

The ALDI Factory

# Advancement Project

INSIGHTS & RESULTS





A production line in a Bangladeshi textile factory, producing for ALDI and participating in the AFA Project

# New Steps Towards Sustainable Supply Chains

**A**s one of the leading discount retailers, ALDI's actions have an impact in markets across supply chains. The value and quality of a product are increasingly synonymous with continuous improvement of social and environmental standards in production. Especially in Bangladesh, which is a strategically important sourcing country for apparel, additional efforts are needed to enhance the working conditions.

The ALDI Factory Advancement (AFA) Project seeks to improve the working conditions at factories that produce our textile goods in Bangladesh beyond social compliance. During this two-year training programme, which may be extended by another three years, workers and managers are empowered to identify problems in their working life and find appropriate solutions that fit their needs.

## BANGLADESH IN THE FOCUS

Bangladesh has become the world's second largest textile producer, after China. The boom has spurred impressive economic growth, lifting millions of families out of extreme poverty. But the rapid development of the garment industry has not come without challenges. Several tragic factory fires and accidents, low wages, limits to workers' freedom of association, and long working hours exemplify this.

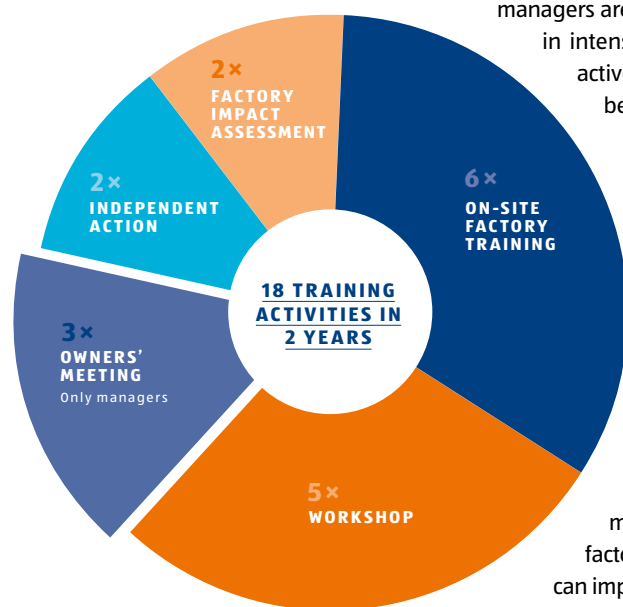
## MOVING BEYOND AUDITING WITH CAPACITY BUILDING

Auditing is an important tool for monitoring factories' compliance with our Code of Conduct. However, auditing alone only helps to identify the problems related to working conditions and labour rights; it does little to solve them. For this, factories need comprehensive support in identifying and implementing solutions. The intensive training of the AFA Project contributes to knowledge transfer and capacity building in the factories, and furthers a partnership with ALDI towards long-term and sustainable improvement. •



# Snapshot of the AFA Project

## PROJECT INFO OVERVIEW OF TRAINING ACTIVITIES



### ON-SITE FACTORY TRAINING

During the one-day training at the factory's premises, up to 50 workers and managers work on issues specific to their factory.

### WORKSHOP

Three managers and three workers from each factory participate in the two-day training. This fosters peer learning and exchange among factories.

### OWNERS' MEETING

Three representatives – owners and key decision-makers – of each factory come together for one day to review the factory's performance and the goals for the next activities, and to strengthen their commitment.

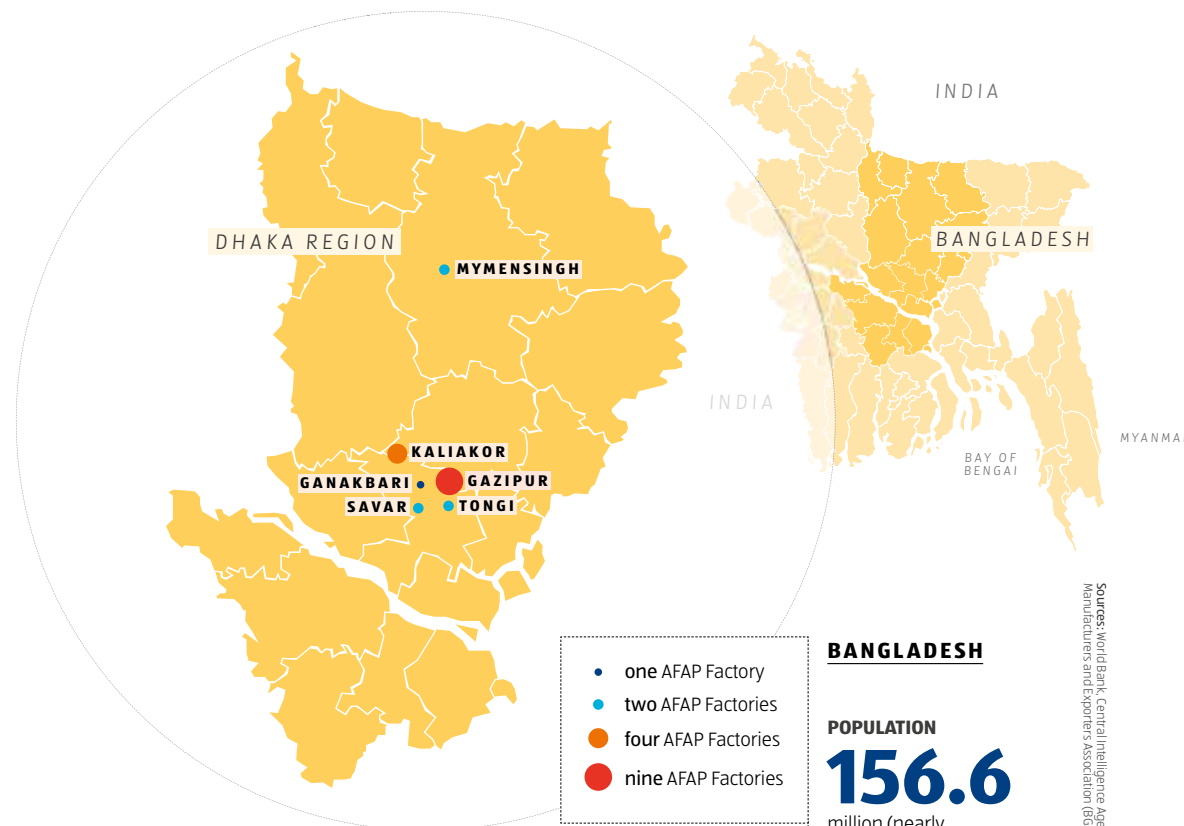
### INDEPENDENT ACTION

Factories independently practise the tools and methods during a two-month exercise. Generally, 30–50 participants are involved.

### FACTORY IMPACT ASSESSMENT

A survey of up to 150 participants and group interviews illuminate improvements and measure the effect of the project. During the training day, the members of the AFA Project team learn useful methods, which they can subsequently apply independently at their factories.

**D**riving change is difficult. There have been many attempts by companies to address labour rights concerns and yet problems persist. The AFA Project takes a new, innovative approach. Currently, twenty factories in Bangladesh, producing textile goods for ALDI, participate in the AFA Project. Workers and managers are at the centre of training activities, engaging in intensive dialogue with each other during interactive sessions. Workers and managers learn how to better communicate with each other about the challenges they face with regard to working conditions (for example, occupational health and safety, fire safety, wages, working time). At the end of the two-year programme and, possibly, a three-year follow-up programme, factories will not only have improved in terms of the working conditions, but better worker-manager relations will also ensure that future problems are addressed in an effective and sustainable way. This bottom-up approach to the improvement of working conditions, promotes the commitment and ownership of the factories to the change process. Only in this way can improvement be sustainable. •



### AFA PROJECT

**20**  
factories

**18**  
training activities  
per factory

**3-50**  
participants per factory,  
per activity (depending  
on the type of training)

**45,000**  
employees have  
benefited (approx.)

**7**  
local trainers

**3**  
international  
coaches

### ALDI SOURCING IN AFA PROJECT FACTORIES

**6**  
years average busi-  
ness relationship with  
AFA Project factories,  
to date

**38**  
% of ALDI's buying  
volume in Bangla-  
desh comes from AFA  
Project factories

**41,256**  
pieces produced  
by each AFA Project  
factory for ALDI per  
order, on average

**7**  
months, on average,  
from order to ALDI  
store

### BANGLADESH'S TEXTILE INDUSTRY

**4.5**  
million textile  
workers

**80**  
% women

**1/8**  
of the population  
(about 20 million  
people) are directly or  
indirectly dependent  
on the textile industry

**MONTHLY  
MINIMUM  
WAGE**  
**62.85**  
EUR (USD 68)

### BANGLADESH

**POPULATION**  
**156.6**  
million (nearly  
double the population  
of Germany)

**AREA**  
**144,000**  
km<sup>2</sup> (less than half  
the size of Germany)

**GDP GROWTH**  
**6.1**  
% per year

**LITERACY RATE  
OF 15+ YEAR OLDS**  
**59**

**POVERTY RATE**  
**31.5**  
% (down from 56.6 %  
in 1992)

**CORRUPTION  
PERCEPTIONS  
INDEX**  
**145**  
out of 175 countries



# Dialogue for Lasting Change

PROJECT INFO THE DIALOGUE METHODOLOGY

**T**he core principle of the AFA Project is the joint involvement of workers and managers in solution-finding processes in the factories. Training participants learn the skills and tools to engage in dialogue in order to solve existing workplace-related problems. Effective communication between management and employees leads to cooperative behaviour and mutual understanding.

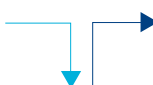
Giving workers a seat at the table empowers them to demand better working conditions. By identifying win-win situations both parties experience a sense of joint ownership and become motivated to strive further. Strengthening existing Worker Participation Committees (WPCs) and other dialogue structures contributes to the sustainability of the approach. •

## HIGH WORKER TURNOVER



### HOW TO BREAK THE VICIOUS CYCLE

Worker fluctuation is typically high in factories: as much as 20% of the workforce may leave a factory each month. Reasons are many: poor working conditions, rude communication, family obligations, no clear resignation policies, no promotion opportunities. For every worker that leaves the factory, a new one has to be recruited. Productivity is reduced until the new hire has been trained. Consequently, working conditions and worker-manager relations often suffer. This leads to even higher worker turnover.



## HOW DIALOGUE WORKS

Sharing Knowledge

Raising Motivation

Finding Win-Win Solutions



## FIRE SAFETY



### WHY FIRE EXTINGUISHERS ARE NOT ENOUGH

Factories frequently undergo audits; fire safety is one item on the checklist. But even if the factory is outfitted with state-of-the-art fire equipment – fire doors, sprinkler system, fire extinguishers – if no one knows how to maintain or use that equipment, what good is it and what happens in case of a fire?

## CREATING IMPROVEMENT

Workers and managers analyse reasons for high turnover in their factory and exchange views on the topic. Workers learn why high turnover is a problem and managers understand why workers are leaving. In a next step, workers and managers identify a common objective, e.g. to reduce turnover in order to increase productivity and working conditions. Afterwards, solutions for improvement are identified and realized in an Action Plan for implementation. Trainers facilitate this process and review the outcomes after a defined deadline.

## INCREASE KNOWLEDGE AND AWARENESS

Through dialogue training, participants become aware of how important it is to maintain equipment. Factories define responsibilities and train fire fighters to react properly in case of an emergency. Fire Safety Committees are formed to create a platform for dialogue to discuss and initiate improvements.

» In a factory, the communication gap between management and workers can be significant, and lead to conflict and labour unrest. **The AFA Project is directly involved in breaking the communication barrier and bringing everyone to the same table**, engaging workers as part of the dialogue process.«

Suraiya Haque, Founder and Executive Director of Phulki Society

The AFA Project team develops a survey to evaluate further training needs







# High-Risk Issues Addressed Sustainably

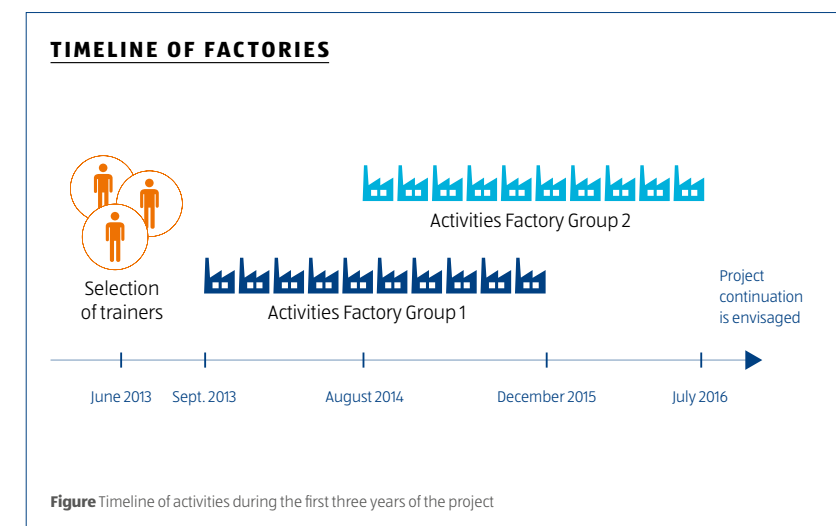
The AFA Project places workers and managers at the centre of activities to address social compliance effectively. Only with their commitment and ownership can real change be achieved in the long run.

## PROJECT INFO TRAINING TOPICS

In the first year of the project, participants learn and practise the AFA Project methods and tools, focusing on effective communication channels and fire safety. In the second year, participants apply the methods and tools to additional topics such as overtime, discrimination, and financial management. During training sessions, participants develop specific Action Plans to address the workplace challenges in the factory, thereby taking ownership over the change

process. To achieve continuous improvement beyond the training, factories are required to establish AFA Project teams, consisting of workers and managers. These teams take part in AFA Project activities, are responsible for disseminating project tools and knowledge, and follow up on Action Plan development and implementation. In this context the teams, for example, collaborate with Worker Participation Committees and exchange ideas for improvement with them.

A participant at an AFA Project training writes an Action Plan negotiated by workers and managers to tackle a problem on the production floor



» We wanted to improve but did not know how to do. **The AFA Project gave us good ideas.** What I learned today was totally new although I have been working in this sector for eight years.«

Worker at an AFA Project Factory

# How Have Factories Advanced?

By structuring the dialogue between workers and managers at factories, the AFA Project can achieve measurable and far-reaching results. In joint meetings, workers and managers develop Action Plans for improvement in various compliance areas. Regular impact assessments at factories measure the effect of the project. This overview highlights some of the factories' achievements during the first 18 months of the project.



## OCCUPATIONAL HEALTH AND SAFETY

- Improvement of drinking water supply and awareness raised regarding water waste
- Improved distribution of medicine and first aid material
- Construction improvements for better safety, e.g. railing on rooftop
- Repairing of damaged electrical installations and loose wires
- Extensive training on the benefits and proper use of personal protective equipment, for example, in order to increase the use of soft masks



## FIRE SAFETY

- Clearing of aisles
- Construction work in order to make factories more secure
- Water hydrants and fire doors mounted
- Emergency lights installed
- Electrical wires relocated for fire safety
- Worker training on fire safety launched or expanded at factories
- Fire safety committees formed
- Notice boards updated with important emergency procedures, evacuation routes, etc

## Awareness

of risks is the first step to removing them. In our health and fire safety training sessions, workers and managers identify hazards in their workspaces jointly. Managers and workers learn to talk about the issues and how to solve them.



## HOUSEKEEPING

- Cleaners hired to reduce dust
- Training of cleaners
- Cleaner toilets
- Cleaning of ventilators
- More waste bins at workplaces

## Housekeeping

contributes significantly to fire safety. Clean working areas reduce the risk of dust explosions and fires.



## PRODUCTIVITY

- Absenteeism rate decreased from 8 % to 5 %
- Workforce migration was reduced from 7 % to 4 %
- Rearrangement of machines
- Repairing of machines
- Skills training conducted in every section
- More responsibility of workers

## Productivity

is the basis for sound business performance which enables investment in social compliance.



## COMPENSATION

- Increase in bonuses of up to 25 %
- Payment of new minimum wage levels
- Workers paid on time and without deductions
- Paid leave



## COMMUNICATION AND DIALOGUE

- General improvement in the level of communication between the workers and management
- New channels for workers to voice concerns, e.g. surveys or regular worker-manager meetings
- Better worker-manager relations: friendly and open attitude
- Increased motivation of workers
- Use of AFA Project tools and methods in committees and meetings
- Enhanced use of suggestion or complaint boxes, better processing of complaints
- Workers point out concerns more specifically and build up communication skills and confidence

## Dialogue

between workers and managers is the foundation for resolving conflicts, finding joint solutions, and making good use of workers' knowledge. Structures such as Worker Participation Committees, where workers and managers discuss and find solutions, are needed.



## OTHER TOPICS

- Empowerment of young female workers
- Legal maternity leave and benefits granted and prenatal care provided in factory health care centre
- Childminder hired, more toys and books in childcare centre
- Separate prayer room opened for female workers
- Improvement of cooling system
- Improved canteen management: new opening hours, shorter wait times, better equipment
- Lockers installed for workers
- Overtime at the discretion of workers
- Smoother leave procedure
- Factories assessed the need for internal training



## WORKER PARTICIPATION COMMITTEES (WPC)

- Higher awareness and acceptance by managers of the need to involve workers in decision-making
- Effective and regular meetings of Worker Participation Committees
- Increased committee membership
- Greater sense of responsibility of WPC members
- Decisions of WPC meeting are communicated to workers



# Trainers as Drivers of Change

The AFA Project aims to build training capacity in Bangladesh, to make improvement continuous and sustainable. Trainers are equipped to provide professional, innovative, and successful training at factories.

## PROJECT INFO CAPACITY BUILDING

**L**ocal trainers are key to the success and sustainability of the AFA Project. The seven trainers selected work for various consultancies, universities or NGOs in Dhaka. Their profound experience and knowledge in the social compliance field are valued by training participants.

During Workshops and On-site Factory Training sessions, trainers share substantive information and insights, and facilitate the dialogue between workers and managers. Over the two-year programme, trainers build strong relations with factories and gain their trust.

## CONTINUOUS COACHING OF TRAINERS

In-country capacity building enhances the sustainability and the culturally sensitive approach of the AFA Project. Moreover, it develops local resources to facilitate the change process in factories, even beyond the immediate scope of the project.

AFA Project trainers receive intensive coaching before, during, and after each training activity, via both in-person and virtual meetings, from Sustainability Agents SUSA GmbH. During such meetings, SUSA coaches offer direct input, guidance, and feedback to trainers. As the developer of the training design and content, SUSA is in an excellent position to provide coaching.

The coaching strives to promote the development of each trainer and ensures a strong team performance. Special importance is placed on training and moderation, conflict-resolution and project management skills, always keeping the individual factories' needs in mind. Trainers are sensitised to power relations in a group, inequalities, and to identify ways to empower marginalised groups such as ethnic or religious minorities. •

» Dialogue programmes are very important for the sustainable and responsible development of the Bangladeshi textile sector. The AFA Project builds a bridge between workers and management, where workers get space to speak regarding their rights. **I personally hope this bridge will even ensure that workers can exercise their rightful demand to freedom of association.**«

Nazma Akter, Executive Director of Awaj Foundation



**An AFA Project trainer** reviews the results of group work exercise to highlight possibilities for improvement





**Monjuri Banerjee** is a trainer at Phulki, an internationally recognised NGO in the area of early education and child care centres.



**Helal Hossain Dhali** is an assistant professor at the Department of Women and Gender Studies at the University of Dhaka.



**Taherul Islam** is a trainer at OSHE Foundation – a development organisation promoting workers' rights and enabling dialogue between workers, government, and employers.



**Tahura Khanam** is the CEO and Co-owner of MSD Global Compliance as well as the Managing Director of Qtex Solutions Limited. Social and environmental compliance topics are the focus of her companies.

# » The Real Improvement Is the Involvement of Workers in the Decision-Making Process «

Through their extensive experience working and living in Bangladesh, the AFA Project trainers have a unique perspective on the challenges of the country's textile industry and what is needed for change. In an interview with Sustainability Agents SUSA GmbH, they share their thoughts on the AFA Project and its impact.

## INTERVIEW VOICE FROM BANGLADESH

### How does the AFA Project differ from other programmes of brands?

**Harunur:** The main difference from other projects is that three groups are brought together at one table: workers, managers, and owners. This is not easily conceivable in Bangladesh but it has been achieved through the AFA Project.

**Helal:** This project has reduced the communication gap between workers and managers a lot, so that now the workers can talk openly and freely in front of the managers, and the managers can better see the perspective of the workers.

**Shamima:** The AFA Project offers a new approach: it's about a technique, not a particular issue, in which we come together and work together. This is a big change from other programmes.

### Why do factories need training?

**Farzana:** Workers often resort to unrest to push for their demands, while managers reject any

discussion of increasing wages or other benefits. Dialogue training helps to bring the two sides together under a single umbrella, develop a sense of belonging in the factory, and push for joint improvement.

» This project has reduced the communication gap between workers and managers a lot, so that now the **workers can talk openly and freely in front of the managers**, and the managers can better see the perspective of the workers.«

Helal Hossain Dhali

**Monjuri:** Trainings help factories learn how to identify their own problems and, by breaking the shyness of the workers, give all participants owner-

ship over the success of their factory. The training builds a common vision among the participants: where are we and where do we want to go?

### Can we already see improvement with regard to working conditions?

**Helal:** Yes, the real improvement is the involvement of workers in the decision-making process of the factory. The training engages workers and managers and, in that way, benefits the factories and the country as a whole. Factories, for example, are more aware of how to improve productivity and address bottlenecks. This project is designed in such a way that factories can train others internally without the help of AFA Project trainers. Achieving effective communication, in the long-run will benefit the country because there will be less labour unrest.

**Monjuri:** Some factories have expressed that, in the past, workers and managers never spoke. Now they can sit together, and workers have room to express their views and feel a sense of responsibility for improving the working conditions. Specific improvements include, for example, better drinking water supply, increasing the number of workers in the Worker Participation Committee, and providing the workers with on-the-job training where there had been no training at all. The achievements may seem small but they are helpful for the factories.



### AFA Project Trainers, from left to right:

Khandaker Farzana Rahman, Shamima Sultana, Taherul Islam, Helal Hossain Dhali, Harunur Rashid, Monjuri Banerjee, Tahura Khanam







**Khandaker Farzana Rahman** is a lawyer and works as a lecturer at the Department of Criminology at the University of Dhaka.



**Harunur Rashid** is Director of Research, Training and Management (RTM) International. RTM is known for capacity building and research, mainly on health, nutrition and education related issues.



**Shamima Sultana** is a project coordinator at Awaj Foundation. The organisation helps to settle disputes regarding working conditions and delivers training to workers.



**Sustainability Agents SUSA GmbH** is a Berlin-based consultancy that created the AFA Project training package, manages the project, and conducts all coaching of trainers.



### What are the challenges?

**Harunur:** A general challenge is that, in Bangladesh, there is a lack of appreciation for what training can bring in terms of benefits in the long term, not only in the short term.

**Monjury:** Sometimes the participants are shy and are not always open in front of the management. Another challenge is that the Worker Participation Committee is not active in many factories; it is only formed to meet legal requirements. Unfortunately, there are still many factories that don't want an effective Worker Participation Committee or true worker representation.

**Shamima:** Another challenge is the high migration rates in the factories. Constantly having new workers at the training makes achieving our goal of progress more difficult. Finally, the present, unstable political situation is a challenge as well.

### What kind of feedback do you get from factory owners, managers, and workers?

**Monjury:** All the factory participants like the dialogue methodology and express that the AFA Project is a good platform for them to identify real

» The training builds a common vision among the participants: **where are we and where do we want to go?** «

Monjury Banerjee

problems and solutions on their own. We only provide support, all the actual work is done by the factories. This is the beauty of the AFA Project.

**Shamima:** Mid-level management tells us that it is a fantastic method but it just takes some time to digest, especially because owners are so used to being focused on profit.

**Taherul:** There has been much positive feedback, especially regarding: practical training content, dynamic tools, and techniques compared to other training programmes, sincerity of all parties involved and a systematic work procedure.

**Tahura:** Since the beginning of the project, the biggest challenge was building trust in the change process. After one and a half years I can say that we have achieved the trust from the factories, the importers, and the workers. This is the biggest achievement.

### What have you personally gained or learned from the AFA Project?

**Tahura:** I was sceptical at the beginning of the project because I had heard from friends of other dialogue projects that flopped, and I was unsure whether the factories would cooperate. But, with time, we now feel that it is a natural process that factories appreciate and have interest in; it does not stem from the pressure of buyers. The tools and techniques, especially the communication channel analysis, are awesome and I have also applied them in my organisation. We as a team are always thinking about how to make the programme more successful and effective. I try to develop new, creative tools. I have gained the confidence to implement training on topics that are new to me. Peer learning is an important aspect of the project – my colleagues know so much from other areas, develop their own ideas, and they share

» We are trying to overcome the problems like Rana Plaza **with our heart and soul.** «

Shamima Sultana

this knowledge. This is enriching and gives me confidence that I can do something new. There are no words to express that feeling.

### Should international brands like ALDI buy in Bangladesh?

**Shamima:** Yes, in fact they should be buying more from Bangladesh because, in addition to having good infrastructure, a skilled labour force, modern machines, and good quality, we are trying to overcome problems like Rana Plaza with our heart

» After one and a half years I can say that **we have achieved the trust from the factories, the importers and the workers.** «

Tahura Khanam

and soul. Unfortunately, Rana Plaza has caused Bangladesh to become stigmatised, which has hindered the continued development of our country. But our workers are involved in the improvement process, and everyone has a positive attitude and wants to do something for the industry. If brands like ALDI do not buy from Bangladesh we cannot achieve anything and 4.5 million workers, most of them women, would lose their jobs.

**Harunur:** There is a paradigm shift in the owners' and managers' perception. They are now more committed to compliance which has led to improvement on all sides. Outside pressure has made them more alert than before.

**Helal:** While previously the buyers only looked at the price, due to some accidents, now the buyers are also looking at compliance. New projects, such as the AFA Project, send the message that they are also concerned with human rights, workers' rights, and working conditions. Bangladesh is attractive because labour is cheap but, still, factories care about workers' rights, working conditions, and payment.

### What is your vision regarding the development of the textile industry in Bangladesh?

**Farzana:** Bangladesh has many challenges and it's a long road ahead. But, despite this, brands should place more orders here to really support the development process. Training and capacity building programmes will help us to improve the social and environmental performance of factories. The AFA Project is a very good start for this but it needs to be broadened and deepened to achieve more improvement.

**Thank you for the interview!** •





# Vision for the Future

**T**he AFA Project has demonstrated that capacity building is the key to a strong supply chain in terms of economic, social, and environmental performance. While improvements are already apparent, there is still a long way to go. Adherence to our principles and policies needs to be improved in other sourcing countries as well. Issues such as freedom of association and living wages are especially challenging. We will continue our efforts to promote sustainable improvement in our supply chains; the interactive dialogue approach of the AFA Project will play a key role. We will continue our training efforts with the two factory groups currently participating in the programme; and we will extend the AFA Project to include more factories as well as social projects. •

Training participants  
enjoy a team-building activity

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