

**ALBIRO**  
fashion on the job!



**SUSTAINABILITY  
REPORT**

**2023**

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## 1. COMPANY PROFIL

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.

In the past years, ALBIRO has evolved into an internationally operating group, with partners from different countries and people with different cultural backgrounds.

Treating humans fairly and equally, regardless of gender, sexual orientation, marital status, race, skin color, nationality, religion, ethnic or national origin, age, disability or trade union membership is an essential part of our values.

ALBIRO is committed to a sustainable business development, resource conservation and fair employment conditions. Our human rights policy is based on the core labour standards of the International Labour Organization (ILO), the UN Conventions, the OECD Guidelines, the European Convention on Human Rights and the UN Women's Empowerment Principles.

Based on that ALBIRO has implemented its own Code of Conduct, our "Declaration of Principles on Respect for Human Rights", to communicate this commitment at all levels. In this policy we outline

the responsibility in relation to human rights due diligence, including prevention of harm to workers and improvement of working conditions where rights are at risk or violated. In order to identify, prevent, mitigate and report on our human rights impacts, we, together with collective worker voices, conducted a detailed human rights due diligence. This process included an assessment of actual and potential human rights impacts at our company and production sites.

Since June 2012 we are working with Fair Wear Foundation to monitor and to improve working conditions of our suppliers and garment manufacturers. Through our continuous and focused work to improve working conditions in our production facilities, we were able to achieve the Fair Wear Foundation's highest award, "Leader" status" for the second time in a row.

### 1.1. GREETINGS BY CORINNE AND LUKAS LOOSLI

Sustainability is of great importance to our company. From our point of view, this is also necessary in order to consistently live and implement our sustainability strategy.

The last 11 years as a member of FairWear Foundation have been an interesting and exciting time. We have been able to learn an incredible amount, develop as a brand and get to know new approaches that help us to constantly improve our actions. As a family-run company, it is important to live fairness and respect towards all partners. Whether employees, customers, production partners or other stakeholders. FairWear is an important part of not only living this fairness, but also monitoring it.

In general, 2023 was a difficult year. Our customers were noticeably reluctant to buy. The trend towards cheaper workwear has unfortunately intensified. The sustainability argument has become less important in recent years. As a company, we are committed to sustainably produced workwear that is manufactured under fair working conditions and fair wages. However, we also have to meet our customers' desire for the cheapest possible items. Unfortunately, this leaves us with an ambivalent feeling, which leads us to change our strategies



in terms of purchasing, sales, etc. year after year. Nevertheless, we at ALBIRO are sticking to our sustainability strategy.

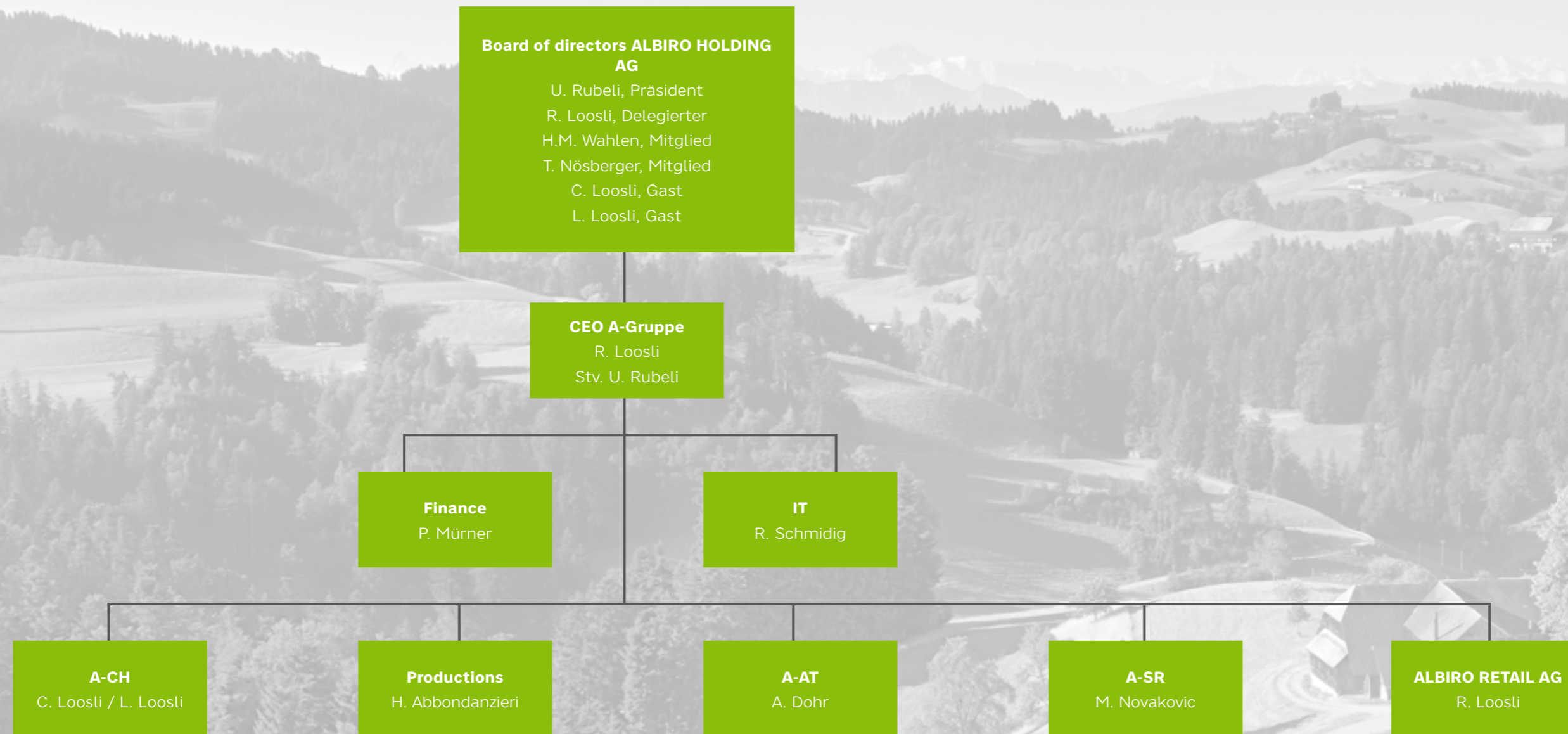
With the construction of our new warehouse in 2022, we were able to optimize our processes. This advantage became noticeable once again in 2023. The centralized logistics have improved the overview and delivery time.

The tender market slowly picked up again towards the end of 2023. We are receiving more and more tenders, which we process internally. The disillusionment is particularly evident among large Swiss companies that publicly advertise their sustainable actions, but always put the price first and source clothing from critical productions.

Best regards,  
Corinne and Lukas Loosli/  
CEOs ALBIRO Switzerland



## 2. ORGANIGRAM OF THE GROUP MANAGEMENT BOARD





### 3. COMMITMENTS OF ALBIRO

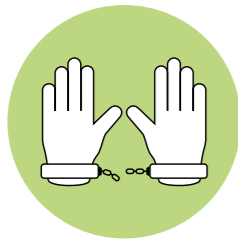
ALBIRO AG is committed to sustainable, resource-saving and fair business activities. As a company, we take responsibility for the impact of our business activities and business relationships. This means acting with due diligence to avoid violating the rights of others and to address the adverse impacts of our global activities. ALBIRO AG respects and supports the dignity, well-being and human rights of our employees, the workers in our supply chain, the community in which we live and

those who are affected by our business activities. As part of our human right's due diligence, we created our own "Declaration of Principles on Respect for Human Rights". The human rights policy of ALBIRO AG is based on the core labour standards of the International Labour Organization (ILO), the UN Conventions, the OECD Guidelines, the European Convention on Human Rights and the UN Women's Empowerment Principles.

We verify the measures taken within the framework of our **"Declaration of Principles on Respect for Human Rights"** 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



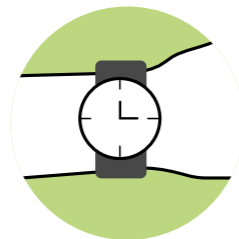
**Employment is freely chosen**



**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



Proud to support

**WOMEN'S EMPOWERMENT PRINCIPLES**

#### TEXTILE CONFIDENCE



#### ENVIRONMENT



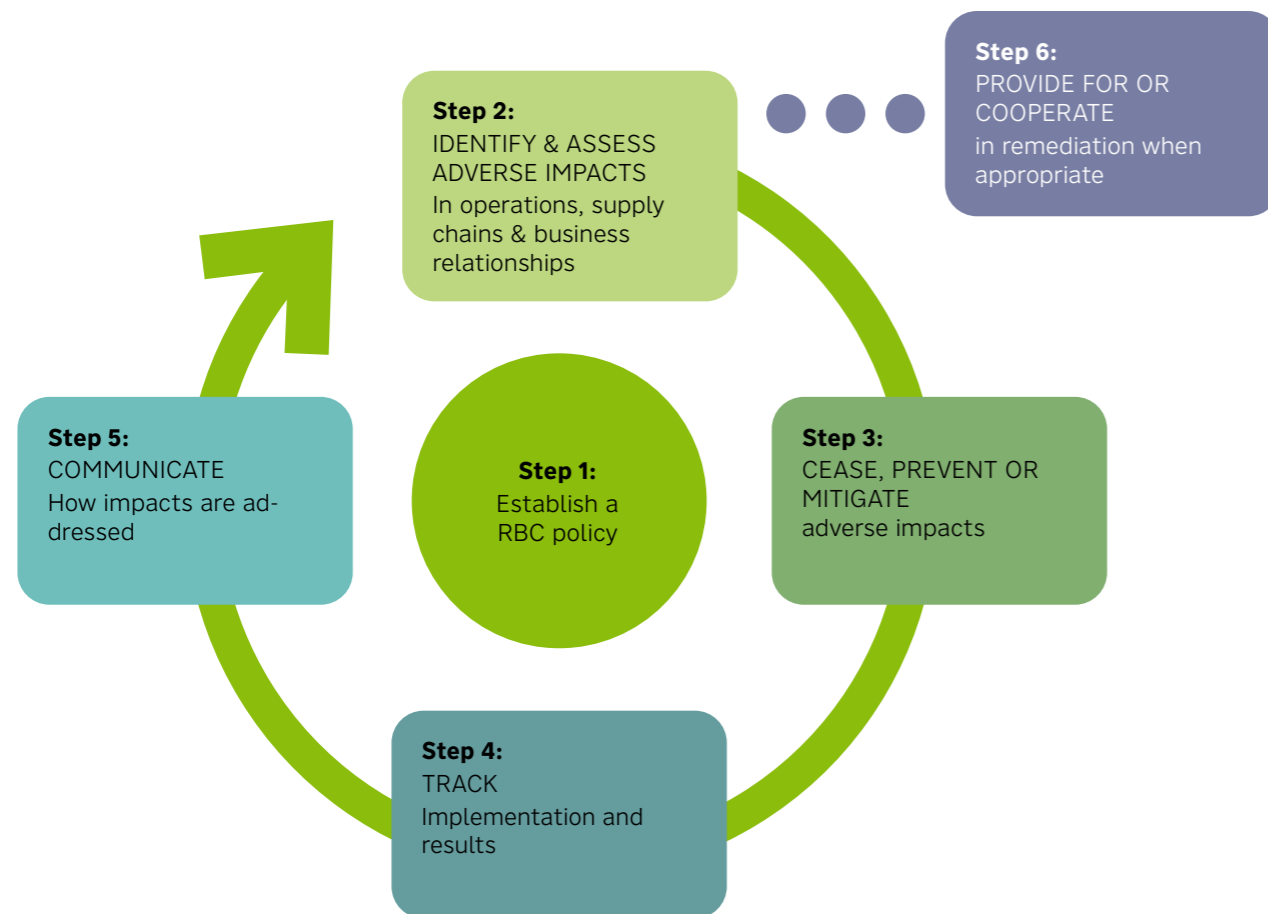


### 3.1. SOCIAL COMMITMENTS

#### 3.1.1. Human Rights Due Diligence (HRDD)

Human rights due diligence is the process by which companies identify, prevent, mitigate and account for their actual and potential negative impacts. Under due diligence, the company is expected to conduct due diligence on its own activities and those of its suppliers throughout the supply chain. Due diligence is an ongoing process that recognizes that risks may change over time as the company expands its operations.

ALBIRO is committed to reviewing its own practices to avoid negative impacts, conducting a risk assessment, setting priorities, and engaging in prevention and improvement accordingly. This is called a risk-based supply chain improvement cycle and includes 6 steps.



#### Step 1: Establish a Responsible Business Conduct (RBC) policy

As part of our human rights due diligence policy, we created our own “Declaration of Principles on Respect for Human Rights”. The policy was completed in collaboration between the HR-, Purchasing-, Production- and Sustainability department, under the supervision of the CEOs. As a company that has been working on improving the working condition in our supply chain for over 12 years, existing guidelines were compiled and consolidated under the new HRDD policy. As part of this, the Employee Code of Conduct and Supplier Code of Conduct were also revised and distributed to employees and business partners.

#### Step 2: Conducting a scoping exercise, risk assessment and informing workers and suppliers

ALBIRO’s strategy has always been to maintain long-term partnerships and to continue producing in the already existing production countries. Thus, years of experience with the production partners and the countries could be gathered. Furthermore, we were able to consult studies and reports from various sources. Thus, the framework study could build on the known risks of the sector and the relevant risk factors were considered. Furthermore, we spoke with worker representatives from various production sites and asked for their insight. Based on this, it was possible to determine the likelihood of risks and the severity of damage. Referring to this information, the ALBIRO risk assessment tool was created. This covers all 8 codes of labour practices and includes two further categories, which are divided into main risks and related risks. The small number of production sites allows us to perform a separate risk analysis for each production. This allows us to specifically address each production site. For more, pls see point 6 “System for monitoring and remediation”.

In order to substantiate our prevention program with well-founded knowledge, we conducted an anonymous employee survey in 2023 in three productions with 100% capacity utilization. Based on the evaluation, we were able to expand and revise our existing prevention programs.

#### Step 3: stopping harm, prioritising and implementing programmes

The negative impacts, risks and issues identified in the risk assessment are discussed with business partners and employee representatives and addressed in a plan. As a company, we are responsible for negative impacts on human rights as soon as we cause them, contribute to them or are involved in them. If one of these statements applies, we develop an action plan together with the affected production facility that includes improvement or prevention programs, including a timetable and a capacity assessment.

#### Step 4: tracking and validating on progress made in the Implementation and Prevention Programmes

The Prevention Programs are discussed with the productions on a monthly basis via an Excel list or Google Drive list. This is partly carried out via video calls. This ensures that both parties are up to date and can continue to work on the individual points. In the coming years, we will use a system to evaluate whether the measures to prevent and remedy human rights violations have been effective..

#### Step 5: Publicly reporting on risks and progress

As part of our annual social report, we provide detailed information on our human right’s due diligence. As a member of FairWear Foundation, we evaluate our system for assessing progress at individual production sites. The result will be reflected in the Brand Performance Check.

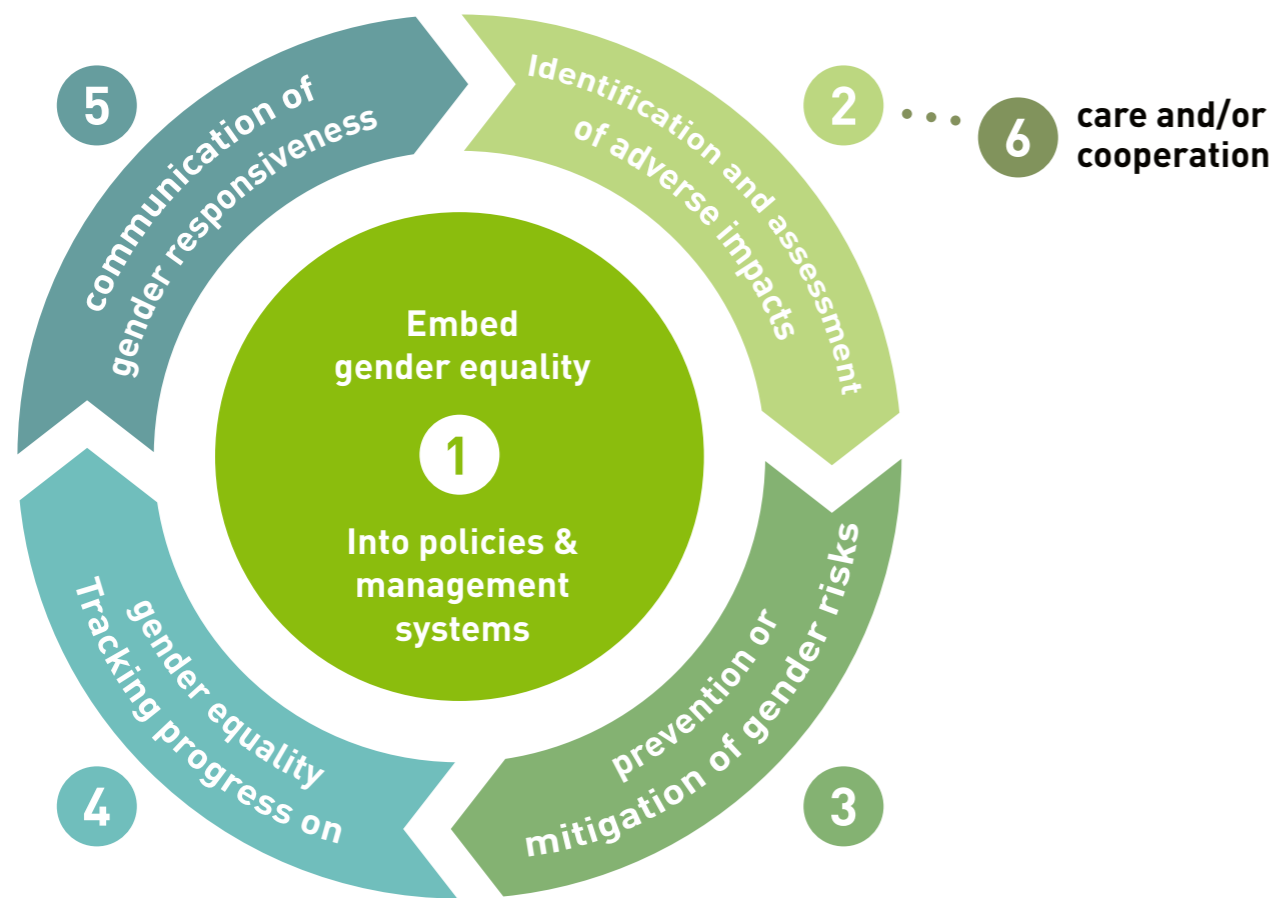
#### Step 6: Provide for or cooperate in remediation when appropriate

Throughout all these steps we make sure that we provide for remediation, including working on improving labour rights, and to cooperate with other member brands and non-member brands.



### 3.1.2 Gender-Responsive Due Diligence (GRDD)

Gender due diligence applies a gender lens to each step of the due diligence process to minimize the adverse impact on women and contribute to gender equality. Women are often disproportionately affected by adverse business practices, warranting due diligence responsive to their particular needs. GRDD is based on the recognition that human rights violations are not gender neutral and should not be treated as such. GRDD builds on HRDD by using the same six-step framework as presented in the OECD Guidelines for Responsible Business Conduct. While in a regular HRDD process gender could be added as a separate topic, GRDD includes gender in all steps and activities of the due diligence process.



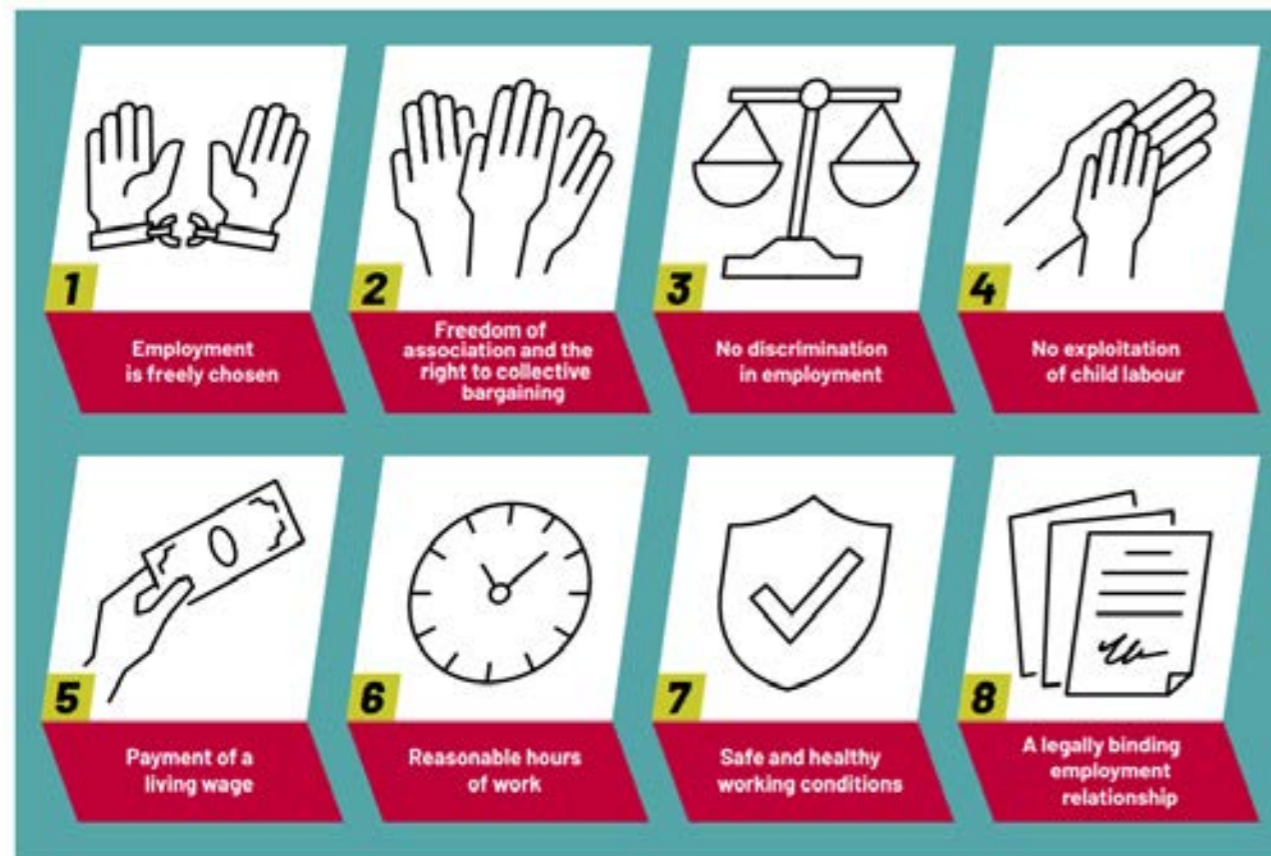
- Step 1: Embed gender equality into policies and management system**  
A gender lens has been included into our “Declaration of Principles on Respect for Human Rights”, “Employee Code of Conduct” and “Supplier Code of Conduct”.  
We started to work on a new internal regulation which includes support for women and their special needs, for example extended maternity leave etc
- Step 2: Identification and assessment of adverse impacts**  
The ALBIRO risk assessment includes a gender-responsive scoping assessment to identify and assess adverse impacts relating to human rights, labour rights, and the environment. For each identified risk we check the likelihood and the impact of the risk and how they differ for men and women.
- Step 3: Prevention or mitigation of gender risks**  
The negative impacts, risks and problems identified in the risk assessment are discussed with the business partners and employee representatives and addressed in a plan. When drawing up this plan, we assess what measures we need to take and whether different measures need to be taken depending on the gender of the group affected. In this way, we take the gender perspective into account in our plans to ensure that the measures we take are appropriate and effective.  
The anonymous employee survey conducted in 2023 also included a section on the topic of equal opportunities
- Step 4: Tracking progress on gender equality**  
The Prevention Programs with the included gender lens, are discussed with the productions on a monthly basis via an Excel list or Google Drive list. This is partly carried out via video calls. This ensures that both parties are up to date and can continue to work on the individual points. In the coming years, we will use a system to evaluate whether the measures to prevent and remedy gender violations have been effective.  
Through this evaluation we will collect gender-disaggregated data and we will work with suppliers to set up a social auditing system in a gender-sensitive way
- Step 5: Communication of gender responsiveness**  
As part of our annual social report, we provide detailed information on our human right’s due diligence. As a member of FairWear Foundation, we evaluate on our system for assessing progress at individual production sites. The result will be reflected in the Brand Performance Check.
- Step 6: Support and provide for remediation**  
If adverse impacts occur we will support and provide for remediation. We will design processes and mechanisms to provide equal access and outcomes for all genders. Complaint mechanisms in our productions are designed to be easily accessible, efficient and secure. Complaints are made anonymously and by telephone, through a third party. In doing so, the protection of the aggrieved person is guaranteed at all times. In countries with multiple languages, we provide information on the complaint mechanism in all languages.



### 3.1.3. Fair Wear Foundation (FWF)

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 affiliat-

ed 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.



FairWear's work is now based on a "risk-based approach", which was developed to ensure alignment with the OECD Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector. The alignment with these guidelines required a redesign of the Brand Performance Check and a specification of expectations for member brands.

With a benchmark score of 71 points and a monitoring threshold of 100%, Albiro has achieved the category "leader" in 2023

### 3.1.4. amfori BSCI

Since 2009, ALBIRO is also a member of amfori BSCI. BSCI is an initiative of the Foreign Trade Association (FTA), the leading business association of European and international commerce that brings together retailers, importers, brands and national associa-

tions 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

<p><b>The Rights of Freedom of Association and Collective Bargaining</b> Our enterprise respects the right of workers to form unions or other kinds of workers' associations and to engage in collective bargaining.</p>	<p><b>Ethical business behaviour</b> Our enterprise does not tolerate any acts of corruption, extortion, embezzlement or bribery.</p>
<p><b>Fair remuneration</b> Our enterprise respects the right of workers to receive fair remuneration.</p>	<p><b>No discrimination</b> Our enterprise provides equal opportunities and does not discriminate against workers.</p>
<p><b>Occupational health and safety</b> Our enterprise ensures a healthy and safe working environment, assessing risk and taking all necessary measures to eliminate or reduce it.</p>	<p><b>Decent working hours</b> Our enterprise observes the law regarding hours of work.</p>
<p><b>Special protection for young workers</b> Our enterprise provides special protection to any workers that are not yet adults.</p>	<p><b>No child labour</b> Our enterprise does not hire any worker below the legal minimum age.</p>
<p><b>No bonded labour</b> Our enterprise does not engage in any form of forced servitude, trafficked or non-voluntary labour.</p>	<p><b>No precarious employment</b> Our enterprise hires workers on the basis of documented contracts according to the law.</p>
<p><b>Protection of the environment</b> Our enterprise takes the necessary measures to avoid environmental degradation.</p>	

### amfori BSCI Approach

<p><b>Code Observance</b> Our enterprise is obliged to protect workers' rights as mandated by the law and the amfori BSCI Code.</p>	<p><b>Supply Chain Management and Cascade Effect</b> Our enterprise uses the amfori BSCI Principles to influence other business partners.</p>
<p><b>Workers' Involvement and Protection</b> Our enterprise keeps workers informed about their rights and responsibilities.</p>	<p><b>Grievance Mechanism</b> Our enterprise provides a system to collect complaints and suggestions from employees.</p>

[www.amfori.org](http://www.amfori.org) Trade with purpose

### 3.1.5. Women Empowerment Principles

To promote gender equality and women's empowerment, the Women's Empowerment Principles, a set of principles, were launched. These were developed in cooperation between UN Global Compact and UN Women and are based on international labour and human rights standards.

At ALBIRO we believe in an equal, diverse and inclusive society where everyone is treated with dignity and respect. We are committed to creating a safe and respectful work environment that encourages

diversity. While applying a gender lens we also consider intersecting realities and identities, such as migration status, age, race, ethnicity, caste, sexual orientation, disability or gender identity. Women are actively involved in our business practices, from the production up to the executive management. With the empowerment of women, we want to close disadvantages for women and to overcome the gender gap. By signing the Women's Empowerment Principles, we show that gender equality is rooted in our company.



In 2022, we started implementing the 7 principles in our company.

**Principle 1** has been implemented. A team from the CSR and HR department has been formed, in cooperation with the management. Furthermore, in 2024 we will ensure that our producers also provide a contact person on the subject of “equal rights” to all workers.

**Principle 2** is a continuous process. At ALBIRO, all employees are treated equally and fairly, which is also fixed in our employee regulation. Furthermore, all internal and external documents and contents were rewritten in gender neutral language. Our productions had to sign a new Supplier Code of Conduct in 2022, which again underlines the equality of women.

**Principle 3** is regulated in Switzerland by the Labour Act, Article 6. Ordinance 3 to the Labour Act concretizes this requirement and describes in principle in Art.2: “The employer must take all measures necessary to maintain and improve health protection and to ensure the physical and mental health of employees”. At ALBIRO, we maintain an open dialogue between management, department heads and employees. Thus, we gladly accept comments regarding the design of the workplace and implement them whenever possible. For example, height-adjustable standing desks have been made available to all employees. Some of the occupational health and safety laws in our production facilities are not as strict as in Switzerland. For this reason, we review them through our production visits and numerous on-site audits. In the resulting health&safety reports and CAPs, we address improvements and remedy the findings in cooperation.

**Principle 4** is an ongoing process. We advocate and support the promotion of education and the professional development of men, and in particular, women. In recent years, for example, there have been numerous official, school-based training courses. Furthermore, ALBIRO is a training company and each year two apprentices are contracted. We support our producers with trainings from FairWear. In North Macedonia the WEP training is offered. The WEP aims to give factory managers and workers the tools they need to start an open dialogue about problems and opportunities in the workplace and how to improve working conditions in the factory. Increased awareness of labour standards, along with functioning grievance systems, can help improve working conditions. In India, we were

able to conduct the WEP training “Prevention of Violence and Harassment».

**Principle 5** addresses the implementation of corporate development, supply chain and marketing practices. ALBIRO is a collaboratively managed company. The percentage of women at the management level is approximately 40%. The overall percentage of women is over 60%. Women make up a major part of our business structure. For this reason, we addressed the issues of career opportunities, part-time models, parental leave, etc. at an early stage and specified them in our employee regulations. We live in a multi-layered society and are convinced that role diversity should also be reflected in our advertising and marketing practices. For this reason, we completely avoid stereotypes and old patterns. Through our Suppliers Code of Conduct, we also expect this behaviour from our business partners and producers. As a member of the FairWear Foundation, we rely on the “Code of Labour Practices” (CoLP). This includes eight labour standards derived from the ILO Conventions and the UN Declaration of Human Rights.

- Free choice of work
- Freedom of association and the right to collective bargaining
- No discrimination in the workplace
- No exploitation through child labour
- Payment of living wages
- Reasonable working hours
- Safe and healthy working conditions
- A legally binding employment relationship

The listed labour standards represent the basic requirement for all our business partners and must be respected and complied with. The workforce must be informed about the labour standards, the monitoring process, and their rights. This must be done in particular by providing information at the production sites.

**Principle 6** has been implemented through various collaborations with organizations such as FairWear and amfori BSCI. Both organizations have the goal to eliminate discrimination and exploitation against women and girls.

**Principle 7** has been carried out throughout our annual reporting. As a member of the FairWear Foundation, we report on our sustainability efforts, goals and obstacles in our ALBIRO social report. By addressing goals, we can measure our progress and evaluate them at the end of the year



## 3.2. ECOLOGICAL COMMITMENTS

### 3.2.1. ISO 14001:2015 Certification of environmental management systems

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.



## 3.2. COLLABORATION

To strengthen our impact in our sustainability efforts, we collaborate with other companies, non-profit organizations and government agencies. Joint audits, training, risk analyses, corrective action plans, prevention programs and joint projects in production or production countries are ways of increasing the impact.

Steps in 2023:

Together with two other FWF member brands, we were able to implement a training at one of our production partners in Turkey. We are now working together on the follow-up and we are planning to

conduct a cooperative audit at this factory to share the corrective action plan which helps us to implement measures effectively together.

In North Macedonia we reached out to the non-profit organisation Glasen Tekstilec. This organisation is fighting for human's and worker's rights as well as raising the awareness of workers, since 2017. The organization was able to give us a good insight into the working world in North Macedonia and inform us about the possibilities of training the workers

## 4. SUMMARY OF THE GOALS & ACHIEVEMENTS 2023

GOALS FOR 2023/2024	ACHIEVEMENTS IN 2023
Established a gender strategy with time-bound targets.	A gender lens has been embedded in our policies “Declaration of Principles on Respect for Human Rights”, “Employee Code of Conduct” and “Supplier Code of Conduct” and in our risk assessment. The second step, to define time-bound targets based on our risk assessment, was started through the individual points defined in the prevention program. Since 2023 our suppliers are working on the implementation.
Transparent price costing and wage calculation through FWF fair price app.	In the last quarter of 2023 we were able to support two factories with another FWF fair price app training, to improve their knowledge of cost calculation. Thus, the factories in North Macedonia were finally able to calculate all styles through the FWF fair price app.
Preparation of new living wage projects in our own production factories.	The target wage has been updated in 2023. Another 3% have been added on top of the fixed target wage in 2022. In the beginning of 2024 the legal minimum wage in Serbia will increase by another 16%. First meetings have been conducted to ensure that we will be able to continue the increase of the target wage annually.
ALBIRO wants to raise the awareness of the FWF CoLP and complaints hotline at our production locations.	In 2023 we were able to handover 200 powerbanks with the printed FWF hotline to the workers of two main factories in North Macedonia.
Involve workers to improve working conditions.	At the end of 2023, we were able to conduct anonymous employee surveys in 3 production facilities, which we utilize 100%. We were able to use the evaluations to incorporate the voices of the workers into the improvement of working conditions on site. In 2024, we would like to extend the surveys to other production facilities.
Increase transparency in the supply chain.	First and foremost, it is important to rely on a small number of main suppliers in order to reduce the complexity of supply chains. Therefore, we have expanded our knowledge of our Group 2 suppliers. We have received a list with the names and addresses of the knitting departments, the fabric suppliers, the printers and the embroiders from all our productions. It is our aim to include these suppliers in the auditing of our production facilities in the near future. For our Group 1 suppliers we already know the fabrics, dyeing departments, knitting/weaving departments and finishers, as the sourcing is handled entirely by ALBIRO.

GOALS FOR 2023/2024	ACHIEVEMENTS IN 2023
To build a competence centre of weatherproof clothing in our own production in Serbia. <b>Done starts in September 2024</b>	New Development Center in cooperation with ALBIRO AUSTRIA for an additional opportunity to produce for third party customers and to expand the portfolio of service. Like grading, first prototypes, make ups. In order to achieve a better positioning of ALBIRO DOO in the ABLIRO Group. <b>Done starts in September 2024</b>
To stabilize the production unit by increasing the order volume, reducing the sick leave rate and concentrate on producing styles of functional wear with similar characteristics. And finally, to increase the output and turnover. <b>Done starts in September 2024</b>	First steps have been implemented in 2021. A management team has been set up and the organizational structures have been initiated. The company concentrates on producing weatherproof clothing and functional garments. Technical staff has been enlarged as well as necessary machines been invested. Done starts in September 2024 <b>New employee's for production / warehouse / raw material warehouse</b> <b>2 employees for the production line, 1 employee for the warehouse, 1 employee for the raw material warehouse, 1 assistant for the technical management, In total 5 new employees for 2024</b>
To stabilize the production unit by increasing the order volume, reducing the sick leave rate and concentrate on producing styles of functional wear with similar characteristics. And finally, to increase the output and turnover. <b>Done starts in September 2024</b>	Despite of a high rate of sick leave caused by COVID in the beginning of the year the productivity of the unit could be considerably increased. Also, the sick leave rate could be decreased especially during the last quarter and new employees could be recruited. The company could acquire an important order which guarantees that the capacities will be completely covered in 2023.
Keep the FWF “Leader” status over the coming years.	ALBIRO achieved this goal in 2023.



## 5. SOURCING STRATEGY AND SUPPLIERS

### 5.1. PURCHASING PRACTICES

#### Procedure before placing orders at new suppliers

Requests from new production locations are forwarded via purchasing department, to our production management and the sustainability department. Existing audit reports, country studies, risk analyses, etc. are then reviewed. The purchasing -, production - and sustainability departments determine whether the company can be added into our suppliers list. If so, the necessary documents, including the FWF workerhseet with the complaint hotline are sent to the production for signature. The consent from the potential supplier is the basic requirement for a business relationship. Before the company can be included in our supplier list, the Production Manager or CSR Manager visits the production site and conducts a Health&Safty Check, including photos, and holds discussions with management and worker representatives. In a further step, the "Supplier checklist" document must be completed in order to be able to open the company in our system.

#### Production countries

Whenever possible, production facilities that are already working for ALBIRO are prioritized. If these suppliers can not be taken into account, for example due to customer-specific requirements, the country of production must be considered when selecting new suppliers. Preference will be given to countries in which ALBIRO is already active, in order to take advantage of our know-how and to create synergies.

When selecting new suppliers, the internal risk analysis, the amfori BSCI "Country's Risk Classification" and the "amfori country due dilligence tool" will be consulted. In the context of ALBIRO due diligence and risk assessment, countries that have been classified as "low risk countries" should be favored. "High risk countries" have a higher risk of human rights violations against workers and may prevent adequate due diligence due to poor governance and political instability. Countries that have been classified as "Most Severe Risk Countries" are excluded.

China represents a special position in the due diligence framework, The rights to freedom of association and collective bargaining are among the central fundamental rights and international labor standards, the ILO core labor standards, and are severely restricted in China by legal provisions. For this reason, it must be ensured, particularly in the case of Chinese suppliers, that employees are provided with an alternative, independent representation of their interests.

#### Establishment and termination of supplier relationships

In 2023 we started to work with a new supplier in Turkey. Our procedure before placing orders and our approach to production countries has been applied. Our due diligence was carried out in the course of 2022 and a first order was then placed in 2023.

No relationships with suppliers were terminated in 2023.

#### Exit strategy

We are clearly committed to working together to improve, rather than terminate relationships. If a supplier repeatedly fails to meet our minimum requirements and all efforts on our part do not lead to the desired result, we reserve the right to reduce the order quantities. If the measures taken are not effective, we will terminate the business relationship as a last resort, through a fair and planned exit strategy as following:

- We will Inform the affected suppliers as soon as possible and provide a transparent explanation of the reason for termination.
- We will determine the social impact on employees, in cooperation with workers' representatives, to mitigate or prevent the negative impact.
- We ask ourselves the following question:
- Will the exit result in layoffs or closure? If so, we will ensure that the supplier complies with severance laws and monitor whether the supplier is financially able to cover these costs.
- We will inform FairWear
- We will develop an exit plan (phase-out plan for production orders with clear timetable, support in finding new customers, plan for reduction of orders over time, short-time work, reduction of shifts etc.)
- We will Involve the necessary stakeholders to minimize negative social impacts

### 5.2. PRICING STRATEGY

In 2022 prices at all producers has been modified due to the general cost increases, the jumps at costs for energy and due to the salary increase ordered by governments. The average price increase for current styles at producers on Western Balkan countries has levelled off at about 20 %. The increase rate for articles produced in Morocco is about 7-8%.

We expect further price jumps in 2023 2024 due to the prospective developments on different markets.

The price increase in energy, logistic and minimum wages will increase in general for 2024. Manufacturing costs in our production places for 2024 will be rising in about 6-10 %.

We want to ensure that our own purchasing practices do not conflict with the requirements of our due diligence. Regular exchange, open communication and clear expectations play an important role in meeting this challenge.

#### Strategic planning and forecasting

As part of our commitment to good communication, we send production schedules to our production companies in advance, with early information on product specifications and exact quantities wherever possible. In doing so, we ensure that the stated production timescales are achievable and define responsibilities to ensure a smooth process and avoid overtime. Deviating forecasts and updates are discussed with the supply companies as early as possible and last possible order dates are negotiated. By producing our own brands and NOS items, as well as individual corporate fashion solutions, we are able to relieve the production facilities in the peak season and place large orders in the off-seasons.

### Design and product development

Late changes to a product's design or poor communication can lead to tight production lead times, which can affect factory working conditions and product quality. We focus on clear product specifications through detailed working documents that reduce errors on both sides, saving costs and time. Our employees know the production facilities and their machinery and can thus ensure production capability in advance. With trained employees, we ensure that the entire workforce is aware of the effects of changes to the product. Through structured processes and quick sample turnaround, we can shorten lead times, resulting in longer production times and reducing the risks of excessive overtime or subcontracting.

### Price negotiations and contract conclusion

Transparent price calculations and fair prices create trust and are the basis for higher wages in the production facilities. Rising costs, such as minimum wage increases or energy prices, are discussed in an open dialogue between the production companies and the management. We encourage our production companies to work with FairWear's fair price app in direct dialogue or through training. With the help of this tool, production companies can clearly summarize all cost points and calculate the unit prices of a model with little effort when paying the minimum wage, when paying a target price or when paying a living wage. In addition, one can actively and quickly respond to cost developments and adjust prices promptly. Furthermore, we ensure that fair payment terms are agreed with the production company in advance. Whenever possible, ALBIRO AG waives penalties. If these do occur in extreme cases, they are transparent and contractually regulated. Payment procedures for our selected suppliers are clearly agreed in advance and our policy is that all invoices are paid on time.

## 5.3. 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 setting up 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, Bulgaria, Slovakia and India. 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.

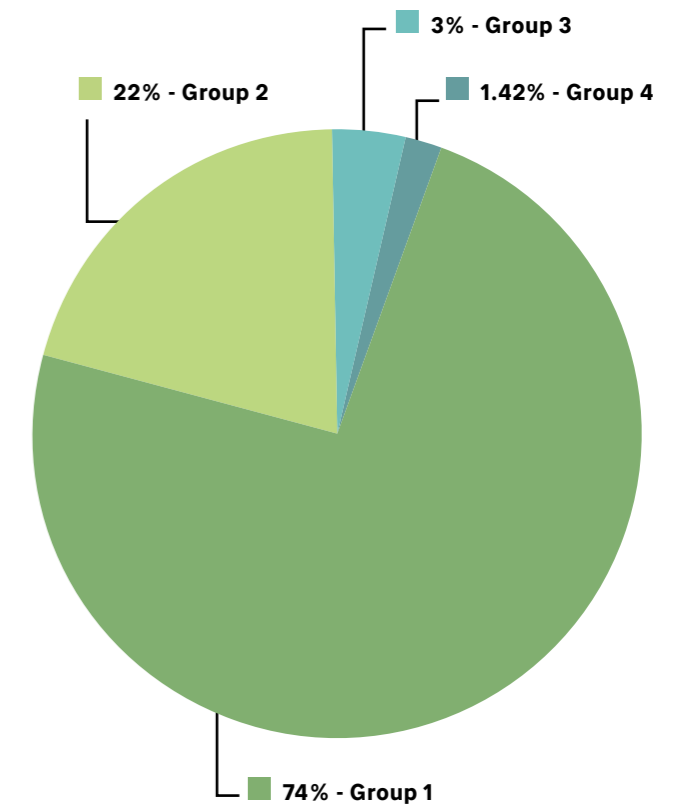
### ■ Group 3 products - Trade items

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.

### ■ 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.

Division of the Groups 2023





## 5.4. PRODUCTION CYCLE

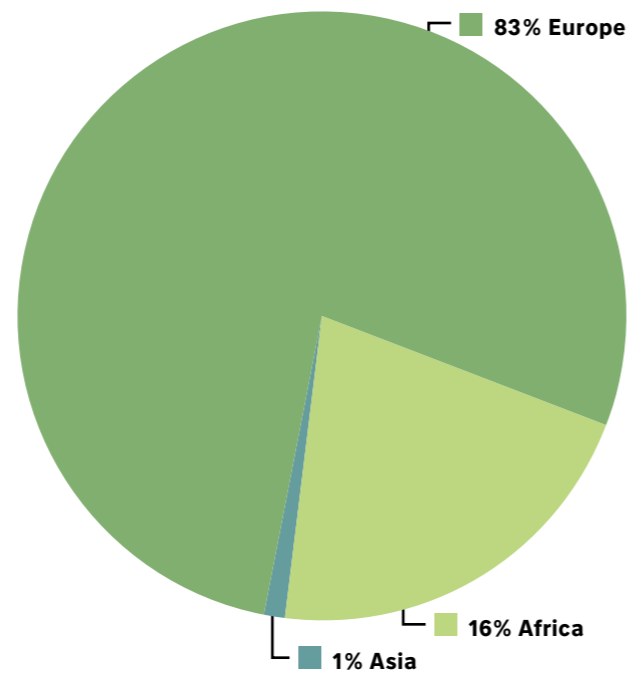
Workwear is only marginally influenced by fashion trends and can be therefore planned and produced without seasonal variations. High volume of "Corporate Fashion" orders at our brand ALBIRO might cause some production fluctuations. Thanks to our financial independence, our modern ERP-System, our long-standing 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.



## 5.5. SUPPLIERS RELATION

ALBIROs main productions are located in Europe. This represents an overall production volume of 83%. Only 16% 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 2023



## 6. SYSTEM FOR MONITORING AND REMEDIATION

ALBIROs 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 and are discussed regularly each month and

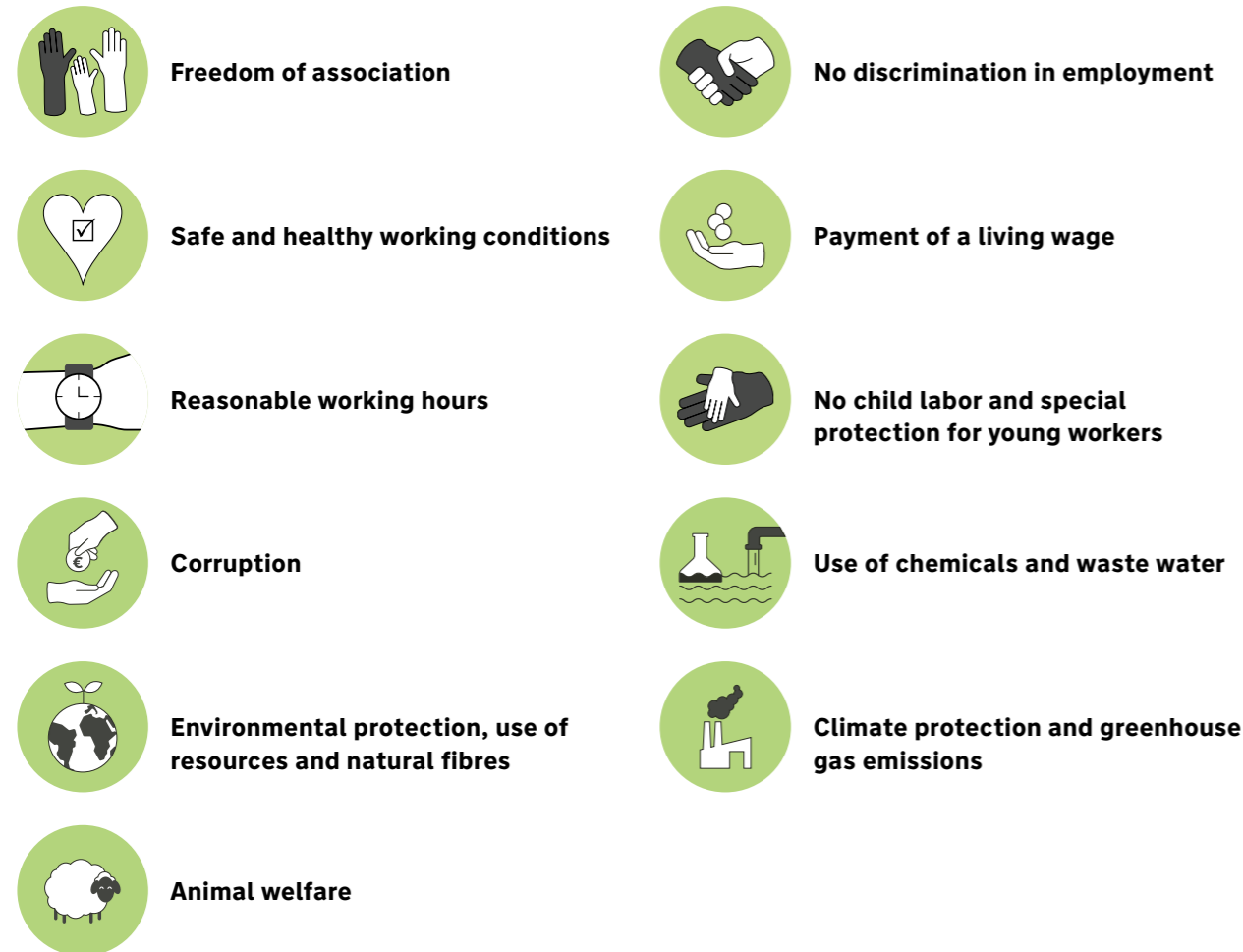
is an integral part during our production visits. Regardless which audit has been carried out, ALBIRO supports the efforts of the production facilities in order to improve its working conditions. As part of the HRDD policy, we have transformed the action-oriented approach into a risk-based approach and created a prevention program for each production in 2023, which was sent to the individual productions and is being worked on successively.



## 6.1. HUMAN RIGHTS ASSESSMENTS

According to Step 2 of our HRDD process, we conducted a risk assessment at business level, sector level, country level and production level. Beside that we carried out a separate risk assessment on the topic "gender equality"

### Our Sector Risks



### 6.1.1. Our Salient Human Rights Issues

Salient human rights are the issues at the highest risk for serious negative impact and therefore require attention to mitigate the risk to people. Based on our risk assessments, which included internal and external consultations and analysis of public data, we confirmed six issues that could pose the greatest risks to people in our value chain. This process helps ensure that we have the appropriate policies and procedures in place to help prevent and address potential human rights risks across our value chain."

### Our Country Risks:

Code of Labour Practice / country	Bosnia and Herzegovina	Bulgaria	India	Morocco	North Macedonia	Serbia	Slovakia	Turkey
Employment is freely chosen (ILO Conventions 29 and 105)	Green	Green	Yellow	Yellow	Green	Green	Green	Green
"Freedom of association and the right to collective bargaining (ILO Conventions 87 and 98)"	Yellow	Green	Red	Red	Yellow	Yellow	Green	Red
"There is no discrimination in employment (ILO Conventions 100 and 111)"	Yellow	Green	Red	Yellow	Yellow	Green	Green	Green
"No exploitation of child labour (ILO Convention 138 and 182)"	Green	Green	Red	Yellow	Green	Green	Green	Red
"Payment of living wage (ILO Conventions 26 and 131)"	Yellow	Yellow	Red	Yellow	Yellow	Yellow	Yellow	Red
"Reasonable hours of work (ILO Convention 1)"	Yellow	Green	Red	Yellow	Red	Yellow	Yellow	Yellow
"Safe and healthy working conditions (ILO Convention 155)"	Green	Yellow	Yellow	Yellow	Yellow	Yellow	Green	Yellow
"Legally binding employment relationship (ILO Recommendation (No. 198)"	Yellow	Yellow	Yellow	Yellow	Green	Green	Green	Red
<b>Result:</b>	Moderate Risk	Moderate Risk	Very High Risk	High Risk	Moderate Risk	Moderate Risk	Low Risk	Very High Risk

### Our Gender Lens:

Index / country	Bosnia and Herzegovina	Bulgaria	India	Morocco	North Macedonia	Serbia	Slovakia	Turkey
"The Global Gender Gap Index (2023) Ranking 1 to 146"	86	65	126	136	73	38	63	129
"Social Institutions & Gender Inequality Index (2022) 0 = Almost equal 1 = Inequality"	0,148	0,206	0,437	0,440	0,134	0,119	0,184	0,259
"Social Institutions & Gender Index (2023) 0 = No Discrimination 100 = Absolute Discrimination"	"27 (Classification: Low)"	"19 (Classification: Very Low)"	"43 (Classification: High)"	"49 (Classification: High)"	"22 (Classification: Low)"	"15 (Classification: Very Low)"	"14 (Classification: Very Low)"	"24 (Classification: Low)"
<b>Result:</b>	Low Risk	Low Risk	Very High Risk	Very High Risk	Low Risk	Very Low Risk	Very Low Risk	High Risk





## 6.2. NORTH MACEDONIA

### Current situation:

In 2023, North Macedonia faced the ongoing political and economic challenges of recent years. Corruption is one of the prevailing issues that has caused citizens' trust in the system to decline. Even in 2023, no positive reforms or significant progress have been made. The second term of the DUI-SDSM coalition government ended in 2023. Parliamentary elections are expected to be held in North Macedonia on 8 May 2024. EU accession talks are still ongoing. In order to actually become a member, North Macedonia must agree to an amendment to the constitution, which enshrines Bulgarians as one of the founding peoples of the state.

### Wage structure:

In 2023 the minimum wage has been raised from 18.000 MKD/net in 2022 up to 20.175 MKD/net. That means the wages increased by 12.08%. However, the living wage determined by NGO should be around MKD 55.000 net. During our anonymous worker survey, which has been conducted in winter 2023, workers stated that they would need approximately 35.000MKD for a decent living (Reference family size: 4 / Number of workers per family: 2). The gap between minimum wage and living wage is still high.

SITUATION:	BASED ON OUR RISK PROFIL, VISITS AND THE AUDIT RESULT, WE HAVE TAKEN THE FOLLOWING STEPS
RISK:	ACHIEVEMENTS IN 2023
 <b>Freedom of association</b>	Creation of a document based on a collective bargaining agreement, which is signed between the workers representatives and the management. As no trade union is active in the production facilities, the document cannot be considered a CBA. However, if employees decide to join a trade union, this document can be used as a basis. This Agreement can be used as a template for the remaining productions. We expect to finalise the agreement in 2024.
	Conducting several intensive discussions with the employee representatives. During the discussions, it became clear that the employee representatives need help in implementing their duties. In 2024, ALBIRO will organize training sessions for the employees in this regard via FairWear.
	Meeting with the non profit organisation Glasen Textilec. Discussion of possible cooperation in relation to employee training and the provision of information material relating to trade unions.
	Realization of anonymouse worker surveys in two factories. The outcome will be included in our prevention programm and risk profil in 2024.
	Raising the awareness of the FWF complaints helpline, by providing the workers a powerbank with the FWF helpline number.
 <b>Reasonable working hours</b>	Working on the complaint #1551 regarding saturday work
	Development of a strategy how to vanish Saturday work completely with the help of one of our supplier in North Macedonia.
	Paying higher prices to make sure that premium rates will be paid.
 <b>Payment of a living wage</b>	Conducting Fairprice app trainings
	Assistance with price calculations. Building up knowledge about fixed and variable costs
	Use of the Fairprice app by two of our productions, which we utilize to 100 percent capacity
	Agreement on price increases with two of our main suppliers, which we utilize to 100 percent capacity
 <b>Safe and healthy working conditions</b>	Resumption of the living wage project in one production
	An elevator transporting material vertically was discovered in a production facility. On the second floor of the factory, the elevator shaft door could be opened even though the elevator was not on that floor. The door has now been fitted with a system that prevents it from opening if the elevator is not on the same floor.
	In one production we have asked the factory to measure the noise in cooperation with a occupational safety expert. Based on the obtained results, PPE has been provided to the workers in the emroidery department"
	In one production a missing fence on the loading dock was discovered. The fence has been installed in 2023

**Factory KRZNO doel**

Year of starting business		2004
Percentage of total production		44%
Estimated leverage		100%
Date of last visit		November 2023/CSR
Date of last audit		9.-10.9.2022/FWF
Date of last training		26.10.2020/strengthening worker representatives 09.11.2023/Fairprice app training
Products		Workwear, Outdoor
Workers		Employees: 195
Complaints:		December 2023 #1551

**Factory Risks:**

Code of Labour Practice	Risk
“Employment is freely chosen (ILO Conventions 29 and 105)”	
“Freedom of association and the right to collective bargaining (ILO Conventions 87 and 98)”	
“There is no discrimination in employment (ILO Conventions 100 and 111)”	
“No exploitation of child labour (ILO Convention 138 and 182)”	
“Payment of living wage (ILO Conventions 26 and 131)”	
“Reasonable hours of work (ILO Convention 1)”	
“Safe and healthy working conditions (ILO Convention 155)”	
“Legally binding employment relationship (ILO Recommendation No. 198)”	

**Factory Riteks doel:**

Year of starting business		2005
Percentage of total production		4%
Estimated leverage		100%
Date of last visit		November 2023/CSR
Date of last audit		14.-15.05.2021/FWF
Date of last training		24.12.2022/FWF WEP training 09.11.2023/Fairprice app training
Products		Workwear
Workers		Employees: 75
Complaints:		-

**Factory Risks:**

Code of Labour Practice	Risk
“Employment is freely chosen (ILO Conventions 29 and 105)”	
“Freedom of association and the right to collective bargaining (ILO Conventions 87 and 98)”	
“There is no discrimination in employment (ILO Conventions 100 and 111)”	
“No exploitation of child labour (ILO Convention 138 and 182)”	
“Payment of living wage (ILO Conventions 26 and 131)”	
“Reasonable hours of work (ILO Convention 1)”	
“Safe and healthy working conditions (ILO Convention 155)”	
“Legally binding employment relationship (ILO Recommendation No. 198)”	



**Factory Galateks doel:**

Year of starting business		2019
Percentage of total production		2%
Estimated leverage		30%
Date of last visit		November 2023/CSR
Date of last audit		10.-13.07.2020/FWF 18.02.2022/amfori BSCI/full Audit
Date of last training		03.07.2020/FWF WEP training
Products		Workwear
Workers		Female: 138 / Male: 13 Migrants/Refugees: 0
Complaints:		-

**Factory Risks:**

Code of Labour Practice	Risk
“Employment is freely chosen (ILO Conventions 29 and 105)”	
“Freedom of association and the right to collective bargaining (ILO Conventions 87 and 98)”	
“There is no discrimination in employment (ILO Conventions 100 and 111)”	
“No exploitation of child labour (ILO Convention 138 and 182)”	
“Payment of living wage (ILO Conventions 26 and 131)”	
“Reasonable hours of work (ILO Convention 1)”	
“Safe and healthy working conditions (ILO Convention 155)”	
“Legally binding employment relationship (ILO Recommendation No. 198)”	



**6.3. MOROCCO**

**Current situation:**

The earthquake that took place on September 8th was probably the most significant event in 2023. More than 2,900 people were killed and 5,500 people injured. Its epicenter was located about 72 km south-west of Marrakech, in Morocco's Al Haouz province. Our partner production MTM is located in Fez, which is about 580 km away from the outbreak of the earthquake. This means that luckily our production partner was not directly affected by the earthquake.

**Wage structure:**

The minimum wage has been revised in Morocco, with the effect from September 2023. The minimum wage has been increased in public sector, from 3500 MAD to 3675 MAD per month and in private sector from 2902 MAD to 3120 MAD per month and 15.55 MAD to 16.32 MAD per hour. The costs for living of a family of four depend on the living area and was determined by official authorities with MAD 11'000 which shows a big lack and the hard-living conditions in this country.

SITUATION:	BASED ON OUR RISK PROFIL AND THE AUDIT RESULT, WE HAVE TAKEN THE FOLLOWING STEPS
RISK:	STEPS IN 2023
<b>Freedom of association</b>	In the past, employer representatives were not provided with a meeting and exhibition area where they could communicate freely and privately with employees. This was remedied by the management in 2023. The employee representatives can now hold their meetings in the canteen. This room is protected and offers sufficient privacy.
<b>Payment of a living wage</b>	The company pays all employees at least the minimum wage. However, it is currently not possible to pay living wages. The living wage was calculated and determined 2023 with the help of amfori BSCI. On this basis, production and ALBIRO will hold talks in order to achieve a living wage in the longterm. This will be addressed in 2024.

**Factory MTM CONFECTION:**

Year of starting business		2008
Percentage of total production		17%
Estimated leverage		100%
Date of last visit		12.09.2023/Head of production
Date of last audit		06.06.-07.06.2023/amfori BSCI/full Audit
Date of last training		-
Products		Workwear
Workers		Female: 138 / Male: 20 Migrants/Refugees: 0
Complaints:		-

**Factory Risks:**

Code of Labour Practice	Risk
“Employment is freely chosen (ILO Conventions 29 and 105)”	
“Freedom of association and the right to collective bargaining (ILO Conventions 87 and 98)”	
“There is no discrimination in employment (ILO Conventions 100 and 111)”	
“No exploitation of child labour (ILO Convention 138 and 182)”	
“Payment of living wage (ILO Conventions 26 and 131)”	
“Reasonable hours of work (ILO Convention 1)”	
“Safe and healthy working conditions (ILO Convention 155)”	
“Legally binding employment relationship (ILO Recommendation No. 198)”	



**6.4. BOSNIA**

**Current situation:**

In December 2022, the European Council approved Bosnia and Herzegovina’s status as a candidate country. This was despite the fact that not all of the necessary reforms had been implemented. However, according to the EU, these are a prerequisite for the start of negotiations. This raises hopes of serious reforms. But this will not be easy. A latent political conflict continues to simmer. Republika Srpska, one of the two entities, has been threatening to secede from the state as a whole for years. In the summer of 2023, its regional parliament passed laws that were intended to bypass the state as a whole. This was only prevented by the intervention of High Representative.

**Wage structure:**










The minimum wage in the Federation of Bosnia and Herzegovina has been revised from January 2023. The minimum wage has been increased from 543 BAM to 596 BAM per month. During our anonymous worker survey, which has been conducted in December 2023, workers stated that they would need approximately 1.000 to 1.500 BAM for a decent living (Reference family size: 4 / Number of workers per family: 2). This huge lack between minimum and living wage shows the critical social situation for the people in this country.



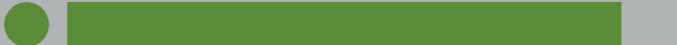

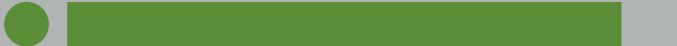


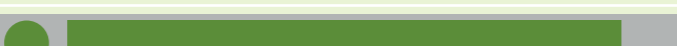
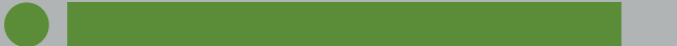

**Actions in 2023:**

SITUATION:	BASED ON OUR RISK PROFIL AND THE AUDIT RESULT, WE HAVE TAKEN THE FOLLOWING STEPS
RISK:	STEPS IN 2023
 <b>Safe and healthy working conditions</b>	It was noted during the audit in 2023 that there was no evidence that a regular inspection of the correctness and functionality of the fire alarm system was done in accordance with the law on fire protection. In September 2023, fire protection was tested and confirmed by an official company. This was validated by a further audit by amfori BSCI.

**Factory Beni-Tex:**

Year of starting business		2011
Percentage of total production		9%
Estimated leverage		100%
Date of last visit		November 2023/Head of production
Date of last audit		01.09.2023/amfori BSCI/full Audit
Date of last training		-
Products		Workwear
Workers		Female: 64 / Male: 8 Migrants/Refugees: 0
Complaints:		-

**Factory Risks:**

Code of Labour Practice	Risk
“Employment is freely chosen (ILO Conventions 29 and 105)”	
“Freedom of association and the right to collective bargaining (ILO Conventions 87 and 98)”	
“There is no discrimination in employment (ILO Conventions 100 and 111)”	
“No exploitation of child labour (ILO Convention 138 and 182)”	
“Payment of living wage (ILO Conventions 26 and 131)”	
“Reasonable hours of work (ILO Convention 1)”	
“Safe and healthy working conditions (ILO Convention 155)”	
“Legally binding employment relationship (ILO Recommendation No. 198)”	



**6.5. SERBIA**





**Current situation:**

The conflict between Serbia and Kosovo is coming to a head. Despite numerous mediations attempts by the EU, the conflict was on the verge of escalating in September 2023. A group of Serbian paramilitaries had invaded Kosovo. The situation has now eased again. The EU is in talks with both parties and is trying to mediate. Proposals for a solution have been on the table for years, but no agreement is in sight. Kosovo unilaterally declared independence from Serbia in 2008. However, Belgrade does not recognize this. The parliamentary election in Serbia took place on December 17, 2023. Shortly after the election, an international election observer mission reported a number of “irregularities”, including cases of violence, vote buying and the stuffing of ballot boxes with fake ballot papers. The Federal Foreign Office in Berlin stated that the alleged violations were “unacceptable for a country with EU candidate status”.










Serbia applied for EU membership in December 2009 and was granted EU candidate country status in March 2012. In January 2014, the EU began accession negotiations with Serbia. So far, 22 out of 35 negotiation chapters have been opened.

**Wage structure:**






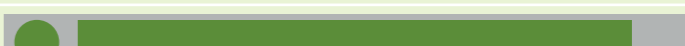
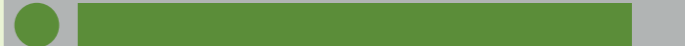

The minimum wages have been revised in Serbia from January 2023. The minimum wage has been increased from 47,767.08 RSD to 54,648.79 RSD for a month with 176 working hours. This means, that the amount of the minimum hourly salary has been increased from 201,22 RSD/net per working hour to 230,00 RSD/net per working hour.

SITUATION:	BASED ON OUR RISK PROFIL AND THE AUDIT RESULT, WE HAVE TAKEN THE FOLLOWING STEPS
RISK:	STEPS IN 2023
 <b>Freedom of association</b>	<p>Introduction of fixed dates at which worker’s representatives and management meet to discuss worker’s issues, complaints, suggestions for improvement, etc.</p> <p>In 2023, there was an internal training course on the complaintssystem. The procedure was also printed out again and posted on the board.</p>
 <b>Reasonable working hours</b>	<p>Installation of a new payroll program, so that employees have now the possibility to check the correctness of the performed and paid overtime.</p>
 <b>Payment of a living wage</b>	<p>Installation of a new payroll program so that employees now have the opportunity to check whether the payroll is correct.</p>
 <b>Safe and healthy working conditions</b>	<p>Evacuation plans did not show the actual situation, doors, walls, hydrants partly wrong, “You are here” is missing, and the plans are usually hung upside down. This was revised in collaboration with an external company.</p>
	<p>Carrying out an evacuation drill in collaboration with an external company.</p> <p>Some points, relating to the building, were discussed in the last audit. In 2024, we will consider whether further points should be revised with the current landlord or whether production should be relocated to another building.</p>

**Factory ALBIRO doo:**

Year of starting business		2021
Percentage of total production		2%
Estimated leverage		100%
Date of last visit		November 2023/Head of production
Date of last audit		18.-19.04.2023/Sumations
Date of last training		-
Products		Outdoor, Workwear
Workers		Female: 113 / Male: 3 Migrants/Refugees: 0
Complaints:		-

**Factory Risks:**

Code of Labour Practice	Risk
“Employment is freely chosen (ILO Conventions 29 and 105)”	
“Freedom of association and the right to collective bargaining (ILO Conventions 87 and 98)”	
“There is no discrimination in employment (ILO Conventions 100 and 111)”	
“No exploitation of child labour (ILO Convention 138 and 182)”	
“Payment of living wage (ILO Conventions 26 and 131)”	
“Reasonable hours of work (ILO Convention 1)”	
“Safe and healthy working conditions (ILO Convention 155)”	
“Legally binding employment relationship (ILO Recommendation No. 198)”	





## 6.6. TURKEY

### Current situation:





On February 6, 2023, two earthquakes with magnitudes of 7.8 and 7.5 shook south-eastern Turkey and northern Syria. They caused severe destruction. According to official figures, 53,537 people lost their lives in Turkey, many more are missing and more than 500,000 homes were destroyed. While the earthquake region hardly receives any media attention, many people in the region continue to live in a state of emergency. Tens of thousands are still living in emergency shelters, with asbestos-contaminated debris dust endangering their health. Reconstruction is slow. The Commission has signed an agreement with Turkey to provide €400 million in financial aid from the European Union Solidarity Fund (EUSF) for reconstructions.

The presidential election in Turkey took place in May 2023 to determine the President of Turkey. According to Turkey's political system, the president is also the head of the Turkish government. After the first round of voting on May 14, 2023, in which none of the candidates received an absolute majority of votes, there was a run-off election between the incumbent Recep Tayyip Erdoğan and Kemal Kılıçdaroğlu on May 28, 2023, which Erdoğan nar-

rowly won. Turkish and foreign analysts predicted that the earthquake disaster would damage President Recep Tayyip Erdoğan's chances of re-election, but the election results have proved them wrong. Erdoğan won in many of the provinces hit by the quake, including the epicenter in Kahramanmaraş. President Erdoğan has visited numerous earthquake-affected cities and quickly launched major construction projects there. The plan is to build 650,000 homes, including 143,000 village houses in rural areas. The government promised to hand over at least 319,000 homes to the people within a year. In addition, thousands of container homes have already been set up in the crisis region.

### Wage structure:

In Turkey the minimum wage was raised in 2023 to 13.414 TRY gross / 11.402 TRY net. According to Global Living Wage Coalition the living income is 10.303 TRY. This value has been updated in 2023 due to the accumulated inflation from June 2020 to June 2023.

SITUATION:	BASED ON OUR RISK PROFIL AND THE AUDIT RESULT, WE HAVE TAKEN THE FOLLOWING STEPS
RISK:	STEPS IN 2023
 <b>Freedom of association</b>	<p>In 2023, we submitted an application for training on employee rights at two factories. The trainings will take place in 2024.</p> <p>We conducted a training on “Factory Dialogue” at one factory, together with two other FWF member brands.</p> <p>Preparation of an employee survey in relation to the ILO core labor standards. This survey will be conducted in 2024.</p>
 <b>No discrimination in employment</b>	<p>Two of our productions employ Syrian refugees. These two productions have signed a contract with ALBIRO, which states that Syrian refugees have the same rights and that all documents must be provided in Arabic. In addition, it is mandatory to elect an employee representative of the minority. This agreement was renewed in 2023.</p> <p>In one production we ensured that a syrian worker representative was elected to represent the minority in the company</p>
 <b>Payment of a living wage</b>	<p>We received price calculations through the FWF “minute labour costing tool” to compare minimum wage with living wage.</p> <p>We spoke to the productions and informed them about the possibility of using the FWF fairprice app for their price calculations. ALBIRO offered the productions training on how to use it. To date, no production has wanted to use the training. We will talk about this again during our on-site visit in 2024.</p>
 <b>A legally binding employment relationship</b>	<p>We ensured in both factories with syrian refugees, that all documents, such as contracts and the FWF worker info sheet are available in Arabic.</p>

**Factory Tekst-Team Ltd:**

Year of starting business		2015
Percentage of total production		15%
Estimated leverage		7%
Date of last visit		September 2022/CSR
Date of last audit		10.-11.12.2020/FWF 04.07.2022/amfori BSCI/full Audit
Date of last training		04.11.2021/WEP migrant and refugee workers training 25.09.2023/Factory Dialogue Module
Products		Knitted garments
Workers		Female: 101 / Male: 145 Migrants/Refugees: 5
Complaints:		-

**Factory Risks:**

Code of Labour Practice	Risk
“Employment is freely chosen (ILO Conventions 29 and 105)”	
“Freedom of association and the right to collective bargaining (ILO Conventions 87 and 98)”	
“There is no discrimination in employment (ILO Conventions 100 and 111)”	
“No exploitation of child labour (ILO Convention 138 and 182)”	
“Payment of living wage (ILO Conventions 26 and 131)”	
“Reasonable hours of work (ILO Convention 1)”	
“Safe and healthy working conditions (ILO Convention 155)”	
“Legally binding employment relationship (ILO Recommendation No. 198)”	

**Factory DEM 35 Tekstil:**

Year of starting business		2022
Percentage of total production		2%
Estimated leverage		4%
Date of last visit		September 2022/CSR
Date of last audit		18.05.2023/amfori BSCI/full Audit
Date of last training		-
Products		Knitted garments
Workers		Female: 9 / Male: 4 Migrants/Refugees: 0
Complaints:		-

**Factory Risks:**

Code of Labour Practice	Risk
“Employment is freely chosen (ILO Conventions 29 and 105)”	
“Freedom of association and the right to collective bargaining (ILO Conventions 87 and 98)”	
“There is no discrimination in employment (ILO Conventions 100 and 111)”	
“No exploitation of child labour (ILO Convention 138 and 182)”	
“Payment of living wage (ILO Conventions 26 and 131)”	
“Reasonable hours of work (ILO Convention 1)”	
“Safe and healthy working conditions (ILO Convention 155)”	
“Legally binding employment relationship (ILO Recommendation No. 198)”	

**Factory B-Fashion Tekstil:**

Year of starting business		2023
Percentage of total production		1%
Estimated leverage		4%
Date of last visit		September 2022/CSR
Date of last audit		15.02.2023/amfori BSCI/full Audit
Date of last training		-
Products		Knitted garments
Workers		Female: 83 / Male: 40 Migrants/Refugees: 5
Complaints:		-



**Factory Risks:**

Code of Labour Practice	Risk
“Employment is freely chosen (ILO Conventions 29 and 105)”	
“Freedom of association and the right to collective bargaining (ILO Conventions 87 and 98)”	
“There is no discrimination in employment (ILO Conventions 100 and 111)”	
“No exploitation of child labour (ILO Convention 138 and 182)”	
“Payment of living wage (ILO Conventions 26 and 131)”	
“Reasonable hours of work (ILO Convention 1)”	
“Safe and healthy working conditions (ILO Convention 155)”	
“Legally binding employment relationship (ILO Recommendation No. 198)”	

**6.7. INDIA**

**Current situation:**

After a successful moon mission and hosting the G20 summit, India is poised to emerge from 2023 with increased stability and optimism about its growth and future prospects. The country’s attractiveness as an investment destination remains robust, given the size and scale of operations it has to offer global companies, its rich pool of skilled talent and expertise in technology and innovation

**Wage structure:**

India has a complex minimum wage system. The amount varies depending on the state, region, industry, occupation and qualification. The minimum monthly wages of unskilled workers have been increased from 17234 INR to 17494 INR, semi-skilled workers from 18993 INR to 19279 INR and skilled workers from 20903 INR to 21215 INR. The living wage according to Asia Floor Wage Alliance is approx. 34000 INR / month and according to the Anker method 18592 INR / month.

SITUATION:	BASED ON OUR RISK PROFIL AND THE AUDIT RESULT, WE HAVE TAKEN THE FOLLOWING STEPS
RISK:	STEPS IN 2023
<b>Freedom of association</b>	<p>Planing of a training called “Onboarding Training Module 1” with another brand through FWF. The workers will be trained about the Labour Rights and Grievance Mechanisms. The training will take place in 2024.</p> <p>Production conducted its own training sessions in 2023 to inform employees about their rights and about the amfori BSCI Code of Conduct. An attendance list and photos were shared with ALBIRO. The trainings are now conducted on a regular basis.</p>
<b>Payment of a living wage</b>	<p>We received price calculations through the FWF “minute labour costing tool” to compare minimum wage with living wage.</p> <p>We spoke to the production and our agent and informed them about the possibility of using the FWF fairprice app for their price calculations. ALBIRO offered the production training on how to use it. To date, the production does not want to use the training. We will talk about this again during our on-site visit in 2024.</p>



**Factory A Blue's Clothing:**

Year of starting business		2017
Percentage of total production		1%
Estimated leverage		4%
Date of last visit		October 2018/CSR April 2023/Agent
Date of last audit		07.03.2022/amfori BSCI/full audit
Date of last training		15.10.2021/FWF worker sexual harassment training
Products		Knitted garments
Workers		Female: 23 / Male: 39 Migrants/Refugees: 0
Complaints:		-

**Factory Risks:**

Code of Labour Practice	Risk
“Employment is freely chosen (ILO Conventions 29 and 105)”	
“Freedom of association and the right to collective bargaining (ILO Conventions 87 and 98)”	
“There is no discrimination in employment (ILO Conventions 100 and 111)”	
“No exploitation of child labour (ILO Convention 138 and 182)”	
“Payment of living wage (ILO Conventions 26 and 131)”	
“Reasonable hours of work (ILO Convention 1)”	
“Safe and healthy working conditions (ILO Convention 155)”	
“Legally binding employment relationship (ILO Recommendation No. 198)”	

**6.8. BULGARIA**

**Current situation:**

After months of political crisis, Bulgaria now has a pro-European government. Following the fifth parliamentary election in two years, parliament has now confirmed a regular government. This replaces the interim cabinet that President Rumen Radev had appointed before the new elections on April the 2nd.

**Wage structure:**

The minimum wage has been raised in 2023 from 710 BGN (363€/month) to 780 BGN (398€/month). As mentioned in the FWF country study, the CI-TUB's research body ISTUR, in 2019, published the estimated living wage as 618.15 BGN (€316) or 2,472 BGN(€ 1,264) for a four-member family, assuming two adults and two children.

SITUATION:	BASED ON OUR RISK PROFIL AND THE AUDIT RESULT, WE HAVE TAKEN THE FOLLOWING STEPS
RISK:	STEPS IN 2023
<b>Freedom of association</b>	In 2023, we submitted an application for training on employee rights. Unfortunately, the production department rejected the application. We, together with FWF, are currently talks with the management to be able to hold the training in 2024



**Factory Pagany Style Ltd:**

Year of starting business		2022
Percentage of total production		2%
Estimated leverage		7%
Date of last visit		canceled in 2023/will follow in 2024
Date of last audit		17.03.2022/amfori BSCI/full audit
Date of last training		-
Products		Suits and uniforms
Workers		Female: 71 / Male: 13 Migrants/Refugees: 0
Complaints:		-

**Factory Risks:**

Code of Labour Practice	Risk
“Employment is freely chosen (ILO Conventions 29 and 105)”	
“Freedom of association and the right to collective bargaining (ILO Conventions 87 and 98)”	
“There is no discrimination in employment (ILO Conventions 100 and 111)”	
“No exploitation of child labour (ILO Convention 138 and 182)”	
“Payment of living wage (ILO Conventions 26 and 131)”	
“Reasonable hours of work (ILO Convention 1)”	
“Safe and healthy working conditions (ILO Convention 155)”	
“Legally binding employment relationship (ILO Recommendation No. 198)”	

**6.9. SLOVAKIA**

**Current situation:**

Slovakia held a general election on 30 September 2023. The Smer-SD party won the most seats in the National Council and has since formed a coalition government. The election’s outcome is likely to further fuel fears about Slovakia’s future foreign policy orientation. Prime Minister Fico has promised to stop military aid to Ukraine, criticised sanctions targeting Russia and campaigned against LGBTQ+ rights.

**Wage structure:**

The minimum wage has been revised in Slovakia with effect from 01 January 2023. The minimum wages have been increased from 646€/month to 700€/month. The estimated living wage, calculated by “nbs” in 2022, is still 1.327€/month of a family of four.



SITUATION:

BASED ON OUR RISK PROFILE AND THE AUDIT RESULT, WE HAVE TAKEN NO FURTHER STEPS

**Factory Marc Thombard slovakia, spol. s r.o.:**

Year of starting business		2006
Percentage of total production		4%
Estimated leverage		8%
Date of last visit		09.10.2019/CSR
Date of last audit		19.05.2022/Oeko Tex STeP
Date of last training		-
Products		Shirts
Workers		Female: 58 / Male: 1 Migrants/Refugees: 0
Complaints:		-

**Factory Risks:**

Code of Labour Practice	Risk
“Employment is freely chosen (ILO Conventions 29 and 105)”	
“Freedom of association and the right to collective bargaining (ILO Conventions 87 and 98)”	
“There is no discrimination in employment (ILO Conventions 100 and 111)”	
“No exploitation of child labour (ILO Convention 138 and 182)”	
“Payment of living wage (ILO Conventions 26 and 131)”	
“Reasonable hours of work (ILO Convention 1)”	
“Safe and healthy working conditions (ILO Convention 155)”	
“Legally binding employment relationship (ILO Recommendation No. 198)”	

**6.10. 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 mainly 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



## 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 head of production 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.

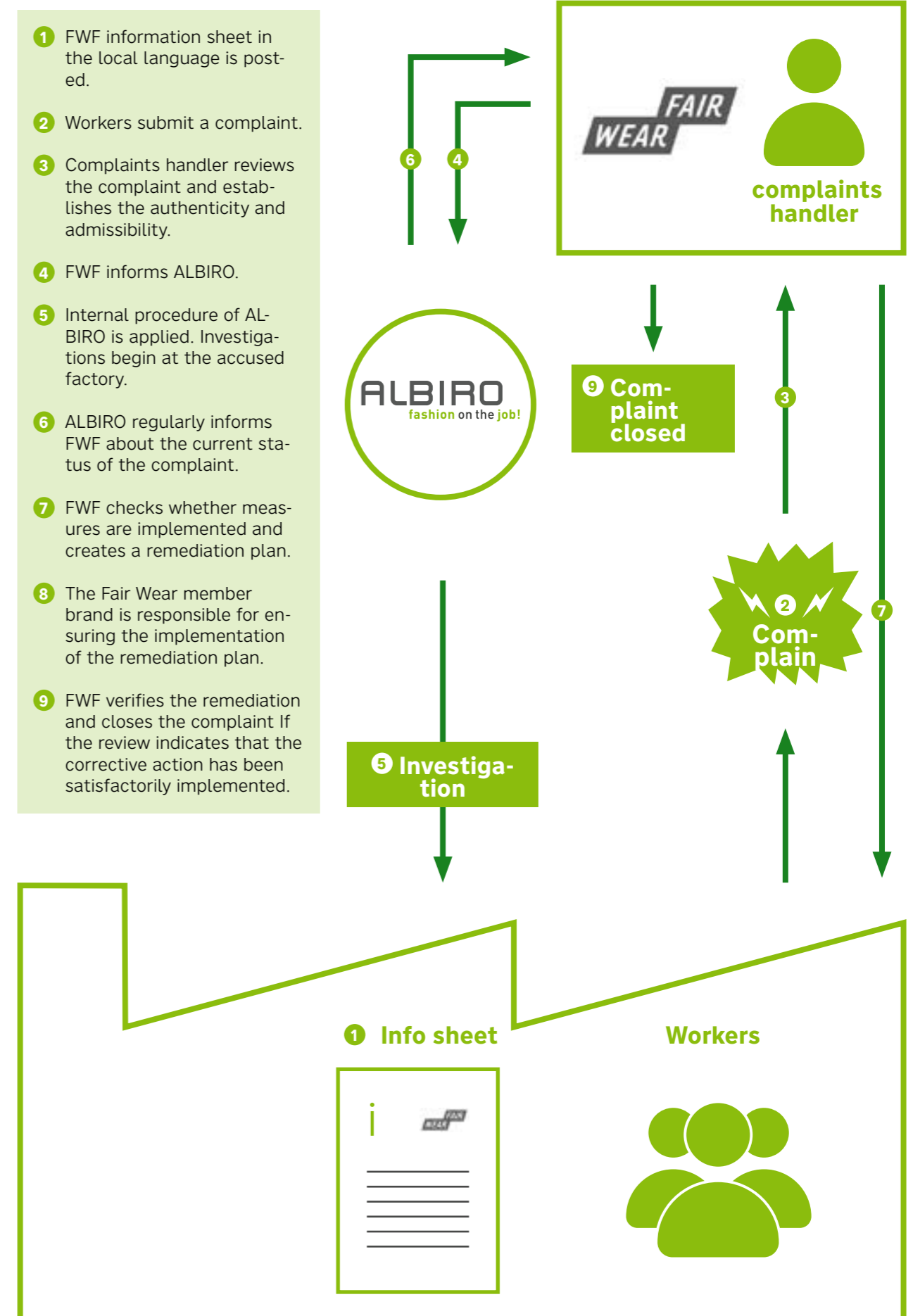
### 7.2. COMPLAINTS IN 2023 - #1551

At the beginning of December 2023, we received a complaint in one of our factories in North Macedonia. On December the 12th the local Fair Wear team visited the factory to investigate. Interviews were conducted with the workers and documents were reviewed. The team shared its findings with the factory management.

During the investigation of FWF the following was noted:

- Working on Saturdays as overtime is not reflected in workers' pay slips and is not paid with the basic daily fee nor with premium rates.
- To workers who do not come to work on Saturdays, the factory management takes an annual leave day as justification besides workers did not require the use of an annual leave day.
- There are cases of deductions from the wages of those workers who took an exit pass and left the workplace for 1 or 2 hours during working hours.
- There are cases of deductions from workers' minimum wage, to workers that do not justify their absence from work. These workers sign statements that they did not provide approval for absence from the day of work which is following legal requirements.

Since the complaint began, we have had several meetings with the management. Proposed solutions have been developed and discussed. The complaint will be processed further in 2024.



## 8. TRAININGS AND CAPACITY BUILDING

### 8.1. ALBIRO STAFF MEMBERS

Since 2012, all employees have been trained on the subject of sustainability in relation to our commitments. In particular, when they start their job, there is an introduction to the topic of sustainability to explain the basic principles. In the course of the job, there are different points of contact in the various departments. It is ensured that all workers are informed in particular on the areas of activity they carry out.

Since the end of 2022, we have included the

sustainability item as a separate section in our newsletter. Every three months, our CSR Manager reports on the current topics. Beside that ALBIRO provides information's on our MSA system, at internal meetings and on our homepage.

The CSR manager, staff members of the buying-, production -, marketing - and sales department are involved in ALBIROs 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 and the supplier code of conduct will be sent to all suppliers. With these documents, the supplier confirms the compliance of the CoLP (Code of Labour Practices).

The signed CoLP and suppliers code of conduct are the basis of a cooperation 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 mecha-

nisms. 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.

In 2023 we dedicated ourselves to the topic of “social dialog” and once again drew employees’ attention to their rights as part of the anonymous employee survey at a production facility in North Macedonia. It was important for us to emphasize that employees have the opportunity to complain anonymously. To this end, we gave the employees at this production facility a small gift. We distributed 200 powerbanks to the employees, on which we printed the FWF complaint telephone number. This means that the telephone number is available at any time of day and employees can contact the complaints hotline. The feedback was extremely positive and we received many thanks



### 8.4. CUSTOMERS

ALBIROs social commitment and sustainable strategy is communicated throughout our homepage, catalogues, newsletters, onsite visits and fairs. In order to make our customers more aware about sustainability, the sales department 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. Particularly in government tenders, the issue of sustainability is increasingly being addressed, even if this area only accounts for a small percentage in the evaluation.





## 9. INFORMATION MANAGEMENT

Our CSR Manager is the interface to all departments in particular, the purchasing-, production-, development- and marketing department and reports directly to the CEO. He or she regulates the distribution of tasks, competencies and responsibilities and defines the reporting channels. All necessary documents are collected and passed on to the responsible departments and necessary meetings are opened. The CSR manager is informed about all steps and can thus react and act as required. The CSR manager essentially ensures that information is provided adequately and handled effectively within the company. In doing so, he or she is guided by the fulfilment of corporate objectives. By means of regulations and guidelines, tasks have been formulated for various scenarios and required information has been defined. Based

on the respective task, the CSR manager decides whether the information is to be procured internally or externally. Here, various organizations provide us with information material, such as surveys, analyses, changes in political framework conditions, country studies, etc. In the next step, the collected data is systematically processed and all departments or individuals are provided with the relevant information.

The CEO and the CSR Manager are in regular contact. All corporate goals, particularly those relating to sustainability, are set by the Board and communicated to the CSR Manager. This means that sustainability efforts are lived and implemented directly by the management

## 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. Consumers are strongly supporting businesses that incorporate meaningful values into their core business. At ALBIRO we believe that this mindset will grow in the years ahead.

Our entire communication underlines our social commitment and our sustainability strategy. All our activities are regularly updated on our homepage, in our social networks like Facebook and Instagram, as well as in our sales catalogues and flyers. In this way we can increase the awareness of existing customers and hope that we can provide sustainable input





## 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 February 2023, Turkey was hit by a severe earthquake and millions of people lost their homes. As a result, we at ALBIRO AG made an internal appeal for donations and collected a total of CHF 1,030. The amount was rounded up to CHF 2,000 by the ALBIRO Foundation. The money collected was used to distribute shoes and clothes



## 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
OECD	European Convention on Human Rights
HRDD	Human Rights Due Diligence
GRDD	Gender-Responsive Due Diligence
WEPs	Women Empowerment Principles



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