

Brand Performance Check ALBIRO AG

This report covers the evaluation period 01-01-2021 to 31-12-2021

About the Brand Performance Check

Fair Wear Foundation (Fair Wear) believes that improving conditions for apparel product location workers requires change at many levels. Traditional efforts to improve conditions focus primarily on the product location. Fair Wear, however, believes that the management decisions of clothing brands have an enormous influence for good or ill on product location conditions.

Fair Wear's Brand Performance Check is a tool to evaluate and report on the activities of Fair Wear's member companies. The Checks examine how member company management systems support Fair Wear's Code of Labour Practices. They evaluate the parts of member company supply chains where clothing is assembled. This is the most labour intensive part of garment supply chains, and where brands can have the most influence over working conditions.

In most apparel supply chains, clothing brands do not own product locations, and most product locations work for many different brands. This means that in most cases Fair Wear member companies have influence, but not direct control, over working conditions. As a result, the Brand Performance Checks focus primarily on verifying the efforts of member companies. Outcomes at the product location level are assessed via audits and complaint reports, however the complexity of the supply chains means that even the best efforts of Fair Wear member companies cannot guarantee results.

Even if outcomes at the product location level cannot be guaranteed, the importance of good management practices by member companies cannot be understated. Even one concerned customer at a product location can have significant positive impacts on a range of issues like health and safety conditions or freedom of association. And if one customer at a product location can demonstrate that improvements are possible, other customers no longer have an excuse not to act. The development and sharing of these types of best practices has long been a core part of Fair Wear's work.

The Brand Performance Check system is designed to accommodate the range of structures and strengths that different companies have, and reflects the different ways that brands can support better working conditions.

This report is based on interviews with member company employees who play important roles in the management of supply chains, and a variety of documentation sources, financial records, supplier data. The findings from the Brand Performance Check are summarized and published at www.fairwear.org. The online Brand Performance Check Guide provides more information about the indicators.

This year's report covers the response of our members and the impact on their supply chain due to the COVID-19 pandemic which started in 2020. The COVID-19 pandemic limited the brands' ability to visit and audit factories. To ensure the monitoring of working conditions throughout the pandemic, Fair Wear and its member brands made use of additional monitoring tools, such as complaints reports, surveys, and the consultation of local stakeholders. These sources may not provide as detailed insights as audit reports. To assess outcomes at production location level, we have included all available types of evidence to provide an accurate overview of the brands' management systems and their efforts to improve working conditions. Nevertheless, brands should resume verifying working conditions through audits when the situation allows for.

Brand Performance Check Overview

ALBIRO AG

Evaluation Period: 01-01-2021 to 31-12-2021

| Member company information | |
|--|--|
| Headquarters: | Sumiswald , Switzerland |
| Member since: | 2012-06-12 |
| Product types: | Outdoor products; Workwear; Outdoorwear |
| Production in countries where Fair Wear is active: | India, North Macedonia, Turkey |
| Production in other countries: | Bosnia and Herzegovina, Czechia, Serbia, Slovakia, Switzerland |
| Basic requirements | |
| Workplan and projected production location data for upcoming year have been submitted? | Yes |
| Actual production location data for evaluation period was submitted? | Yes |
| Membership fee has been paid? | Yes |
| Scoring overview | |
| % of own production under monitoring | 97% |
| Benchmarking score | 84 |
| Category | Leader |

Summary:

Albiro has shown advanced progress and met most of Fair Wear's performance requirements. Albiro has monitored suppliers responsible for 97% of its production volume. With a benchmarking score of 84, Albiro has been awarded the 'Leader' category.

Corona Addendum:

Albiro's supply chain was disrupted throughout the year 2021 due to the COVID-19 pandemic. The brand lost some turnover. Both Albiro's employees as well as its customers' employees were working from the home office for parts of the year. As a consequence, the speed of many processes was slowed down slightly.

Albiro undertook several steps to mitigate this impact on its supply chain as well as much as possible. The brand increased stock capacity in Switzerland, by buying another warehouse, which allows for a more flexibility in terms of production planning. Furthermore, Albiro Serbia was founded, the brand's first owned factory in Serbia. As travel in Europe was possible again in 2021, the brand had constant presence in this new factory, and also travelled again to the main suppliers in North Macedonia and Bosnia Herczegovina. This way, Albiro was able to monitor the situation at these suppliers, responsible for almost 80% of its FOB, constantly. On top of this, Albiro worked with a monthly supplier questionnaire to collect information about the situation at all suppliers. Where necessary, Albiro moved production around between factories, to try and mitigate the impact of the supply chain disruptions as much as possible.

In India, where the brand has one supplier, a lockdown occurred in 2021. Although Albiro did reach out to its agent to check on the payment of wages, it was not sufficiently verified whether wages were paid and Albiro is expected to still follow up on this in 2022. Living wage is a priority topic for Albiro, and the brand has made some progress with regards to connecting prices to wages and a strategy for wage increases. Albiro is encouraged to continue working on this topic in the coming year, and should keep increasing its target wage yearly, as the current increase is a first step.

Overall, Albiro has solid systems in place and by phasing out work in high-risk countries as China and Vietnam, has made a start in risk-based working. Albiro is recommended to continue this path and show next steps in the coming year.

Performance Category Overview

Leader: This category is for member companies who are doing exceptionally well, and are operating at an advanced level. Leaders show best practices in complex areas such as living wages and freedom of association.

Good: It is Fair Wear's belief that member companies who are making a serious effort to implement the Code of Labour Practices—the vast majority of Fair Wear member companies—are 'doing good' and deserve to be recognized as such. They are also doing more than the average clothing company, and have allowed their internal processes to be examined and publicly reported on by an independent NGO. The majority of member companies will receive a 'Good' rating.

Needs Improvement: Member companies are most likely to find themselves in this category when major unexpected problems have arisen, or if they are unable or unwilling to seriously work towards CoLP implementation. Member companies may be in this category for one year only after which they should either move up to Good, or will be moved to suspended.

Suspended: Member companies who either fail to meet one of the Basic Requirements, have had major internal changes which means membership must be put on hold for a maximum of one year, or have been in Needs Improvement for more than one year. Member companies may remain in this category for one year maximum, after which termination proceedings will come into force.

Categories are calculated based on a combination of benchmarking score and the percentage of own production under monitoring. The specific requirements for each category are outlined in the Brand Performance Check Guide.

1. Purchasing Practices

| Performance indicators | Result | Relevance of Indicator | Documentation | Score | Max | Min |
|---|--------|--|--|-------|-----|-----|
| 1.1a Percentage of production volume from production locations where member company buys at least 10% of production capacity. | 83% | Member companies with less than 10% of a production location's production capacity generally have limited influence on production location managers to make changes. | Supplier information provided by member company. | 4 | 4 | 0 |

Comment: 83% of Albiro's production volume comes from factories where the company buys more than 10% of the production capacity. This number has remained stable from the previous financial year.

| Performance indicators | Result | Relevance of Indicator | Documentation | Score | Max | Min |
|---|--------|---|---|-------|-----|-----|
| 1.1b Percentage of production volume from production locations where member company buys less than 2% of its total FOB. | 7% | Fair Wear provides incentives to clothing brands to consolidate their supplier base, especially at the tail end, as much as possible, and rewards those members who have a small tail end. Shortening the tail end reduces social compliance risks and enhances the impact of efficient use of capital and remediation efforts. | Production location information as provided to Fair Wear. | 3 | 4 | 0 |

Comment: Less than seven percent of Albiro's production volume comes from so-called tail-end production locations where it buys less than two percent of its total purchase volume (FOB). It is Albiro's strategy to keep the tail end as small as possible, but the brand cannot eliminate it completely as sometimes customers request specific products which are only made by tail end suppliers.

| Performance indicators | Result | Relevance of Indicator | Documentation | Score | Max | Min |
|--|--------|---|--|-------|-----|-----|
| 1.2 Percentage of production volume from production locations where a business relationship has existed for at least five years. | 95% | Stable business relationships support most aspects of the Code of Labour Practices, and give production locations a reason to invest in improving working conditions. | Supplier information provided by member company. | 4 | 4 | 0 |

Comment: 95% of Albiro's production volume comes from production locations where the brand's business relationship has existed for at least five years. This is a slight increase compared to the previous year (88%), and a testimony to the focus on long-term business relationships which is a focal point at Albiro.

| Performance indicators | Result | Relevance of Indicator | Documentation | Score | Max | Min |
|---|--------|--|---------------------------|-------|-----|-----|
| 1.3 All (new) production locations are required to sign and return the questionnaire with the Code of Labour Practices before first bulk orders are placed. | Yes | The CoLP is the foundation of all work between production locations and brands, and the first step in developing a commitment to improvements. | Signed CoLPs are on file. | 2 | 2 | 0 |

Comment: One production location was added to the database in 2021, which is the brand's own factory Albiro Serbia. Since this factory is run by Albiro, the Code of Labour Practices had already been signed by Albiro in the past. Nevertheless, Albiro also collected the signed guestionnaire.

| Performance indicators | Result | Relevance of Indicator | Documentation | Score | Max | Min |
|---|----------|---|---|-------|-----|-----|
| 1.4 Member company conducts human rights due diligence at all (new) production locations before placing orders. | Advanced | Due diligence helps to identify, prevent and mitigate potential human rights problems at suppliers. | Documentation may include pre-audits, existing audits, other types of risk assessments. | 4 | 4 | 0 |

Comment: Albiro has a clear and well-defined procedure for conducting human rights due diligence prior to placing orders with new suppliers. The procedure is described and documented in the company's "MSA system" (Albiro's internal platform). The process consists of six clear steps.

As a first step, new suppliers are in contact with the head of production. As a second step, there is a meeting between the CSR Manager and the head of purchasing to have an initial discussion about the supplier. The third step consists of research. Albiro looks at existing audit reports either from Fair Wear or Amfori BSCI. If another Fair Wear member is sourcing at the factory, Albiro will reach out to get insight and access to the existing audit reports. If there are no valid audit reports available, a new one will be requested either via Fair Wear, if possible, or via Amfori BSCI, if it is decided to start production at this facility.

Country studies are checked in the fourth step and if the CSR team gives its OK, the head of production visits the factory and during the visit fill out the Fair Wear health and safety checklist. Then all information gets handed over to the CSR Manager.

In step five, a second meeting between purchasing, buying and CSR is set up where each point is being discussed in terms of wages, country specific risks, working conditions and audit results. If everyone agrees to go ahead, the supplier will be asked to fill and submit a document called "supplier approval." As the sixth and final step, the CSR Manager visits the factory. The Fair Wear questionnaire and Code of Labour Practices (CoLP), are discussed and the Worker Information Sheet is posted. All six steps must be completed before sample orders can take place.

In 2021, Albiro bought a factory in Serbia. Albiro already knew the production location since 2019, as the company had been sourcing at this factory before the building was bought by Albiro. The brand thus already knew the location when ALBIRO Serbia was founded and conducted the proper due diligence assessment when the supplier first started production for the brand in 2019. For this, Albiro, besides the regular process, also connected with another Fair Wear member which was already sourcing in Serbia to identify risks. Common risks in Serbia are the wage levels and possibility to pay below legal minimum wage and corruption. As owner of the factory, Albiro followed up on these risks (see wage indicators).

Albiro's head of production spends a lot of time on-site in the Eastern European factories and as such has a good understanding of the situation in the factories and country-related risks. The CSR manager also regularly travelled to North Macedonia in 2021, where the majority of Albiro's production takes place. At these factories, production was not interrupted due to COVID-19 in 2021, and Albiro could do risk assessment related to the pandemic by collecting monthly questionnaires about the situation combined with regular visits to verify the questionnaires' answers. For the production outside Europe, in India, Turkey and Morocco, Albiro also used the surveys. In India, the brand's agent could visit the factory and inform the brand of the situation. None of the factories indicated they needed support from Albiro during the second pandemic year. Albiro identified as highest risk the loss of wage and jobs, especially in India, where a lockdown took place in May 2021.

| Performance indicators | Result | Relevance of Indicator | Documentation | Score | Max | Min |
|---|--|--|---|-------|-----|-----|
| 1.5 Production location compliance with Code of Labour Practices is evaluated in a systematic manner. | Yes, and leads to production decisions | A systemic approach is required to integrate social compliance into normal business processes, and supports good decisionmaking. | Documentation of systemic approach: rating systems, checklists, databases, etc. | 2 | 2 | 0 |

Comment: Suppliers are evaluated on the parameters quality, on-time delivery, compliance with agreements and CSR. The CSR part includes Corrective Action Plan progress, communication and collaboration in working towards better working conditions.

The evaluation results in a rating and the outcome is communicated to suppliers at the end of the year. Albiro was able to document how a good rating led to increased order volume or other benefits. A new green sustainability collection was placed at a supplier that had put a lot of work into improving working conditions.

During COVID-19, Albiro extended its supplier evaluation system with a chart to track the implementation of infection preventive measures. The head of production verified the working conditions and onsite and filled out the Fair Wear Health & Safety checklists during regular visits to the factories.

No orders were cancelled or postponed by Albiro in 2021. Although the brand experienced a decrease in demand for customer orders, this could be balanced by increasing Never-Out-of-Stock orders. Albiro bought an extra warehouse in Switzerland to be able to maintain more stock in general.

| Performance indicators | Result | Relevance of Indicator | Documentation | Score | Max | Min |
|--|---|---|---|-------|-----|-----|
| 1.6 The member company's production planning systems support reasonable working hours. | Strong, integrated systems in place. | Member company production planning systems can have a significant impact on the levels of excessive overtime at production locations. | Documentation of robust planning systems. | 4 | 4 | 0 |

Comment: Albiro sources its products from two groups of suppliers. In case of delays, Albiro considers changing the sequence of the order, flexible delivery dates, splitting orders, or using air freight. July to December is peak season and Albiro aims to have as many orders finalized before July as possible in order to have a more even distribution throughout the year. Last minute changes in design are not possible due to the brand's logistics management system. Orders can only be placed once the design is approved.

At suppliers with 100% leverage (Group one, 73% FOB) all production planing is done in Switzerland. At these production locations the head of production knows the production process and the sewing minutes. The developments are 100% done in Switzerland. For each style a sample is made in Albiro's own atelier and this sample is used to calculate the sewing minutes.

For Group one suppliers the production planning starts in October. Planning is agreed on a months to month basis with each supplier. The product groups are divided into into three-four different sections (areas) of production. One area for simple styles and a second area for complicated styles. There is also an area for soft-shell jackets and mid-layers. Some suppliers are able to produce the complete product range and the company has insight into the suppliers capacity per week/months.

The planning is shared via a Google Drive document where several people have access. The document is regularly updated to ensure optimal utilisation of suppliers. The head of production works with an order sheet which is made by the disposition department and in this sheet all planned orders for the coming 8-10 weeks can be seen. This information is then matched to the available capacity at suppliers to ensure a good planing.

For Group 2 suppliers which constitutes 20 % of the production volume there are two factories in Turkey and one in India. At these production locations, Albiro knows the sewing minutes needed for the styles produced. For the supplier in India, Albiro works with an agent who is also responsible for other brands placing order in the same factory. This gives Albiro better influence due to increased leverage through the agent. In 2021, Albiro created an overtime policy for the group 2 suppliers, which details that the brand does not want its products to be produced with workers working overtime.

Generally, Albiro knows the capacities of its suppliers, and knows the order volumes, amount of workers and production minutes for each line. This, combined with the overtime policy at the Group 2 suppliers, makes for a solid system to support reasonable working hours. In 2021, the availability of materials was the biggest challenge in production planning. It was difficult to plan due to interrupted global supply chains. Albiro shifted production across production sites where possible, to avoid that some factories lacked production while others were expected to overbook. This was done in discussion with the production facilities and based on Albiro's knowledge of the capacities of the factories. Delays were accepted as they were.

| Performance indicators | Result | Relevance of Indicator | Documentation | Score | Max | Min |
|---|-------------------------|--|--|-------|-----|-----|
| 1.7 Degree to which member company mitigates root causes of excessive overtime. | Intermediate efforts | Some production delays are outside of the control of member companies; however there are a number of steps that can be taken to address production delays without resorting to excessive overtime. | Evidence of how member responds to excessive overtime and strategies that help reduce the risk of excessive overtime, such as: root cause analysis, reports, correspondence with factories, etc. | 3 | 6 | O |

Comment: The Fair Wear audit done in 2021 at one of Albiro's North Macedonian suppliers found that the supplier was not willing to provide the detailed wage records, so the working hours could not be verified. The audit also found, through interviews with workers and management, that some Saturdays are being working days. However, the payment of overtime premium for these days is not reflected in the salaries. Albiro set up a meeting with the factory and a Fair Wear representative in North Macedonia to discuss the issue in person. According to the factory, it was a technical issue during the audit. The Fair Wear representative confirmed the information shared during the meeting. However, the brand has requested to see the time cards and working hours for each workers, but has not yet received them. Albiro is still in the process of following up on this issue.

At the end of 2020, a Fair Wear audit was done in Turkey and a similar issue with incomplete records was found. Here, Albiro received the time records afterwards. Albiro collaborated with another Fair Wear member on this issue.

Recommendation: Albiro could discuss with factory management the reasons that the factory does not want to share the timekeeping records. If necessary, ALBIRO could hire local experts to analyse root causes in cooperation with the supplier. Fair Wear could recommend qualified persons upon request. Especially in Group 1 suppliers where the brand has 100% leverage, Albiro has a responsibility to make sure the working records are correct and available for the audit.

| Performance indicators | Result | Relevance of Indicator | Documentation | Score | Max | Min |
|--|----------|---|--|-------|-----|-----|
| 1.8 Member company can demonstrate the link between its buying prices and wage levels in production locations. | Advanced | Understanding the labour component of buying prices is an essential first step for member companies towards ensuring the payment of minimum wages – and towards the implementation of living wages. | Interviews with production staff, documents related to member's pricing policy and system, buying contracts. | 4 | 4 | 0 |

Comment: Albiro works with labour minute costing for all styles produced at Group 1 suppliers. Albiro works with a standard time for each product, based on the sum of all operations needed for the style. The brand knows the cost per minute for each production site, including overhead, indirect and direct labour costs, operations and profit. Albiro calculates the price by multiplying this minute cost by the number of standard minutes needed per product. The brand discusses the price with the supplier, but does not negotiate. If the supplier claims they need more minutes, this is discussed and usually the demand is accepted. Three suppliers participated in a factory training on the use of the Fair Price app in 2021.

Group 2 suppliers work with the labour minute costing tool since 2020. Albiro knows the wage levels at the factories and accepts the prices the factories calculate and plans to start working with Fair Price with these suppliers in 2022.

Recommendation: Albiro is encouraged to provide buyers (or other employees involved in price negotiations with suppliers) training on cost breakdown, for example using the Fair Price app.

| Performance indicators | Result | Relevance of Indicator | Documentation | Score | Max | Min |
|---|--------|--|---|-------|-----|-----|
| 1.9 Member company actively responds if production locations fail to pay legal minimum wages and/or fail to provide wage data to verify minimum wage is paid. | No | If a supplier fails to pay minimum wage or minimum wage payments cannot be verified, Fair Wear member companies are expected to hold management of the supplier accountable for respecting local labour law. Payment below minimum wage must be remediated urgently. | Complaint reports, CAPs, additional emails, Fair Wear Audit Reports or additional monitoring visits by a Fair Wear auditor, or other documents that show minimum wage issue is reported/resolved. | -2 | O | -2 |

Comment: There were no findings of payment below legal minimum wage in the audits done in 2021. However, a 40-day lockdown took place in one of the factories in India, increasing the risk of non-payment of legal minimum wage in that period. Albiro works with an agent for this factory. The brand asked the agent to check with the factory whether the wages had been paid and collected information about this through the monthly questionnaires, where the factory stated it did not have any issues. However, Albiro did not collect wage slips or other proof that the workers indeed received full wages while the factory was closed.

Albiro followed up on outstanding legal minimum wage issues from the previous year, in 2021, as per the recommendation in last year's performance check.

Requirement: During COVID-19 the member is expected to thoroughly check with its suppliers whether they foresee any issues with payment of wages and verify claims when a supplier says there were no issues.

Please note that following Fair Wear's policy for repeated non-compliance in Fair Wear's Brand Performance Checks, members that receive an insufficient or -2 score on this indicator for the second year in a row, will be placed in the 'Needs Improvement' category.

| Performance indicators | Result | Relevance of Indicator | Documentation | Score | Max | Min |
|--|--------|---|---|-------|-----|-----|
| 1.10 Evidence of late payments to suppliers by member company. | No | Late payments to suppliers can have a negative impact on production locations and their ability to pay workers on time. Most garment workers have minimal savings, and even a brief delay in payments can cause serious problems. | Based on a complaint or audit report; review of production location and member company financial documents. | 0 | 0 | -1 |

Comment: The general payment terms at Albiro is 10 days after issuing of the invoice. No payment terms were extended during COVID-19 and no late payments took place.

| Performance indicators | Result | Relevance of Indicator | Documentation | Score | Max | Min |
|--|--------------|--|---|-------|-----|-----|
| 1.11 Degree to which member company assesses and responds to root causes for wages that are lower than living wages in production locations. | Intermediate | Assessing the root causes for wages lower than living wages will determine what strategies/interventions are needed for increasing wages, which will result in a systemic approach | Evidence of how payment below living wage was addressed, such as: Internal policy and strategy documents, reports, correspondence with factories, etc | 4 | 6 | 0 |

Comment: Albiro is aware of the legal minimum wage and living wage estimates per country. The company has an overview of the wages at its Group one suppliers. Albiro discusses the topic, mostly with its suppliers in North Macedonia, where the brand has most of its production. The Fair Wear audit in one of the Macedonian suppliers showed that the prices of the member do not suffice to pay a living wage. Since 2016, the brand pays a living wage premium on top of its prices, but the factory used this in 2021 to meet the legal minimum wage. Albiro has identified the root cause of wages below living wage to be low prices of customers. Albiro wants to address this root cause by paying higher prices, provided the factories start working with the Fair Price app or show more transparency in costing in another way.

Albiro wants to compare the outcome of Fair Price and its own system to determine how the prices should be increased. Eventually, Albiro wants to do this with all its production locations, but currently the brand focuses on North Macedonia and its own factory in Serbia.

Recommendation: Fair Wear encourages Albiro to involve worker representatives and local organisations in assessing root causes of wages lower than living wages. It is advised that the outcomes of the root cause analysis are discussed internally and with top management, to form a basis for an embedded strategy.

| Performance indicators | Result | Relevance of Indicator | Documentation | Score | Max | Min |
|--|--------|--|--|-------|-----|-----|
| 1.12 Percentage of production volume from factories owned by the member company (bonus indicator). | 2% | Owning a supplier increases the accountability and reduces the risk of unexpected CoLP violations. Given these advantages, this is a bonus indicator. Extra points are possible, but the indicator will not negatively affect an member company's score. | Supplier information provided by member company. | 1 | 2 | o |

Comment: Albiro became the owner of a supplier in Serbia, which produced 2% of total FOB in 2021.

| Performance indicators | Result | Relevance of Indicator | Documentation | Score | Max | Min |
|---|--------------|---|--|-------|-----|-----|
| 1.13 Member company determines and finances wage increases. | Intermediate | Assessing the root causes for wages lower than living wages will determine what strategies/interventions are needed for increasing wages, which will result in a systemic approach. | Evidence of how payment below living wage was addressed, such as: internal policy and strategy documents, reports, correspondence with factories, etc. | 2 | 6 | 0 |

Comment: In 2021, Albiro started working on this at its own factory in Serbia, where the brand sources 2% of its total FOB. The legal minimum wage in Serbia increased in 2021 by 9.4%. Albiro has agreed internally to add 2-3 percentage points to the government increase. This increase is for all workers, also those which earn above the legal minimum wage because of higher skills or productivity levels. Albiro realises this is just a first step and that a target wage needs to be updated regularly. Living wage is the long-term goal, as it is about twice the legal minimum wage in Serbia. Albiro is not the only customer at this factory, but as it is now the owner of the factory as well, the brand also guides the factory in ensuring they receive higher prices from other customers as well.

Albiro has started the discussion also with its two main factories in North Macedonia and plans to focus on these factories going forward. The brand plans to finance higher wages by increasing the customer prices, but a detailed financing strategy has yet to be developed.

Recommendation: It is advised that the strategy for how to finance wage increases is agreed upon by top management.

| Performance indicators | Result | Relevance of Indicator | Documentation | Score | Max | Min |
|--|--------|--|---|-------|-----|-----|
| 1.14 Percentage of production volume where the member company pays its share of the target wage. | 2% | Fair Wear member companies are challenged to adopt approaches that absorb the extra costs of increasing wages. | Member company's own documentation, evidence of target wage implementation, such as wage reports, factory documentation, communication with factories, etc. | 2 | 6 | O |

Comment: Albiro could show proof that at the own supplier in Serbia, the target wage of 3% on top of the new legal minimum wage was paid to all workers.

Recommendation: Albiro should continue updating the target wage yearly. Inflation correction should not be the target wage.

Purchasing Practices

Possible Points: 52

Earned Points: 37

2. Monitoring and Remediation

| Basic measurements | Result | Comments |
|--|--------|--|
| % of production volume where an audit took place. | 88% | |
| % of production volume where monitoring requirements for low-risk countries are fulfilled. | 9% | To be counted towards the monitoring threshold, FWF low-risk policy should be implemented. See indicator 2.9. (N/A = no production in low risk countries.) |
| Member meets monitoring requirements for tail-end production locations. | Yes | |
| Requirement(s) for next performance check | | |
| Total monitoring threshold: | 97% | Measured as percentage of production volume (Minimums: 1 year: 40%; 2 years 60%; 3 years+: 80-100%) |

| Performance indicators | Result | Relevance of Indicator | Documentation | Score | Max | Min |
|---|--------|--|---|-------|-----|-----|
| 2.1 Specific staff person is designated to follow up on problems identified by monitoring system. | Yes | Followup is a serious part of Fair Wear membership, and cannot be successfully managed on an ad-hoc basis. | Manuals, emails, etc., demonstrating who the designated staff person is. | 2 | 2 | -2 |

Comment: The Development & Sustainability coordination team is responsible for all CSR related matters, including follow up on problems identified by the monitoring system.

| Performance indicators | Result | Relevance of Indicator | Documentation | Score | Max | Min |
|---|--|---|-----------------------------------|-------|-----|-----|
| 2.2 Quality of own auditing system meets FWF standards. | Member makes use of FWF audits and/or external audits only | In case Fair Wear teams cannot be used, the member companies' own auditing system must ensure sufficient quality in order for Fair Wear to approve the auditing system. | Information on audit methodology. | N/A | 0 | -1 |

| Performance indicators | Result | Relevance of Indicator | Documentation | Score | Max | Min |
|--|--------|--|--|-------|-----|-----|
| 2.3 Audit Report and Corrective Action Plan (CAP) findings are shared with factory and worker representation where applicable. Improvement timelines are established in a timely manner. | Yes | 2 part indicator: Fair Wear audit reports were shared and discussed with suppliers within two months of audit receipt AND a reasonable time frame was specified for resolving findings. | Corrective Action Plans, emails; findings of followup audits; brand representative present during audit exit meeting, etc. | 2 | 2 | -1 |

Comment: Albiro shares audit reports with the factories and sets up a timeline for improvements in a timely manner. Evidence was provided during the performance check.

When visiting the Fair Wear audited supplier in 2021, Albiro talked with the worker representation and an interpreter. Albiro plans to continue this as it was very valuable to receive the workers' feedback.

| Performance indicators | Result | Relevance of Indicator | Documentation | Score | Max | Min |
|---|--------------|---|--|-------|-----|-----|
| 2.4 Degree of progress towards resolution of existing Corrective Action Plans and remediation of identified problems. | Intermediate | Fair Wear considers efforts to resolve CAPs to be one of the most important things that member companies can do towards improving working conditions. | CAP-related documentation including status of findings, documentation of remediation and follow up actions taken by member. Reports of quality assessments. Evidence of understanding relevant issues. | 6 | 8 | -2 |

Comment: Albiro has a good system in place for following up on Corrective Action Plans (CAPs). After having received a CAP and shared it with the supplier, the CSR Manager follows up monthly on the remediation progress. The status of CAP remediation is also checked as a fixed agenda point when the head of production is visiting suppliers. Albiro shared the active CAPs during the performance check and could demonstrate follow-up on most findings. When visiting one of the main factories in North Macedonia, the CSR manager, together with an interpreter, spoke with the worker representation about the conditions in the factory. This is part of Albiro's follow-up on more complex findings, for example related to freedom of association. The brand found this very valuable and plans to continue trying to involve worker representation in CAP follow-up in the future. Albiro generally takes an active role in remediation and offers brand support, when needed based on advice from Fair Wear local representatives. In some cases, Albiro gives out loans to financially enable CAP follow-up.

Albiro stayed in touch with suppliers during the COVID-19 pandemic via phone calls, video calls and emails and the head of production visited the Group 1 factories regularly in 2021. When travel was not possible, Albiro verified the CAP progress with photos. Albiro also created a questionnaire which suppliers were asked to fill out every month. If suppliers indicated any issues in the questionnaire, this was discussed internally with the head of production who was visiting the factories regularly and could then follow up on any issues. The information about COVID-19 issues is maintained in separately from the CAPs.

Recommendation: Fair Wear encourages ALBIRO to continue strengthening their system to analyse how it might have contributed to findings and what changes the brand can make in its purchasing practices.

| Performance indicators | Result | Relevance of Indicator | Documentation | Score | Max | Min |
|--|--------|--|---|-------|-----|-----|
| 2.5 Percentage of production volume from production locations that have been visited by the member company in the previous financial year. | 87% | Due to the Covid-19 pandemic, brands could often not visit their suppliers from March - December 2020. For consistency purposes, we therefore decided to score all our member brands N/A on visiting suppliers over the year 2020. | Member companies should document all production location visits with at least the date and name of the visitor. | 4 | 4 | o |

Comment: Albiro visited all its Group 1 suppliers in 2021, and the agent in India regularly visited the factory there. Together, these factories are responsible for 87% of FOB.

| Performance indicators | Result | Relevance of Indicator | Documentation | Score | Max | Min |
|--|--|---|---|-------|-----|-----|
| 2.6 Existing audit reports from other sources are collected. | Yes, quality assessed and corrective actions implemented | Existing reports form a basis for understanding the issues and strengths of a supplier, and reduces duplicative work. | Audit reports are on file; evidence of followup on prior CAPs. Reports of quality assessments. | 3 | 3 | 0 |

Comment: In addition to Fair Wear audits, Albiro uses BSCI audit reports. When an audit does not include a CAP, the brand creates a CAP in the same format as the Fair Wear CAPs. In case of a shared factory, the BSCI-system requires that the member with the most leverage checks whether the factory has set up a CAP and needs to follow up. It has collected audit reports from most of its factories. The CAPs are discussed in the monthly check ups and implemented in cooperation with the factory.

| Performance indicators | Result | Relevance of Indicator | Documentation | Score | Max | Min |
|--|--|---|---|-------|-----|-----|
| 2.7 Compliance with FWF risk policies. | Average score depending on the number of applicable policies and results | Aside from regular monitoring and remediation requirements under Fair Wear membership, countries, specific areas within countries or specific product groups may pose specific risks that require additional steps to address and remediate those risks. Fair Wear requires member companies to be aware of those risks and implement policy requirements as prescribed by Fair Wear. | Policy documents, inspection reports, evidence of cooperation with other customers sourcing at the same factories, reports of meetings with suppliers, reports of additional activities and/or attendance lists as mentioned in policy documents. | 5 | 6 | -2 |
| Compliance with FWF enhanced monitoring programme Bangladesh | Policies are not relevant to the company's supply chain | | | N/A | 6 | -2 |
| Compliance with FWF Myanmar policy | Policies are not relevant to the company's supply chain | | | N/A | 6 | -2 |
| Compliance with FWF guidance on abrasive blasting | Policies are not relevant to the company's supply chain | | | N/A | 6 | -2 |
| Compliance with FWF guidance on risks related to Turkish garment factories employing Syrian refugees | Advanced | | | 6 | 6 | -2 |
| Other risks specific to the member's supply chain are addressed by its monitoring system | Intermediate | | | 3 | 6 | -2 |

Comment: Following its risk assessment, Albiro has stopped sourcing in China and Vietnam, where it found there were many human rights risks.

TURKEY:

Albiro has discussed the employment of Syrian refugees and subcontracting with both Turkish suppliers. Albiro has drafted a policy about migrant workers, detailing that Syrian workers being employed at the factory, should have the same rights, salary and benefits as Turkish nationals. The policy is signed by its Turkish suppliers. A 2020 audit showed that no Syrian refugees were employed at one Turkish factory. At the other Turkish factory an audit report revealed that Syrian workers were not provided an employment contract in Arabic. For 2021 it was confirmed that all workers had received a contract in Arabic and that the Worker Information Sheet was posted in both Arabic and Turkish. Albiro also created a subcontracting policy which was signed by the suppliers as well. Due to COVID-19, Albiro has not been able to visit the Turkish suppliers in 2021. At the factory which employs Syrian refugees, a Fair Wear training about Syrian Refugees and Migrant workers was conducted in 2021. Both suppliers were audited in 2020.

OTHER RISKS

With it's North Macedonian partners, Albiro is working towards fulfilment of freedom of association and resolving minimum wage issues. At the most important factory, a process was started in 2018 after a complaint of failing to install a worker representation in the factory. Follow up on this in 2020 showed that a workers council had been elected and that training with management and worker representatives was taking place. Albiro continued working on this also in 2021, when the brand could visit the factory again, and spoke with the worker representation through an interpreter (see 2.3, 2.4).

In India, Albiro started started the Worker Education Programme on Prevention of Violence and Harassment in 2021. The training is ongoing and a way to address the risk of gender-based violence at its Indian supplier. This was following a recommendation from last years performance check.

Regarding COVID-19, Albiro generally followed up on risks found through information coming from Fair Wear and other secondary sources, as well as input from suppliers in the supplier questionnaire, especially at the Group 1 suppliers where the brand has local presence. At the Group 2 suppliers follow-up was more difficult. For example in India, the brand relied on the input from the agent. Although the brand checked whether all workers kept their jobs, it did not sufficiently ensure legal minimum wages were paid during the long lockdown period (see 1.9).

Recommendation: The member should take measures to prevent the loss or lowering of wages at suppliers due to COVID-19, following the guidelines in Handbook: Covid-19 Lost wages and jobs series.

The member should include all sourcing countries, also the ones which previously were classified 'low-risk' countries, in its risk assessment and mitigation.

| Performance indicators | Result | Relevance of Indicator | Documentation | Score | Max | Min |
|--|--------------------|---|--|-------|-----|-----|
| 2.8 Member company cooperates with other FWF member companies in resolving corrective actions at shared suppliers. | Active cooperation | Cooperation between customers increases leverage and chances of successful outcomes. Cooperation also reduces the chances of a factory having to conduct multiple Corrective Action Plans about the same issue with multiple customers. | Shared CAPs, evidence of cooperation with other customers. | 2 | 2 | -1 |

Comment: During the performance check Albiro gave examples of collaboration with other Fair Wear members on remediation of audit findings and working on CAPs.

| Performance indicators | Result | Relevance of Indicator | Documentation | Score | Max | Min |
|---|--------|---|---|-------|-----|-----|
| 2.9 Percentage of production volume where monitoring requirements for low-risk countries are fulfilled. | 100% | Low-risk countries are determined by the presence and proper functioning of institutions which can guarantee compliance with national and international standards and laws. Fair Wear has defined minimum monitoring requirements for production locations in low-risk countries. | Documentation of visits, notification of suppliers of Fair Wear membership; posting of worker information sheets, completed questionnaires. | 2 | 2 | O |

Member undertakes additional activities to monitor suppliers.: No (o)

Comment: Albiro fulfilled monitoring requirements for 100% of all production in low-risk countries, meaning that the Fair Wear CoLP was signed by the supplier and posted at the factory and the supplier was visited by Albiro.

In 2020 there was a BSCI audit at one of Albiro's suppliers in Czechia, however in 2021 did not conduct any new audits in low-risk countries.

| Performance indicators | Result | Relevance of Indicator | Documentation | Score | Max | Min |
|---|--------|---|--|-------|-----|-----|
| 2.10 Extra bonus indicator: in case FWF member company conducts full audits at tail-end production locations (when the minimum required monitoring threshold is met). | Yes | Fair Wear encourages its members to monitor 100% of its production locations and rewards those members who conduct full audits above the minimum required monitoring threshold. | Production location information as provided to Fair Wear and recent Audit Reports. | 2 | 2 | 0 |

Comment: A BSCI audit was commissioned at one tail end supplier in India in 2021.

| Performance indicators | Result | Relevance of Indicator | Documentation | Score | Max | Min |
|--|---|--|-----------------------------|-------|-----|-----|
| 2.11 Questionnaire is sent and information is collected from external brands resold by the member company. | Yes, and member has collected necessary information | Fair Wear believes it is important for affiliates that have a retail/wholesale arm to at least know if the brands they resell are members of Fair Wear or a similar organisation, and in which countries those brands produce goods. | Questionnaires are on file. | 2 | 2 | 0 |

Comment: Albiro collected the questionnaire from all external brands it is reselling, also the ones in Switzerland which previously did not want to sign the questionnaire.

| Performance indicators | Result | Relevance of Indicator | Documentation | Score | Max | Min |
|---|--------|--|---|-------|-----|-----|
| 2.12 External brands resold by member companies that are members of another credible initiative (% of external sales volume). | 3% | Fair Wear believes members who resell products should be rewarded for choosing to sell external brands who also take their supply chain responsibilities seriously and are open about in which countries they produce goods. | External production data in Fair Wear's information management system. Documentation of sales volumes of products made by Fair Wear or FLA members. | 1 | 3 | 0 |

Comment: In 2021, Albiro bought 3% of its FOB from one other Fair Wear member brand.

| Performance indicators | Result | Relevance of Indicator | Documentation | Score | Max | Min |
|---|--------------|---|---|-------|-----|-----|
| 2.13 Questionnaire is sent and information is collected from licensees. | No licensees | Fair Wear believes it is important for member companies to know if the licensee is committed to the implementation of the same labour standards and has a monitoring system in place. | Questionnaires are on file. Contracts with licensees. | N/A | 1 | 0 |

Monitoring and Remediation

Possible Points: 35

Earned Points: 31

3. Complaints Handling

| Basic measurements | Result | Comments |
|---|--------|--|
| Number of worker complaints received since last check. | 0 | At this point, FWF considers a high number of complaints as a positive indicator, as it shows that workers are aware of and making use of the complaints system. |
| Number of worker complaints in process of being resolved. | 1 | |
| Number of worker complaints resolved since last check. | 0 | |

| Performance indicators | Result | Relevance of Indicator | Documentation | Score | Max | Min |
|---|--------|--|--|-------|-----|-----|
| 3.1 A specific employee has been designated to address worker complaints. | Yes | Followup is a serious part of Fair Wear membership, and cannot be successfully managed on an ad-hoc basis. | Manuals, emails, etc., demonstrating who the designated staff person is. | 1 | 1 | -1 |

Comment: The CSR Manager is responsible for following up on worker complaints.

| Performance indicators | Result | Relevance of Indicator | Documentation | Score | Max | Min |
|---|--------|--|--|-------|-----|-----|
| 3.2 Member company has informed factory management and workers about the FWF CoLP and complaints hotline. | Yes | Informing both management and workers about the Fair Wear Code of Labour Practices and complaints hotline is a first step in alerting workers to their rights. The Worker Information Sheet is a tool to do this and should be visibly posted at all production locations. | Photos by company staff, audit reports, checklists from production location visits, etc. | 2 | 2 | -2 |

Comment: Albiro's suppliers scan and share photos of the Worker Information Sheets posted at the factories. Albiro staff checks whether the Worker Information Sheet is posted during onsite visits at most suppliers.

| Performance indicators | Result | Relevance of Indicator | Documentation | Score | Max | Min |
|--|---|--|--|-------|-----|-----|
| 3.3 Degree to which member company has actively raised awareness of the FWF CoLP and complaints hotline. | All production in low-risk countries/training not possible | After informing workers and management of the Fair Wear CoLP and the complaints hotline, additional awareness raising and training is needed to ensure sustainable improvements and structural worker-management dialogue. | Training reports, Fair Wear's data on factories enrolled in the WEP basic module. For alternative training activities: curriculum, training content, participation and outcomes. | N/A | 6 | 0 |

Comment: In the last three years, Albiro's suppliers participated in 2 WEP Basic modules. These WEP basic modules were held at it's most important suppliers in North Macedonia which are responsible for 72% of Albiro's FOB. However, as training was generally difficult during 2021 because of COVID-19, this indicator is made non-applicable for all members unless it is beneficial to make it count.

| Performance indicators | Result | Relevance of Indicator | Documentation | Score | Max | Min |
|---|------------------------|--|--|-------|-----|-----|
| 3.4 All complaints received from production location workers are addressed in accordance with the FWF Complaints Procedure. | No complaints received | Providing access to remedy when problems arise is a key element of responsible supply chain management. Member company involvement is often essential to resolving issues. | Documentation that member company has completed all required steps in the complaints handling process. | N/A | 6 | -2 |

Comment: Albiro did not receive any complaints in 2021. The outstanding complaint from 2020 was solved in 2021.

| Performance indicators | Result | Relevance of Indicator | Documentation | Score | Max | Min |
|---|--|--|--|-------|-----|-----|
| 3.5 Cooperation with other customers in addressing worker complaints at shared suppliers. | No complaints or cooperation not possible / necessary | Because most production locations supply several customers with products, involvement of other customers by the Fair Wear member company can be critical in resolving a complaint at a supplier. | Documentation of joint efforts, e.g. emails, sharing of complaint data, etc. | N/A | 2 | 0 |

Comment: There were no new complaints in 2021.

Complaints Handling

Possible Points: 3

Earned Points: 3

4. Training and Capacity Building

| Performance indicators | Result | Relevance of Indicator | Documentation | Score | Max | Min |
|---|--------|--|--|-------|-----|-----|
| 4.1 All staff at member company are made aware of FWF membership. | Yes | Preventing and remediating problems often requires the involvement of many different departments; making all staff aware of Fair Wear membership requirements helps to support cross-departmental collaboration when needed. | Emails, trainings, presentation, newsletters, etc. | 1 | 1 | 0 |

Comment: Albiro's intranet contains Fair Wear information which is included in internal communication channels. New employees receive training by the CSR Manager.

| Performance indicators | Result | Relevance of Indicator | Documentation | Score | Max | Min |
|--|--------|--|---|-------|-----|-----|
| 4.2 All staff in direct contact with suppliers are informed of FWF requirements. | Yes | Sourcing, purchasing and CSR staff at a minimum should possess the knowledge necessary to implement Fair Wear requirements and advocate for change within their organisations. | Fair Wear Seminars or equivalent trainings provided; presentations, curricula, etc. | 2 | 2 | -1 |

Comment: The CSR team is responsible to explain Fair Wear's requirements to Albiro's staff, including all staff in direct contact with suppliers. They do this during fixed meetings in the year, as well as during the onboarding of new colleagues. Purchasing and sales receive a more detailed training on Fair Wear.

| Performance indicators | Result | Relevance of Indicator | Documentation | Score | Max | Min |
|--|-----------------------------|--|---|-------|-----|-----|
| 4.3 All sourcing contractors/agents are informed about FWF's Code of Labour Practices. | Yes + actively support COLP | Agents have the potential to either support or disrupt CoLP implementation. It is the responsibility of member company to ensure agents actively support the implementation of the CoLP. | Correspondence with agents, trainings for agents, Fair Wear audit findings. | 2 | 2 | 0 |

Comment: Audit reports and CAPs are shared with Albiro's Swiss agent who in turn address these with the factory in India. This agent is working actively to acquire knowledge on sustainability and there is a good collaboration between Albiro and this agent. The collaboration already resulted in an increased order to the factory to reward good collaboration.

| Performance indicators | Result | Relevance of Indicator | Documentation | Score | Max | Min |
|---|---|--|---|-------|-----|-----|
| 4.4 Factory participation in training programmes that support transformative processes related to human rights. | All production in low-risk countries/training not possible | Complex human rights issues such as freedom of association or gender-based violence require more in-depth trainings that support factory-level transformative processes. Fair Wear has developed several modules, however, other (member-led) programmes may also count. | Training reports, Fair Wear's data on factories enrolled in training programmes. For alternative training activities: curriculum, training content, participation and outcomes. | N/A | 6 | O |

Comment: Advanced training programmes were conducted at two of Albiro's suppliers, which together were responsible for 14% FOB in 2021. One was the Violence & Harassment Prevention programme in India, and the other the Migrant and Refugee worker training in Turkey. However, as it was not possible to conduct training in most countries due to COVID-19, this indicator is made n/a, unless it is more beneficial for the member to count.

Recommendation: Fair Wear recommends Albiro to implement training programmes that support factory-level transformation such as establishing functional internal grievance mechanisms, improving worker-management dialogue and communication skills or addressing gender-based violence. Training assessed under this indicator should go beyond raising awareness and focus on behavioural and structural change to improve working conditions. To this end, Albiro can make use of Fair Wear's WEP Communication or Violence and Harassment Prevention modules or implement advanced training through external training providers or brand staff. Non-Fair Wear training must follow the standards outlined in Fair Wear's guidance and checklist available on the Member Hub.

| Performance indicators | Result | Relevance of Indicator | Documentation | Score | Max | Min |
|---|----------------------|---|--|-------|-----|-----|
| 4.5 Degree to which member company follows up after a training programme. | Active follow- up | After factory-level training programmes, complementary activities such as remediation and changes on brand level will achieve a lasting impact. | Documentation of discussions with factory management and worker representatives, minutes of regular worker-management dialogue meetings or anti-harassment committees. | 2 | 2 | 0 |

Comment: As the training in Turkey was conducted in November 2021, follow-up was done in 2022. The training in India is still ongoing and follow-up has not been done yet. The brand is actively following up on the WEP Basic in North Macedonia, which focused on worker-management dialogue, and is trying to receive meeting minutes from worker-management meetings. The factory has not yet shared these with the brand.

Training and Capacity Building

Possible Points: 7

Earned Points: 7

5. Information Management

| Performance indicators | Result | Relevance of Indicator | Documentation | Score | Max | Min |
|---|----------|---|--|-------|-----|-----|
| 5.1 Level of effort to identify all production locations. | Advanced | Any improvements to supply chains require member companies to first know all of their production locations. | Supplier information provided by member company. Financial records of previous financial year. Documented efforts by member company to update supplier information from its monitoring activities. | 6 | 6 | -2 |

Comment: For group one suppliers, Albiro is aware of subcontracting because due to its integrated planning of production and on-site visits of technicians and the head of production, Albiro knows which subcontractors are used during production. In 2021, Albiro has created a subcontracting policy, which again details that Albiro wants to know ahead of production which subcontractors might be used. It is also included in Albiro's contracts with suppliers that they are not allowed to use unauthorised subcontractors. In India, where Albiro works through an agent, a local person has been hired to check the capacity of the factory and ensure the styles placed at the factory are really produced there. Questions about subcontracting are also included in the monthly COVID-19 supplier questionnaire.

| Performance indicators | Result | Relevance of Indicator | Documentation | Score | Max | Min |
|---|--------|--|---|-------|-----|-----|
| 5.2 CSR and other relevant staff actively share information with each other about working conditions at production locations. | Yes | CSR, purchasing and other staff who interact with suppliers need to be able to share information in order to establish a coherent and effective strategy for improvements. | Internal information system; status CAPs, reports of meetings of purchasing/CSR; systematic way of storing information. | 1 | 1 | -1 |

Comment: Albiro has a weekly meeting of the development and sustainability team in which it discusses the main issues in factories. The concerns and issues are then shared with management and heads of team within Albiro.

The staff of Albiro has access to the supplier database which includes all relevant information about working conditions at suppliers.

Information Management

Possible Points: 7

Earned Points: 7

6. Transparency

| Performance indicators | Result | Relevance of Indicator | Documentation | Score | Max | Min |
|---|--|---|--|-------|-----|-----|
| 6.1 Degree of member company compliance with FWF Communications Policy. | Minimum communications requirements are met AND no significant problems found | Fair Wear's communications policy exists to ensure transparency for consumers and stakeholders, and to ensure that member communications about Fair Wear are accurate. Members will be held accountable for their own communications as well as the communications behaviour of 3rd-party retailers, resellers and customers. | Fair Wear membership is communicated on member's website; other communications in line with Fair Wear communications policy. | 2 | 2 | -3 |

Comment: Fair Wear membership is communicated on the website of Albiro, leaflets, and tenders. This communication adheres to the Fair Wear communication policy and guidelines.

| Performance indicators | Result | Relevance of Indicator | Documentation | Score | Max | Min |
|--|---|---|--|-------|-----|-----|
| 6.2 Member company engages in advanced reporting activities. | Supplier list is disclosed to the public. | Good reporting by members helps to ensure the transparency of Fair Wear's work and shares best practices with the industry. | Member company publishes one or more of the following on their website: Brand Performance Check, Audit Reports, Supplier List. | 2 | 2 | 0 |

Comment: Albiro is dislosing 100 % of its suppliers internally to other Fair Wear Members as well as 100% publicly on the Fair Wear website.

| Performance indicators | Result | Relevance of Indicator | Documentation | Score | Max | Min |
|---|--|---|--|-------|-----|-----|
| 6.3 Social Report is submitted to FWF and is published on member company's website. | Complete and accurate report submitted to FWF AND published on member's website. | The social report is an important tool for members to transparently share their efforts with stakeholders. Member companies should not make any claims in their social report that do not correspond with Fair Wear's communication policy. | Social report that is in line with Fair Wear's communication policy. | 2 | 2 | -1 |

Comment: Albiro submitted it's social report to Fair Wear and posted the report on their website.

Transparency

Possible Points: 6

Earned Points: 6

7. Evaluation

| Performance indicators | Result | Relevance of Indicator | Documentation | Score | Max | Min |
|---|--------|---|--|-------|-----|-----|
| 7.1 Systemic annual evaluation of FWF membership is conducted with involvement of top management. | Yes | An annual evaluation involving top management ensures that Fair Wear policies are integrated into the structure of the company. | Meeting minutes, verbal reporting, Powerpoints, etc. | 2 | 2 | 0 |

Comment: Top management is involved in the evaluation of Fair Wear membership. The CEO and Head of Purchasing are involved in daily business.

In addition, the topic is discussed in board meetings which are held six times a year. In these meetings, Fair Wear is also discussed as a strategical theme with input from the product and sustainability team. Fair Wear Leader status is the main goal.

| Performance indicators | Result | Relevance of Indicator | Documentation | Score | Max | Min |
|--|--------|---|---|-------|-----|-----|
| 7.2 Level of action/progress made on required changes from previous Brand Performance Check implemented by member company. | 60% | In each Brand Performance Check report, Fair Wear may include requirements for changes to management practices. Progress on achieving these requirements is an important part of Fair Wear membership and its process approach. | Member company should show documentation related to the specific requirements made in the previous Brand Performance Check. | 4 | 4 | -2 |

Comment: Albiro's previous performance check did not include any requirements, except for a note that several requirements from 2020 had to be repeated. These are the following requirements:

- 1.11 Degree to which member company assesses and responds to root causes for wages that are lower than living wages in production locations.
- 1.13 Member company determines and finances wage increases.
- 1.14 Percentage of production volume where the member company pays its share of the target wage.
- 7.2 Level of action/progress made on required changes from previous Brand Performance Check implemented by member company

Albiro has started follow-up on all these requirements. The brand made sufficient progress on indicator 1.11, intermediate progress on indicator 1.13 and intermediate progress on indicator 1.14. As such, indicator 7.2 has also been addressed.

Evaluation

Possible Points: 6

Earned Points: 6

Recommendations to Fair Wear

Albiro would like to do more worker training in North Macedonia, however this is not offered by Fair Wear. Albiro would like Fair Wear to offer more training possibilities. Albiro would also like the Fair Price app to be expanded into other countries, such as Serbia. Finally, sometimes communication by Fair Wear could be better, especially about important topics such as on-garment communication, which was missed by Albiro.

Scoring Overview

| Category | Earned | Possible |
|--------------------------------|--------|----------|
| Purchasing Practices | 37 | 52 |
| Monitoring and Remediation | 31 | 35 |
| Complaints Handling | 3 | 3 |
| Training and Capacity Building | 7 | 7 |
| Information Management | 7 | 7 |
| Transparency | 6 | 6 |
| Evaluation | 6 | 6 |
| Totals: | 97 | 116 |

Benchmarking Score (earned points divided by possible points)

84

Performance Benchmarking Category

Leader

Brand Performance Check details

| Da | te of | Brand | Performance | Check: |
|----|-------|-------|-------------|--------|
|----|-------|-------|-------------|--------|

26-07-2022

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