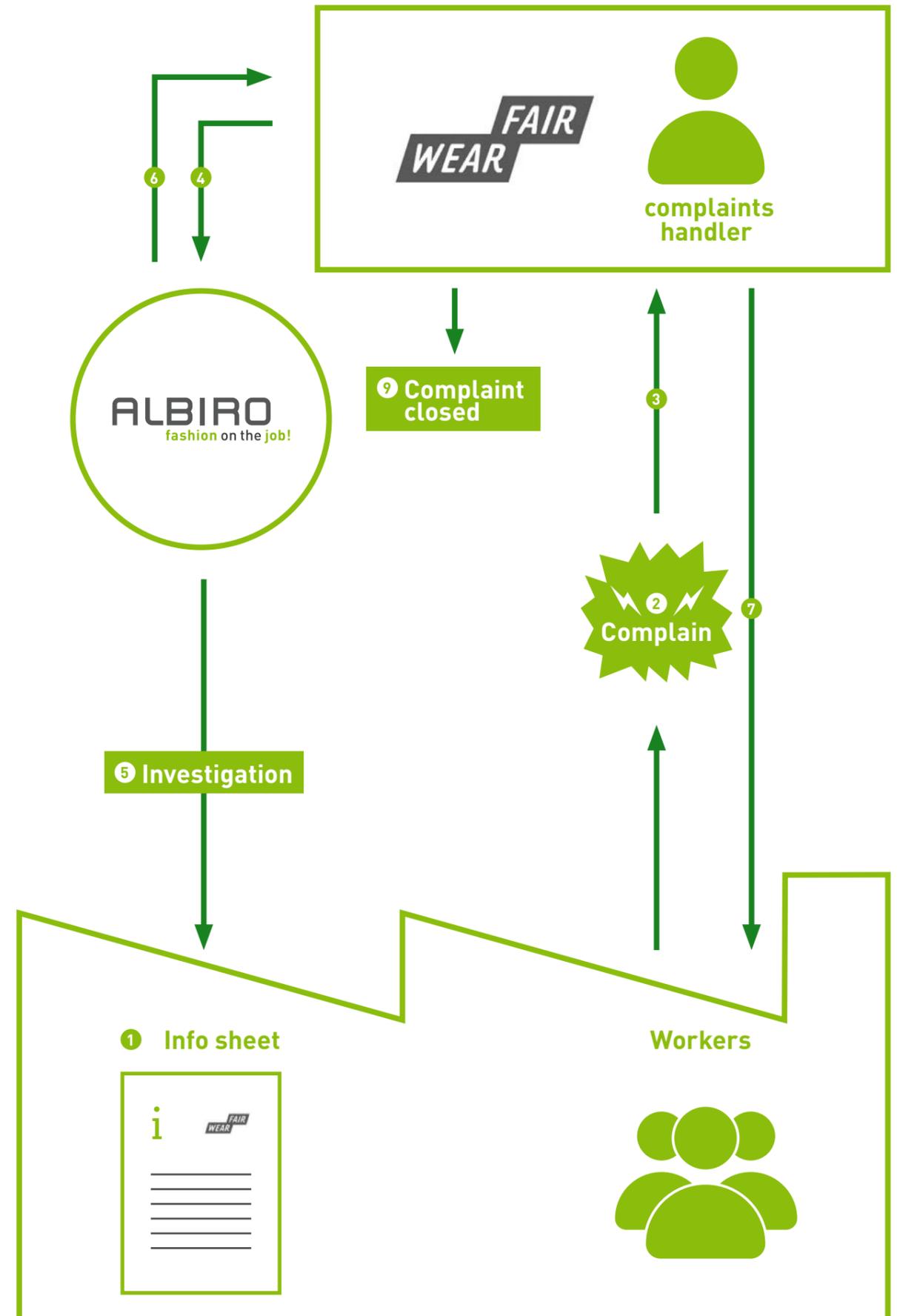
### 7.2. COMPLAINTS IN 2019 #633 – SOLVED IN 2021

The verification took place in 2021 and the complaint has been closed.

### 7.3. COMPLAINTS IN 2020 #897 – SOLVED IN 2021

The complaint has been closed. The difference in paid wages (up to the level of legal minimum wage) was paid retroactively as confirmed by the factory management, payslips and the complainant.

- 1 FWF information sheet in the local language is posted.
- 2 Workers submit a complaint.
- 3 Complaints handler reviews the complaint and establishes the authenticity and admissibility.
- 4 FWF informs ALBIRO.
- 5 Internal procedure of ALBIRO is applied. Investigations begin at the accused factory.
- 6 ALBIRO regularly informs FWF about the current status of the complaint.
- 7 FWF checks whether measures are implemented and creates a remediation plan.
- 8 The Fair Wear member brand is responsible for ensuring the implementation of the remediation plan.
- 9 FWF verifies the remediation and closes the complaint. If the review indicates that the corrective action has been satisfactorily implemented.



## 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 order to fully implement sustainability, every department must be involved.

ALBIRO provides information in the intranet (MSA), at internal meetings and on the homepage. Besides the CSR manager, staff members of the buying-, production-, marketing- and sales department are involved in ALBIRO's annual brand performance check, social report and workplan.

### 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. Fair Wear 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 these 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

ALBIRO's social commitment and sustainable strategy is communicated through our homepage, catalogues, newsletters, onsite visits and fairs.

In order to make our customers more aware about sustainability, the sales department trains and informs them during their visits. We also refer to sustainability on our website and our company presentation, as well as in personal customer discussions. Sustainability is

important for our customers and has an impact on the order distribution.

In 2021 due to several lockdowns and the obligation to work from home, our sales department was no able to meet our customers in person.

Therefore, we were forced to change our communication channels and to inform our customers throughout newsletter instead of onsite visits.



## 9. INFORMATION MANAGEMENT

ALBIRO is in a continuous improvement process, all our activities are documented and can be traced at any time. ALBIRO has audit reports from most of its production facilities. During the site visits, the reports will be discussed and measures will be defined and recorded into a corrective action plan (CAP). The CAP contains realistic steps for improvement within a clear time frame. At ALBIRO's internal software the monitoring and the implementation of the improvements can be followed up consistently.

Follow up on the CAP has increased the awareness of the local management and has improved the developments. Further the ALBIRO Management System (MSA) has

a section about the assessment of countries and their basic challenges. Based on these reports, for instance the country risk study's from FWF, problems are pointed out.

Subcontracting is a challenge at all our production countries. Due to our integrated planning system of production and onsite visits of technicians, we know which subcontractors are used during production.

In 2021, we strengthened the system for monitoring our group 2 suppliers and checked for unauthorised subcontracting. Therefore our agent in India has hired a former amfori BSCI employee to do quality inspections and off-site worker interviews for our orders.

### Practical guidance for brands on human rights risks within the textile supply chain in North Macedonia

Skopje  
September 2021

FAIR  
WEAR

FRIEDRICH  
EBERT  
STIFTUNG



## 10. MARKETING ACTIVITIES

Consumers are demanding more sustainable products and more information about these products in order to make informed purchasing decisions that are better for the environment, society and for their health. In fact, more than 63% of consumers feel that ethical issues are becoming more important. And consumers are strongly supporting businesses that incorporate meaningful values into their core business. In the years ahead, this is only going to grow, and it will also become more important to other generations too.

In the entire communication, our social commitments and our sustainability strategy are highlighted. For all those who are interested, we have shared our activities on our homepage, social networks, sales catalogues and flyers and we explain them during customers events and commercial fairs. Our sales staff present the FWF Flyer in their customer meetings and explain the methodology.

## 11. FURTHER SOCIAL PROJECTS OF ALBIRO

### 11.1. ALBIRO FOUNDATION

The ALBIRO FOUNDATION has been established in 2012, in Sumiswald.

The purpose of the foundation is to support and to promote the science, culture, education and the humanitarian development aid in countries where ALBIRO is active.

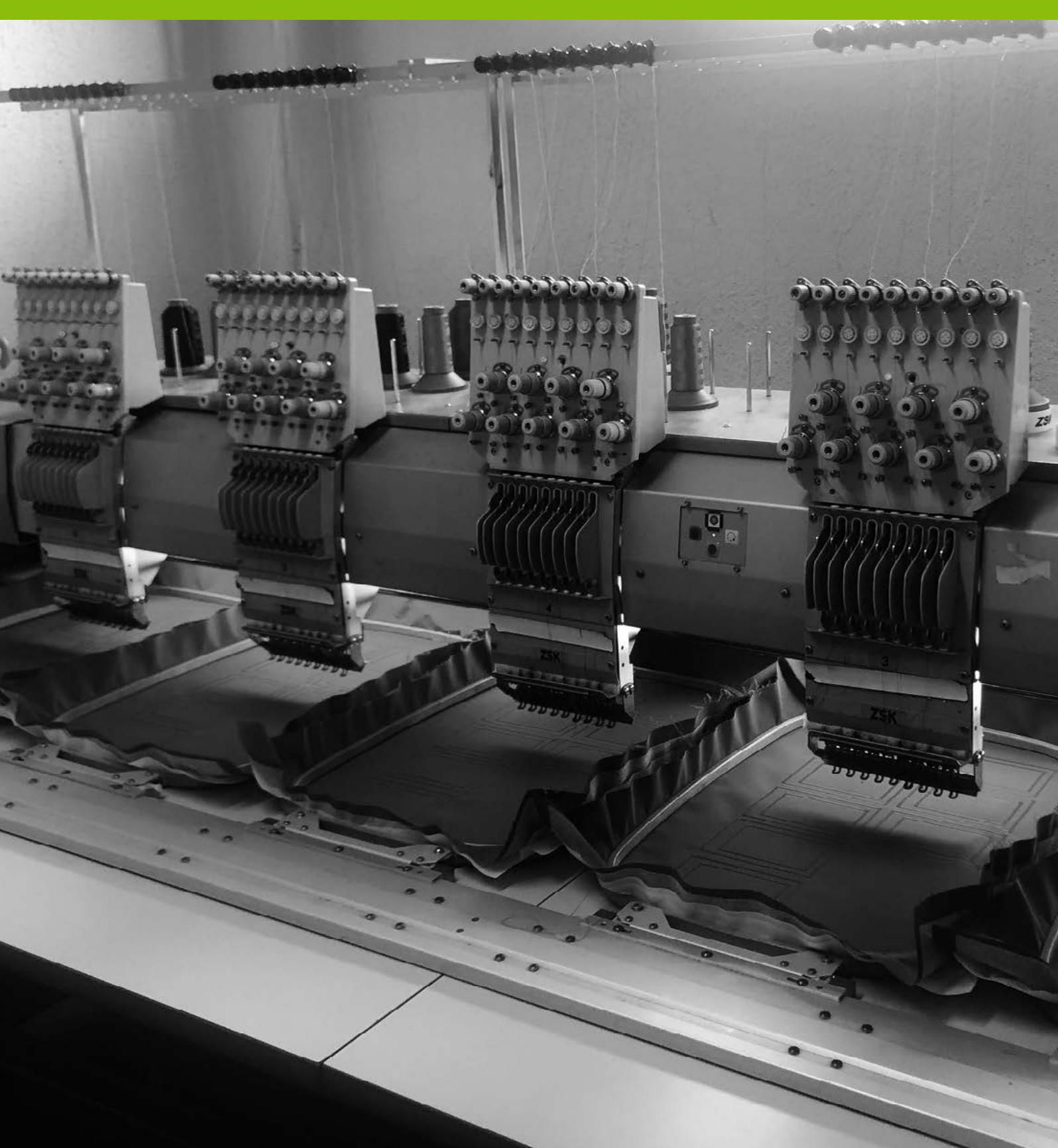
In 2021 the ALBIRO Foundation supported a humanitarian project in Morocco.

ALBIRO has promoted mountainous regions with 65 packages filled with groceries and everyday necessities such as detergents and blankets. Thanks to this project we were able to help the local people.



## 12. GLOSSARY

BSCI	Business Compliance Initiative of Foreign Trade Association, Brussels,
CAP	Corrective Action Plan of Fair Wear Foundation Audit Report
CoLP	Code of Labour Practice of Fair Wear Foundation
CSR	Corporate Social Responsibility
FTA	Foreign Trade Association
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



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