



Brand Performance Check

**FC St. Pauli Merchandising GmbH &
Co. KG**

This report covers the evaluation period 01-07-2022 to 30-06-2023

About the Brand Performance Check

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

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

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

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

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

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

Scoring overview

Total score: 82

Possible score: 206

Benchmarking Score: 40

Performance Benchmarking Category: Good



Summary:

FC St. Pauli Merchandising has shown some progress and met most of Fair Wears' performance requirements. With a total benchmarking score of 40, the member is placed in the Good category.

FC St. Pauli Merchandising has a written sourcing strategy addressing influencing labour conditions through consolidation and active cooperation with other clients. The member brand has 34 active suppliers. The sourcing strategy also focuses on maintaining long-term relationships.

FC St. Pauli Merchandising conducts risk scoping and includes all five risk factors. The risk scoping on country level includes all eight labour standards. Still, it is only done for the member brands' main production countries: Türkiye, India, and China. The remaining five sourcing countries are currently missing. As part of the brand's sourcing strategy FC St. Pauli Merchandising does not allow to onboard new production locations in China due to the high risks of the rights of freedom of association and collective bargaining. The member has not yet made risk profiles for all suppliers. However, FC St. Pauli Merchandising has a systematic overview of risks for thirteen suppliers based on audit findings. Prioritisation is mainly based on strategic partnerships of suppliers with higher FOB and leverage based in Türkiye.

Regarding FC St. Pauli Merchandising's purchasing practices, intermediaries play a central role. The member brand buys most of the merchandise in small quantities, and the intermediaries support purchasing larger quantities from the suppliers. The intermediaries have direct communication with the suppliers. The member brand has no direct contact with the factories. FC St. Pauli Merchandising is yet to require from its intermediaries that they uphold the purchasing practices as mentioned in the Common Framework of Responsible Purchasing Practices (CFRPP). Since the last business year, one of the member's main intermediary based in Germany has been responsible for invoicing and payment, handling logistics and storing the goods. In the second membership year, FC St. Pauli Merchandising further worked on building a solid foundation through comprehensive risk scoping and establishing internal guidelines, e.g. onboarding new suppliers. Fair Wear recommends the member to focus on factory-level risk assessment and the biggest challenges of open costing and living wages in 2023.

The company profile mentions a percentage of external audits of 16%. The percentage represents verified audits only. However, for 87% of the brand's FOB external audits have been conducted and evaluated by FC St. Pauli Merchandising.

The member has scored insufficient on a repeated non-compliance indicator. This needs to be resolved in the next performance check, or else FC St. Pauli Merchandising GmbH & Co. KG will be automatically placed in Needs Improvement.

In 2023, Fair Wear implemented a new performance check methodology aligned with the OECD guidelines on HRDD. This new methodology raises the bar and includes some new indicators, which may result in a lower score for member brands. Because this is a transition year, Fair Wear lowered the scoring threshold for this year only.

Performance Category Overview

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

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

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

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

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

Company Profile FC St. Pauli Merchandising GmbH & Co. KG

Member company information

Member since: 1 Jan 2021

Product types: Garments, clothing, fashion apparel, Sports & activewear, Accessories and Home textiles

Percentage of CMT production versus support processes 94%

Percentage of FOB purchased through own or joint venture production 0%

Percentage of FOB purchased directly 6%

Percentage of FOB purchased through agents or intermediaries 93%

Percentage of turnover of external brands resold 6%

Are vertically integrated suppliers part of the supply chain? No

Comment

FLA Member No

Number of complaints received last financial year 1

Basic requirements

Definitive production location data has been submitted for the financial year under review? Yes

Work Plan and projected production location data have been submitted for the current financial year? Yes

Membership fee has been paid? Yes

Production countries, including number of production locations and total production volume.

Production Country	Number of production locations	Percentage of production volume
Türkiye	18	51.1%
China	15	15.61%
India	8	14.83%
Germany	3	7.6%
Portugal	9	5.3%
Greece	1	2.4%
Poland	2	2.09%
Pakistan	1	1.05%

Layer 1 Foundational system's criteria

Possible Points: 8

Earned Points: 6

1.1 Member company has a Responsible Business Conduct policy adopted by top management.: No

Comment: FC St. Pauli Merchandising does not yet have a Responsible Business Conduct Policy.

Requirement: FC St. Pauli Merchandising needs to develop a Responsible Business Conduct policy.

1.2 All member company staff are made aware of Fair Wear's membership requirements.: Yes

1.3 All staff who have direct contact with suppliers are trained to support the implementation of Fair Wear requirements.: Yes

1.4 A specific staff person(s) is designated to follow up on problems identified by the monitoring system, including complaints handling. The staff person(s) must have the necessary competence, knowledge, experience, and resources.: Yes

1.5 Member company has a system in place to identify all production locations, including a policy for unauthorised subcontracting.: Yes

1.6 Member company discloses internally through Fair Wear's information management system, in line with Fair Wear's Transparency Policy.: Yes

Comment: FC St. Pauli Merchandising discloses 47% of production locations internally through Fair Wear's information management system. Fair Wear does not disclose Chinese factories on its website yet and, therefore is lenient when members do not disclose Chinese factories.

1.7 Member company discloses externally on Fair Wear's transparency portal, in line with Fair Wear's Transparency Policy.: No

Comment: FC St. Pauli Merchandising discloses 0% of production locations externally on Fair Wear's transparency portal.

Requirement: Fair Wear requires FC St. Pauli Merchandising to disclose its production locations on Fair Wear's transparency portal.

1.8 Member complies with the basic requirements of Fair Wear's communication policy.: Yes

Layer 2 Human rights due diligence, including sourcing strategy and responsible purchasing practices.

Possible Points: 90

Earned Points: 42

Indicators on Sourcing strategy

Performance indicators	Result	Relevance of indicator	Documentation	Score	Max	Min
2.1 Member company's sourcing strategy is focused on increasing influence to meaningfully and effectively improve working conditions.	Advanced	Fair Wear expects members to adjust their sourcing strategy to increase their influence over working conditions. Members should aim to keep the number of production locations at a level that allows for the effective implementation of responsible business practices.	Strategy document; consolidation plans, examples of implementation.	6	6	0

Comment: FC St. Pauli Merchandising has a sourcing strategy addressing influencing labour conditions. The member has 34 active suppliers with a total of 57 production locations. 6% of the production volume comes from suppliers, where the member brand has at least 10% leverage at suppliers. 11% of the production volume comes from suppliers, where FC St. Pauli Merchandising buys less than 2% of its total FOB. This is an improvement from the previous year, in which the brand had 36 active suppliers. FC St. Pauli Merchandising's written sourcing strategy explicitly focuses on increasing influence through consolidation and cooperation with other clients (which is also reflected in Indicator 3.5).

Recommendation: Fair Wear recommends FC St. Pauli Merchandising to consolidate its supplier base where possible and increase leverage at main production locations to effectively request improvements in working conditions.

Performance indicators	Result	Relevance of indicator	Documentation	Score	Max	Min
2.2 Member company's sourcing strategy is focused on building long-term relationships.	Basic	Stable business relationships underpin the implementation of the Code of Labour Practices and give factories a reason to invest in improving working conditions.	Strategy documents; % of FOB from suppliers where a business relationship has existed for more than five years; Examples of contracts outlining a commitment to long-term relationship; Evidence of shared forecasting.	2	6	0

Comment: FC St. Pauli Merchandising has a sourcing strategy focused on maintaining long-term relationships. 46% of the member's FOB volume comes from suppliers with whom FC St. Pauli Merchandising has had a business relationship for at least five years. The member does not commit to long-term contracts yet.

Recommendation: Fair Wear recommends FC St. Pauli Merchandising to commit to long-term contracts.

Performance indicators	Result	Relevance of indicator	Documentation	Score	Max	Min
2.3 Member company conducts a risk scoping exercise as part of its sourcing strategy.	Basic	Human rights due diligence, according to the OECD guidelines, requires companies to undertake a scoping exercise to identify and mitigate potential human rights risks in supply chains of potential business partners.	HRDD policy; Sourcing strategy linked to results of scoping exercise; HRDD processes, including specific responsibilities of different departments; Use of country studies; Analysis of business and sourcing model risks; Use of licensees and/or design collaborations.	2	6	-2

Comment: FC St. Pauli Merchandising conducts risk scoping and includes all risk factors: country, sector, business model, sourcing model and product level. The sector risk scoping includes human rights and integrity risks. The risk scoping on sourcing at the country level includes all eight labour standards but is only done for the member brands' main production countries: Türkiye, India, and China. The remaining sourcing countries, Germany, Greece, Pakistan, Poland, and Portugal, are currently missing. As most countries are based in Europe, the member brand has not prioritised those countries yet. In its risk scoping, the member has assessed the impact and prevalence of the risks correctly. The risk scoping includes a gender lens. FC St. Pauli Merchandising mainly looks at the risks of gender-based discrimination, gender equality, sexual harassment and gender-based violence but has not yet included a gender lens per labour standard. The member brand has not included input from workers, suppliers and stakeholders. FC St. Pauli Merchandising has not explicitly included its cooperation with partners for design collaborations as a business model risk in its risk scoping yet. However, one of the current design collaboration partners is simultaneously an intermediate producing as well as other products for the brand as part of the standard collection. FC St. Pauli Merchandising's newly established sourcing strategy was influenced by the risk scoping. As the brand has not added new production countries for many years, there has been no change in sourcing countries based on the risk scoping yet. FC St. Pauli Merchandising's sourcing strategy does not mention a preference for countries where workers can freely form or join a trade union and/or bargain collectively. However, the brand forbids adding new production locations in China due to the high risks to the rights of freedom of association and collective bargaining.

Requirement: FC St. Pauli Merchandising must include all sourcing countries in its risk scoping.

Recommendation: Fair Wear recommends FC St. Pauli Merchandising to add a gender lens per labour standard and formally include design collaborations as a business model risk in its risk scoping.

Performance indicators	Result	Relevance of indicator	Documentation	Score	Max	Min
2.4 Member company engages in dialogue with factory management about Fair Wear membership requirements before finalising the first purchase order.	Intermediate	Sourcing dialogues aim to increase transparency between the member and the potential supplier, which can benefit improvements efforts going forward.	Process outline to select new factories; Material used in sourcing dialogue; Documents for sharing commitment towards social compliance; Meeting reports; On-site visits; Reviews of suppliers' policies.	2	4	0

Comment: It is the standard process for FC St. Pauli Merchandising to inform new suppliers about Fair Wear membership by emailing information. This process has been followed for all nine suppliers added last year. However, the brand has not yet started a dialogue with most suppliers about human rights and how the supplier and FC St. Pauli Merchandising can cooperate on CSR topics. This dialogue is part of the onboarding process but does not occur before placing the first test order with a new supplier.

Recommendation: Fair Wear recommends that FC St. Pauli Merchandising engages in a dialogue with the supplier about Fair Wear requirements and how to cooperate in implementing these before finalising the first purchase order.

Performance indicators	Result	Relevance of indicator	Documentation	Score	Max	Min
2.5 Member company collects the necessary human rights information to inform sourcing decisions before finalising the first purchase order.	Intermediate	Human rights due diligence processes are necessary to identify and mitigate potential human rights risks in supply chains. Specific risks per factory need to be considered as part of the decision to start cooperation and/or place purchasing orders.	Questionnaire with CoLP, reviewing and collecting existing external information, evidence of investigating operational-level grievance system, union and independent worker committee presence, collective bargaining agreements, engaging in conversations with other customers and other stakeholders, including workers.	4	6	0

Comment: FC St. Pauli Merchandising established written guidelines for onboarding new suppliers in the last business year. The member brand collects human rights information of potential new suppliers by collecting the signed Code of Labour Practices (CoLP), which includes specific questions to the supplier as well as existing audit reports and certificates. With the help of audit reports, the member brand investigates whether an operational grievance mechanism exists. As the member brand works with intermediaries who suggest new suppliers and follow a strict pre-selection, FC St. Pauli Merchandising did not need to adjust its sourcing decisions based on the information provided by potential new suppliers. However, the brand will not place a test order with the supplier if audit reports highlight zero-tolerance issues such as forced labour. During the brand performance check, signed CoLPs for three out of nine new suppliers were missing. FC St. Pauli Merchandising explained that the collaboration ended after the first test order with two of those locations. The member does not collect information from workers or stakeholders to inform the sourcing decision. The member collects human rights information of one of its design collaboration partners as this partner also acts as an intermediary for FC St. Pauli Merchandising. The member's sourcing strategy does not mention a preference for suppliers where workers are free to form or join a trade union and/or bargain collectively. However, as part of the brand's sourcing strategy FC St. Pauli Merchandising does not allow to onboard new production locations in China due to the high risks of the rights of freedom of association and collective bargaining.

Requirement: FC St. Pauli Merchandising must ensure that new production locations sign and return a questionnaire about the CoLP before placing the first orders. This includes test orders.

Recommendation: Fair Wear also recommends that all subcontractors (supporting processes) sign the questionnaire including the CoLP.

Performance indicators	Result	Relevance of indicator	Documentation	Score	Max	Min
2.6 Member actively ensures awareness of the Fair Wear CoLP, the complaints helpline, and social dialogue mechanisms within the first year of starting business.	Basic	This indicator focuses on the preliminary mitigation of risks by actively raising awareness about the Fair Wear Code of Labour Practices and complaints helpline. Discussing Fair Wear's CoLP with management and workers is a key step towards ensuring sustainable improvements in working conditions and developing social dialogue at the supplier level.	Evidence of social dialogue awareness raised through earlier training/onboarding programmes, onboarding materials, information sessions on the factory grievance system and complaints helpline, use of Fair Wear factory guide, awareness-raising videos, and the CoLP.	2	6	0

Comment: FC St. Pauli Merchandising has added nine new production locations. The member brand has shared information about Fair Wear's CoLP and the complaints helpline within the first year of doing business. The Worker Information Sheet (WIS) has not been posted at three of the nine production locations. The member brand explained with two of those locations, the brand has no proof of the WIS posted as the collaboration ended after the first test order, and the third partner, based in Germany, refuses to add the WIS due to company policies. FC St. Pauli Merchandising has not yet organised onboarding sessions for its new suppliers to raise awareness about the Fair Wear CoLP, the complaints helpline, or the importance of social dialogue.

Requirement: FC St. Pauli Merchandising must ensure that factory management is aware of the Fair Wear CoLP and the complaints helpline within the first year of starting business. The Worker Information Sheet needs to be posted at a place easily accessible for workers.

Recommendation: FC St. Pauli Merchandising is recommended to organise onboarding sessions specifically focusing on the CoLP and the complaints mechanism within the first year of doing business.

Indicators on Identifying continuous human rights risks

Performance indicators	Result	Relevance of indicator	Documentation	Score	Max	Min
2.7 Member company has a system to continuously monitor human rights risks in its supply chain.	Basic	Members are expected to regularly evaluate risk in a systematic manner. The system used to identify human rights risks determines the accuracy of the risks identified and, as such, the possibilities for mitigation and remediation.	Use of risk policies, country studies, audit reports, other sources used, how often information is updated.	2	6	0

Comment: FC St. Pauli Merchandising has a systematic approach to identifying human rights risks in its supply chain. However, the approach is limited to the strategic suppliers with higher FOB and leverage only. The brand has not yet conducted Fair Wear audits but mainly relies on existing audits shared by its intermediates. Reducing audit fatigue for the supplier and low leverage of FC St. Pauli Merchandising at most of its suppliers are the main reasons for this monitoring strategy. However, it would be essential to mention that in most cases, the brand only receives report summaries, including findings. Still, the audit reports are incomplete; not all eight labour standards are included in the summary reports, and therefore, important data is missing. In addition, for three suppliers based in China and Türkiye, which were audited by Fair Wear by other member brands in 2021 and 2022, the brand had not requested CAPs nor audit reports to complete its monitoring. During the performance check, the brand representative explained that the two Chinese factories were added late to the financial year's records, and the business relationship with the Turkish supplier has been terminated. FC St. Pauli Merchandising uses visits by its staff as an additional monitoring tool, including Fair Wear's Health and Safety Check and its own CSR Check List for factory visits in low-risk countries that are not audited. Monitoring tools do not explicitly include worker, stakeholder and supplier input. FC St. Pauli Merchandising has not yet assessed the risks at the factory level.

Recommendation: Fair Wear strongly recommends FC St. Pauli Merchandising to assess risks on factory level for all suppliers.

Fair Wear strongly recommends FC St. Pauli Merchandising to work closely with its intermediates/third-party service provider to receive the full audit reports and ensure all available information is shared. Otherwise when data is missing for specific labour standards, FCSP should find different monitoring tools to ensure that they have information about it. In addition, the member brand should always reach out to other Fair Wear members to receive existing audit reports to complete its monitoring.

Performance indicators	Result	Relevance of indicator	Documentation	Score	Max	Min
2.8 Member company's continuous monitoring of human rights risks includes an assessment of freedom of association (FoA).	Basic	Freedom of association and collective bargaining are 'enabling rights.' When these rights are respected, they pave the way for garment workers and their employers to address and implement the other standards in Fair Wear's Code of Labour Practices - often without brand intervention.	Use of supplier questionnaire to inform decision-making, collected country information, and analyses.	2	6	0

Comment: FC St. Pauli Merchandising has mapped the risks to FoA in its main sourcing countries, Türkiye, India and China and can explain the main risks per country. The risks identified are, for example, workers cannot freely join a union of their choice, the existing trade unions or worker representatives are not involved in improving working conditions, worker or union representatives are not chosen by workers or not democratically elected, management mistreats workers due to their union membership or activities and factory management does not allow trade unions to approach workers. As mentioned in previous indicators, FC St. Pauli Merchandising is aware of the high risks to the rights of freedom of association and collective bargaining in China. FC St. Pauli Merchandising uses the risk scoping information to understand the risks at its suppliers and informs itself how to engage with its suppliers on this topic. The member brand has collected the main risks of violations to FoA at all main suppliers based in Türkiye, India and China with the information of recent audits. As mentioned in indicator 2.7., FC St. Pauli Merchandising has not yet assessed its suppliers' risk.

Requirement: FC St. Pauli Merchandising must include all its sourcing countries in the FoA mapping.

Recommendation: The member is recommended to ensure supplier-level monitoring is in place to assess and understand the risk at suppliers - for example, through the Supplier Questionnaire (tool 2 in Fair Wear's FoA Guide), modular assessment on Social Dialogue, in-depth discussions with suppliers, or a full audit.

Performance indicators	Result	Relevance of indicator	Documentation	Score	Max	Min
2.9 Member company includes a gender analysis throughout their continuous monitoring of human rights risks, to foster a better understanding of gendered implications.	Basic	Investing in gender equality creates a ripple effect of positive societal outcomes. Members must apply gender analyses to their supply chain to better address inequalities, violence, and harassment.	Evidence of use of the gender mapping tools and knowledge of country-specific fact sheets.	2	6	0

Comment: FC St. Pauli Merchandising has included a gender lens in its risk scoping for its main sourcing countries, Türkiye, China and India. The main tool has been the gender fact sheets from Fair Wear. The member could show it understands the basic gender risks for its main sourcing countries and, for instance, identified gender-based discrimination, gender equality, sexual harassment and gender-based violence as significant risks prevalent in India and Türkiye. As mentioned in indicator 2.7, the member brand has not yet done a risk assessment on the supplier level. However, FC St. Pauli Merchandising actively collects gender data per factory. The member brand focused on collecting data on gender division per job role from existing audit reports. The member has yet to analyse the collected gender-disaggregated data at the factory levels.

Requirement: FC St. Pauli Merchandising must include all its sourcing countries in the gender analysis.

Recommendation: Fair Wear recommends the member to collect country-level gender risks for each Code of Labour Practices and to start analysing the gender data collected at factory levels and connect them. Fair Wear's gender instruments can be helpful.

Performance indicators	Result	Relevance of indicator	Documentation	Score	Max	Min
2.10 Member company considers a production location's human rights performance in its purchasing decisions.	Intermediate	Systematic evaluation is part of continuous human rights monitoring. A systematic approach to evaluating production location performance is necessary to integrate social compliance into normal business processes and to support good decision-making.	Supplier evaluation format, meeting notes on supplier evaluation shared with the factory, processes outlining purchasing decisions, link to responsible exit strategy.	2	4	0

Comment: FC St. Pauli Merchandising does not evaluate its suppliers' human rights performance in a formal, systematic way yet. The main reason is that the member brand is only in the second year of the Fair Wear membership and prioritised other work areas, such as the risk scoping in the last financial year. However, informally, FC St. Pauli Merchandising annually reviews all of its suppliers in discussions with its intermediaries. Production locations with transparent behaviour, progressive mindset towards sustainability and higher standards are prioritised with higher orders in the future. The member brand plans to transform the learnings from the regular dialogue into developing a systemic supplier evaluation in the future. FC St. Pauli Merchandising has not yet shared the outcome of the informal evaluation with its suppliers and their worker representatives.

Requirement: FC St. Pauli Merchandising needs to evaluate the human rights performance of its suppliers systematically.

Recommendation: Fair Wear encourages FC St. Pauli Merchandising to develop an evaluation/grading system for suppliers where compliance with labour standards is a criterion for future order placement. Part of the system can be to create an incentive for rewarding suppliers for realised improvements in working conditions.

Performance indicators	Result	Relevance of indicator	Documentation	Score	Max	Min
2.11 Member company prevents and responds to unauthorised or unknown production and/or subcontracting.	Advanced	Subcontracting can decrease transparency in the supply chain and has been demonstrated to increase the risk of human rights violations. Therefore, when operating in higher-risk contexts where it is likely subcontracting occurs, the member company should increase due diligence measures to mitigate these risks.	Production location data provided to Fair Wear, financial records from the previous financial year, evidence of member systems and efforts to identify all production locations (e.g., interviews with factory managers, factory audit data, web shop and catalogue products, etc.), licensee contracts and agreements with design collaborators.	4	4	0

Comment: FC St. Pauli Merchandising uses the outcomes of its human rights monitoring to respond to unauthorised subcontracting. There is no evidence of missing first-tier locations in the database. Additionally, the member brand takes measures to prevent unauthorised subcontracting or unknown locations, such as visiting the suppliers during production via QC teams of intermediaries and own visits of the FC St. Pauli Merchandising team. The member brand has written agreements with all intermediaries. According to the agreement, subcontracting is prohibited unless the supplier informs in advance. After writing the order, the member brand receives information from the agent about the production location. The order will be released only after confirmation from FC St. Pauli Merchandising. The company also collects external audit reports, which provide information on whether unauthorised subcontracting occurs. The member brands check periodically with its intermediaries whether all known production locations are still up to date. No subcontractors were missing in the database. FC St. Pauli Merchandising addresses subcontracting in its design collaborations. In the last financial year, one Chinese supplier moved production to another known production location but did not inform the brand upfront. FC St. Pauli Merchandising emphasised again to its partner the strict requirement of informing the brand about the final production location before production starts. In addition, through various product certifications such as GOTS, GRS and Fair Trade, the member has taken steps to get more transparency deeper in its supply chain (transaction certificates are required when products move from one production location to the next).

Recommendation: FC St. Pauli Merchandising is recommended to check capacity in the factory and compare capacity to output, to support a plausibility check whether production probably has taken place in the factory.

Performance indicators	Result	Relevance of indicator	Documentation	Score	Max	Min
2.12 Member company extends its due diligence approach to homeworkers.	Insufficient	Homeworkers should be viewed as an intrinsic part of the workforce, entitled to receive equal treatment and have equal access to the same labour rights, and therefore should be formalised to achieve good employment terms and conditions.	Supplier policies, evidence of supplier and/or intermediaries' terms of employment, wage-slips from homeworkers.	0	4	0

Comment: FC St. Pauli Merchandising has not identified whether homework is prevalent in its sourcing countries. Since audits have not identified homeworkers, the member brand assumes that homeworkers are not used for its orders. FC St. Pauli Merchandising has not had a conversation about this with its suppliers, nor has it analysed the capacity of suppliers to identify a potential risk.

Requirement: FC St. Pauli Merchandising should identify whether homeworkers are used by its suppliers and assess if there is a risk of exploitation.

Recommendation: Fair Wear recommends FC St. Pauli Merchandising to review resources available on Homeworkers Worldwide.

Indicators on Responsible purchasing practices

Performance indicators	Result	Relevance of indicator	Documentation	Score	Max	Min
2.13 Member company's written contracts with suppliers support the implementation of Fair Wear's Code of Labour Practices and human rights due diligence, emphasising fair payment terms.	Insufficient	Written, binding agreements between brands and suppliers, which support the Fair Wears CoLP and human rights due diligence, are crucial to ensuring fairness in implementing decent work across the supply chain.	Suppliers' codes of conduct, contracts, agreements, purchasing terms and conditions, or supplier manuals.	0	4	0

Comment: FC St. Pauli Merchandising does not use contracts with its suppliers. Instead, the member brand has contracts with its intermediaries, and these intermediaries, in turn, have contracts with the supplier. During the Brand Performance Check, both contracts have been reviewed. The members' framework contracts with the intermediary stipulate liability and penalties. Payment terms are agreed upon per order. During the check, the member brand showed with samples that this is usually 40% prepayment and 60% FOB once good leave production (incoterm ex works). The contract includes a force majeure section, which both parties can equally invoke. Penalties in case of damages do not explicitly include 'proof of fault by the supplier'. The right of penalties on late deliveries is mentioned but not specified. The brand explained penalties have never been implemented. Liabilities in case of damages are defined clearly and do not place an unequal burden on its suppliers. Although the contract includes the Code of Labour Practices, it does not support the implementation of human rights due diligence. The intermediary's contract in the form of general purchase agreements with the suppliers stipulates, amongst others, liability and penalties for late deliveries and damages. Penalties in case of late deliveries or damages do not explicitly include 'proof of fault by the supplier'. Payment terms are not included. The member brand explained that there is an agreement with the intermediary that the intermediary cannot invoke the liability clause.

Requirement: FC St. Pauli Merchandising should evaluate its contracts to ensure that it does not place an unequal burden on its suppliers or include terms that limit the possibility of implementing the Code of Conduct.

Recommendation: Fair Wear strongly recommends that FC St. Pauli Merchandising to work with its intermediary to update its contracts with the supplier and include shared responsibilities and support the implementation of human rights due diligence, following the principles mentioned in the Common Framework of Responsible Purchasing Practices (CFRPP). In addition, Fair Wear strongly recommends that FC St. Pauli Merchandising remove penalties for late delivery from its contracts with the intermediaries or at least ensure there is 'proof of fault by the supplier'.

Performance indicators	Result	Relevance of indicator	Documentation	Score	Max	Min
2.14 Member company has formally integrated responsible business practices and possible impacts on human rights violations in their decision-making processes.	Intermediate	Corporate Social Responsibility (CSR), purchasing, and other staff that interact with suppliers must be able to share information to establish a coherent and effective strategy for improvements. This indicator examines how this policy and Fair Wear membership requirements are embedded within the member company.	Internal information systems, status Corrective Action Plans, sourcing score- cards, KPIs listed for different departments that support CSR efforts, reports from meetings from purchasing and/or CSR staff, and a systematic manner of storing information.	4	6	0

Comment: FC St. Pauli Merchandising shares relevant CSR information with other departments. There is an active interchange of information between CSR and other departments to enable coherent and responsible business practices. The member has not yet included responsible business practices in job role competencies, nor do sourcing and purchasing staff work with KPIs supporting good sourcing and pricing strategies.

Recommendation: FC St. Pauli Merchandising could adopt KPIs that support good sourcing and pricing strategies within its sourcing, purchasing and design departments and could include responsible business practices in its job role competencies of sourcing and purchasing staff

Performance indicators	Result	Relevance of indicator	Documentation	Score	Max	Min
2.15 Member company's purchasing practices support reasonable working hours.	Intermediate	Members' purchasing practices can significantly impact the levels of excessive overtime at factories.	Proof that planning systems have been shared with production locations, examples of production capacity knowledge that is integrated into planning, timely approval of samples, and proof that management oversight is in place to prevent late production changes.	4	6	0

Comment: FC St. Pauli Merchandising's production planning is not driven by the retail season but is focused on the FC St. Pauli football club and football seasons. Although FC St. Pauli Merchandising sells merchandise products for summer or winter, the quantities or collections are also based on the German Bundesliga. They are mainly driven by the club's success. The production planning at FC St. Pauli Merchandising is divided into two brands: 'skull and crossbones' and 'DIY'. The member brand does cooperative production planning with all suppliers by asking them for possible lead times and delivery dates before placing an order. In most cases, there are no short-term changes. However, FC St. Pauli Merchandising accepts longer delivery times if that should happen. The member usually produces small quantities (an exception is the NOS programme); therefore, the member brand depends on the suppliers' capacity planning. FC St. Pauli Merchandising does not know the production capacity of its production locations as the production locations set the deadlines. FC St. Pauli Merchandising also accepts goods with quality defects to prevent new production. The quality check is already done on-site by the intermediary in Türkiye.

Skull and crossbones:

Around 70% turnover of this brand is made with NOS products. These articles are ordered one to two times per year in high quantities and with long-term planning. There are also high stock orders of blank t-shirts and hoodies. Because FC St. Pauli Merchandising works closely with a finishing company in Germany, designs can be printed or embroidered here at short notice and/or in small quantities without affecting factory production to be able to react fast (f.e. in case of winning the derby match or promotion to a higher league). Sales starts for seasonal merchandise are always planned quarterly and not on fixed dates to ensure flexibility in case of delays.

DIY:

The 'DIY'-products are produced through an intermediary in Türkiye. Since the last financial year, all DIY orders have been placed via via the procurement partner in Germany. Also, the football team's jerseys are developed by FC St. Pauli Merchandising itself. The product development of the 'DIY'-products starts about 1,5 years before the sales start. FC St. Pauli Merchandising forecasts twelve to eight months in advance and places the order nine or seven months before the start of the season and the start of sales. In the last business year, FC St. Pauli Merchandising shared the forecast even earlier (3,5 months before the regular deadline) with the Turkish intermediary, and even with a more significant delay, the member brand ensured a three month buffer before the new football season started.

Recommendation: Fair Wear strongly recommends FC St. Pauli Merchandising collect more information about the production planning and possible delays to understand better the impact of FC St. Pauli Merchandising's orders on factory capacity. FC St. Pauli Merchandising could use the Fair Working Hours Guide to assess its purchasing practices and potential impact on working hours and discuss this with its suppliers.

Performance indicators	Result	Relevance of indicator	Documentation	Score	Max	Min
2.16 Member company can demonstrate the link between its buying prices and wage levels at production locations.	Insufficient	Understanding the labour component of buying prices is an essential first step for member companies towards ensuring the payment of minimum wages - and towards the implementation of living wages.	Interviews with production staff, documents related to member's pricing policy and system, buying contracts, cost sheets including labour minutes.	0	6	0

Comment: FC St. Pauli Merchandising has a basic understanding of the wage levels at its main CMT (cut make-trim) suppliers but does not yet connect this understanding to its buying prices. The member brand has no insight into the labour component of its prices. FC St. Pauli Merchandising does not know the number of actual sewing minutes needed for a style nor the labour minute value at its suppliers. For pricing, FC St. Pauli Merchandising initially asks the supplier to quote both the price and lead time for a new product. The price is discussed internally with the purchasing department. If, for example, the price is too high, both the supplier and the development team discuss if product adjustments could help reduce the price. This is negotiated with the intermediaries. In general, FC St. Pauli Merchandising accepts the final price. Price increases due to inflation, legal minimum wage or material costs are accepted without negotiation. In the last financial year, the member brand started taking the first steps towards more transparent pricing through two examples of open costing, one with a Turkish supplier and one with a Chinese supplier. In those examples, material costs and margins were listed, but the CMT costs from the Turkish supplier were missing. From the Chinese supplier, CMT was added, but no sewing minutes or minutes costs were visible.

Requirement: FC St. Pauli Merchandising needs to demonstrate an understanding of the link between buying prices and wage levels to ensure its pricing allows for the payment of the legal minimum wage.

Recommendation: FC St. Pauli Merchandising could provide suppliers who do not work with fact-based costing training on product costing and how to quote prices including (direct and indirect) labour costs. Fair Price product owners are available to conduct such training in all Fair Wear production countries. The brand should follow up with the Chinese and Turkish suppliers to provide full open costing including CMT costs and sewing minutes per style.

Performance indicators	Result	Relevance of indicator	Documentation	Score	Max	Min
2.17 All sourcing intermediaries play an active role in upholding Fair Wear's Code of Labour Practices and ensure transparency about where production takes place.	Advanced	Intermediaries have the potential to either support or disrupt CoLP implementation. It is members' responsibility to ensure production relation intermediaries actively support the implementation of the CoLP.	Correspondence with intermediaries, trainings for intermediaries, communication on Fair Wear audit findings, etc.	4	4	0

Comment: FC St. Pauli Merchandising works with nine intermediaries with which the member brand has written agreements. The agents play an essential role for FC St. Pauli Merchandising as key business partners in purchasing practices and handling logistics. In particular, the intermediary from Germany takes a central role in this. It can be noted that this agent is also certified for the Green Button and uses other labels, such as Fair Trade. This agent is also a German Partnership for Sustainable Textiles (PST) member.

FC St. Pauli Merchandising has informed its sourcing intermediaries of Fair Wear requirements and could show they informed production locations. Next to that, the intermediaries actively support the implementation of the CoLP by following up of the CAPs and implementation of all Fair Wear requirements. In the last financial year, the member brand developed its onboarding policy in close consultation with intermediaries. In addition, the QC staff of Turkish intermediaries performed Health and Safety checks when visiting factories. The agents have direct contact with the factories. FC St. Pauli Merchandising, therefore, only has indirect contact with its suppliers.

The member is yet to require from its intermediaries that they uphold the purchasing practices as mentioned in the Common Framework of Responsible Purchasing Practices (CFRPP). FC St. Pauli Merchandising plans to work on new guidelines in 2023/24 on responsible purchasing practises.

Recommendation: The member is recommended to check if the intermediary's purchasing practices are fair and if the intermediary has adequate systems to ensure payments are made on time. In addition, FC St. Pauli Merchandising could require its intermediaries to uphold the purchasing practices mentioned in the CFRPP framework.

Layer 3 Prevention, mitigation and remediation

Possible Points: 90

Earned Points: 28

Indicators on the quality and coherence of a members' prevention and remediation system

Performance indicators	Result	Relevance of indicator	Documentation	Score	Max	Min
3.1 Member company integrates outcomes of human rights risk identification (layer 2) into prioritisation and follow-up programmes according to the risk profile.	Basic	Based on the risk assessment outcomes, a factory risk profile can be determined with accompanying intervention strategies, including improvement and prevention programmes.	Overview of supplier base with accompanying risk profile and follow-up programmes.	2	6	0

Comment: FC St. Pauli Merchandising has not yet made risk profiles for all suppliers. In the last financial year, the brand focused on risk scoping and used the Corrective Action Plans as a follow-up plan. Based on audit findings, the brand has a systematic overview of risks for thirteen suppliers. Prioritisation is mainly based on both strategic partnerships of suppliers with higher FOB and leverage based in Türkiye. Based on the risk identification described in chapter two, FC St. Pauli Merchandising has linked factory risks to appropriate follow-up for factories covering 25% of FOB.

Requirement: FC St. Pauli Merchandising is required to ensure that prioritisation in follow-up matches the factory's risk profile.

Recommendation: Fair Wear recommends FC St. Pauli Merchandising to establish risk profiles for all factory's and establish a clear follow-up plan per supplier.

Performance indicators	Result	Relevance of indicator	Documentation	Score	Max	Min
3.2 Member company's improvement and prevention programmes include a gender lens.	Insufficient	The prevention and improvement programmes should ensure equitable outcomes. Thus, a gender lens should be incorporated in all programmes regardless of whether or not the programme is specifically about gender.	Proof of incorporation of the gender lens in follow up programmes, including stakeholder input.	0	6	0

Comment: FC St. Pauli Merchandising has no gender lens in improvement or prevention programmes. The member brand's main supplier, based in Türkiye and accounting for 25% of FOB, held women empowerment training following the UN Women Empowerment Principles until 2021. As FC St. Pauli Merchandising had no training reports or other evidence of the training, these efforts cannot be counted in this brand performance check.

Requirement: FC St. Pauli Merchandising must start including a gender lens in the implementation of improvement or prevention actions.

Recommendation: The member is encouraged to work closely with its main supplier in Türkiye to ensure the women empowerment training is integrated again in the factory's training curriculum.

Performance indicators	Result	Relevance of indicator	Documentation	Score	Max	Min
3.3 Member company's improvement and prevention programmes include steps to encourage freedom of association and effective social dialogue.	Insufficient	Freedom of Association and Collective Bargaining are enabling rights. Therefore, ensuring they are prioritised in improvement and prevention programmes can help support improvements in all other areas.	Available prevention and improvement programmes, including stakeholder input.	0	6	0

Comment: FC St. Pauli Merchandising has not yet included steps to encourage FoA and effective social dialogue in its improvement or prevention actions.

Requirement: Members must include steps to promote FoA and social dialogue in its improvement or prevention actions. This should be linked with its assessment of risks to FoA and social dialogue as part of its human rights monitoring (see indicator 2.8). Examples of steps that could be included can be found in Fair Wears brand guide on FoA and collective bargaining.

Recommendation: FC St. Pauli Merchandising is recommended to support in financing/coordinating training on FoA and social dialogue for its suppliers.

Performance indicators	Result	Relevance of indicator	Documentation	Score	Max	Min
3.4 Member company actively supports operational-level internal grievance mechanism.	Advanced	Fair Wear's complaints helpline is a safety net in case local grievance mechanisms do not provide access to remedy. Members are expected to actively support and monitor the effectiveness of operational-level grievance mechanisms as part of regular contact with their suppliers.	Communication with suppliers, responses to grievances, minutes of internal worker committees, evidence of democratically elected worker representation, evidence of handled grievance, review of factory policies, and proof of effective social dialogue.	6	6	0

Comment: FC St. Pauli Merchandising does not assess its suppliers' internal grievance mechanisms at the start of a business relationship. However, the brand keeps track of audit findings of factory-level grievance mechanisms in an overview. During the brand performance check, the brand could show data collection for its strategic partners accounting for 50% of the member brand's FOB. In addition, FC St. Pauli Merchandising's main intermediate also monitors factory-level grievance mechanisms, accounting for 17% of the member brands' FOB. FC St. Pauli Merchandising follows up on issues related to factory-level grievance mechanisms when they come up in CAPs. For example, at a Chinese supplier, the audit report showed that the factory's established grievance mechanism did not include all interested parties. The brand could show remediation as part of the CAP follow-up.

Recommendation: Fair Wear recommends FC St. Pauli Merchandising to always involve suppliers and worker representatives in the assessment of the internal grievance mechanism and to share and discuss the assessment outcome with the above stakeholders, who should be encouraged to lead a discussion on how the mechanisms can be improved.

Performance indicators	Result	Relevance of indicator	Documentation	Score	Max	Min
3.5 Member company collaborates with other Fair Wear members or customers of the production location.	Basic	Cooperation between Fair Wear members increases leverage and the chances of successful outcomes. Cooperation also reduces the chances of a factory needing to conduct multiple improvement programmes about the same issue with multiple customers.	Communication between different companies.	2	6	0

Comment: FC St. Pauli Merchandising cooperates with other Fair Wear members at its shared suppliers, responding to CAPs and complaints. The member brand has not yet collaborated with customers who are not Fair Wear members.

Recommendation: Even though FC St. Pauli Merchandising already works together with other Fair Wear members, Fair Wear recommends to also collaborate with other customers.

Indicators on implementation: improvement and prevention

Performance indicators	Result	Relevance of indicator	Documentation	Score	Max	Min
3.6 Degree of progress towards implementation of improvement programme per relevant factory.	60%	Fair Wear expects members to show progress towards the implementation of improvement programmes. Members are expected to be actively involved in the examination and remediation of any factory-specific problem.	Progress reports on improvement programmes.	4	6	-2

Comment: FC St. Pauli Merchandising has received seven audit reports in the past financial year (six external audits and one Fair Wear audit). During the performance check, the member could demonstrate with a sample that up to two-thirds of the CAP issues requiring improvement actions have been followed up. Examples of improvement actions that were taken include the support of new elections of worker representatives, as the audit revealed that worker representatives were appointed by management but not democratically elected. The brand asked Fair Wear's local team in Türkiye to support the validation of various proofs through desktop review. In addition, several health and safety issues were remediated, and the proof was on file during the brand performance check for all closed findings. The CAP issues that require improvement actions and are still open are more complex or structural issues and, therefore, need more time to remediate.

Recommendation: Fair Wear strongly recommends ensuring that the size of the supply chain and the available resources of FC St. Pauli Merchandising to actively follow up on CAP issues are coinciding. Possible solutions could be to decrease the number of suppliers or increase the resources needed to be able to work on improvement actions.

Performance indicators	Result	Relevance of indicator	Documentation	Score	Max	Min
3.7 Degree of progress towards implementation of prevention programme.	Insufficient progress	Fair Wear expects members to show progress towards the implementation of prevention programmes. With this indicator, Fair Wear assesses the degree of progress based on the percentage of actions addressed within the set timeframe.	Update on prevention programmes.	-2	6	-2

Comment: FC St. Pauli Merchandising has identified some root causes of the CAP issues. For health and safety findings, the member brand sees the cost of improvements and cultural differences as the main reason. For the risks of the right of freedom of association, the brand identified the country's political situation as the main root cause, for example, in Türkiye. The member brand has not discussed these root causes with its suppliers and has not yet developed some preventive steps addressing these root causes.

Requirement: Please note that following Fair Wear's policy for repeated non-compliance, members that receive an insufficient score on this indicator for the second year will be placed in the 'needs improvement' category.

FC St. Pauli Merchandising should identify root causes of CAP issues and discuss these with its suppliers. The member needs to start developing preventive actions to address these root causes.

Recommendation: Fair Wear recommends FC St. Pauli Merchandising to identify root causes of CAP issues together with its suppliers and include them again in the Corrective Action Plan as done in the past.

Performance indicators	Result	Relevance of indicator	Documentation	Score	Max	Min
3.8 Member company validates risk profile and maintains regular dialogue with factories where no improvement or prevention programme is needed.	Intermediate	When no improvement or prevention programme is needed, Fair Wear expect its member companies to actively monitor the risk profile and continue to mitigate risks and prevent human rights abuses.	Use of Fair Wear workers awareness digital tool to promote access to remedy. Evidence of data collected, worker interviews, monitoring documentation tracking status quo.	4	6	0

Comment: FC St. Pauli Merchandising has some suppliers where improvement or prevention steps are not needed. These cover 10% of the member's total FOB. The member brand has a system to ensure possible human rights risks are regularly discussed with these suppliers. The member brand developed a detailed factory visit CSR check document, which was used in the last financial year during visits of all Portuguese suppliers. FC St. Pauli Merchandising has not included Germany, Portugal, or Poland in the risk scoping. The member has not included worker representatives/local unions in discussions with factory management on possible human rights risks.

Recommendation: Fair Wear strongly recommends that FC St. Pauli Merchandising ensures its assessment of factories not needing any improvement or prevention programmes is based on a risk assessment.

FC St. Pauli Merchandising is recommended to ensure worker representation/local unions (when appropriate) are included in discussions with factory management on possible human rights risks.

Performance indicators	Result	Relevance of indicator	Documentation	Score	Max	Min
3.9 Degree to which member company mitigates root causes of excessive overtime.	Advanced	Member companies should identify excessive overtime caused by the internal processes and take preventive measures. In addition, members should assess ways to reduce the risk of external delays.	This indicator rewards self-identification of efforts to prevent excessive overtime. Therefore, member companies may present a wide range of evidence of production delays and how the risk of excessive overtime was addressed, such as: reports, correspondence with factories, collaboration with other customers of the factory, use of Fair Wear tools, etc.	6	6	0

Comment: In the previous year, three audit reports of seven audits mentioned excessive overtime. FC St. Pauli Merchandising analysed the root causes of these findings. According to the member, unreasonable production planning, material delays or short lead times of other customers are significant root causes for excessive overtime. The member has taken action to address the root causes. For one of its Turkish suppliers, the brand continuously requested monthly working hour records over the last three years. The root cause for excessive overtime was the purchasing practices of another brand, which disrupted the production planning through last-minute design changes, wrong forecasts, etc. The supplier terminated the collaboration with that brand, and working hours improved significantly. Thus, FC St. Pauli Merchandising could show reduced excessive overtime at one supplier.

Recommendation: Fair Wear advises FC St. Pauli Merchandising to discuss with its supplier which solutions included in the Fair Working Hours Guide are applicable.

Performance indicators	Result	Relevance of indicator	Documentation	Score	Max	Min
3.10 Member company adequately responds if production locations fail to pay legal wage requirements and/or fail to provide wage data to verify that legal wage requirements are paid.	Intermediate	Fair Wear members are expected to actively verify that all workers receive legal minimum wage. If a supplier does not meet the legal wage requirements or is unable to show they do, Fair Wear member companies are expected to hold the management at the production location accountable for respecting local labour law.	Complaint reports, CAPs, additional emails, Fair Wear Audit Reports or additional monitoring visits by a Fair Wear auditor, or other documents that show the legal wage issue is reported/resolved.	2	4	-2

Comment: In the previous year, two of seven audits included findings regarding non-payment of legally required wage elements. At FC St. Pauli Merchandising's main supplier in Türkiye, the audit revealed that social security payments are not paid as legally required as part of the wages are paid in cash. For this part of the wage, no social security is paid. FC St. Pauli Merchandising responded to these findings promptly. The factory sent proof that the practice had improved. At the time of the brand performance check, the validation by the local Fair Wear team was still ongoing. At a Chinese supplier, the audit reported that the factory did not provide social insurance for all workers. According to the factory, the root cause is that workers do not want to join the social security scheme. Due to the complexity of the issue, no progress has been made yet.

Recommendation: Fair Wear strongly recommends FC St. Pauli Merchandising to enrol the Chinese supplier in the onboarding module one and request a special focus on the benefits of social security for workers who are currently refusing to enrol in the social security system.

Performance indicators	Result	Relevance of indicator	Documentation	Score	Max	Min
3.11 Degree to which member company assesses and responds to root causes of wages lower than living wages in production locations.	Insufficient	Assessing the root causes for wages lower than living wages will determine what strategies/interventions are needed for increasing wages, which will result in a systemic approach.	Member companies may present a wide range of evidence of how payment below living wage was addressed, such as: internal policy and strategy documents, reports, wage data/wage ladders, gap analysis, correspondence with factories, etc.	0	6	0

Comment: FC St. Pauli Merchandising has a basic overview of the wage levels at its strategic suppliers, accounting for 50% of the FOB. The information is taken from audit reports and regularly updated. The member brand has not yet discussed the topic of living wages with its suppliers but has identified low prices as the root cause for wages below the living wage. In its second year of Fair Wear membership, the brand focused on open costing and wage transparency as the first step.

Requirement: FC St. Pauli Merchandising must assess the root causes of wages that are lower than living wages, taking into account its leverage and the effect of its own pricing policy. The member brand is expected to take an active role in discussing living wages with its suppliers. The Fair Wear wage ladder can be used as a tool to implement living wages, to document, monitor, negotiate and evaluate the improvements at its suppliers.

Recommendation: Fair Wear recommends FC St. Pauli Merchandising to enrol in the Living Wage programme on Fair Wear's learning platform.

Performance indicators	Result	Relevance of indicator	Documentation	Score	Max	Min
3.12 Member company determines and finances wage increases.	Insufficient	Member companies should have strategies in place to contribute to and finance wage increases in their production locations.	Analysis of wage gap, strategy on paper, demonstrated roll out process.	0	6	0

Comment: FC St. Pauli Merchandising has not discussed wage increases with its factories. The member brand does not have a strategy on how to finance wage increases at its suppliers. However, its main intermediate has a running living wage project at one of FC St. Pauli Merchandising's factories in India, accounting for 13% of the member brand's total FOB volume. As part of the Fair Trade Certification of the products, the supplier established 2021 a six-year plan to reach a target wage of 15750 TNR for all workers. FC St. Pauli Merchandising is not yet supporting this gradual wage increase through higher prices.

Requirement: FC St. Pauli Merchandising should analyse what is needed to increase wages and develop a strategy to finance the costs of wage increases.

Recommendation: To support companies in analysing the wage gap, Fair Wear has developed a calculation model that estimates the effect on FOB and retail prices under different pricing models.

Performance indicators	Result	Relevance of indicator	Documentation	Score	Max	Min
3.13 Percentage of production volume where the member company pays its share of the living wage estimate.	0%	Fair Wear requires its member companies to act to ensure a living wage is paid in their production locations to each worker.	Member company's own documentation such as reports, factory documentation, evidence of Collective Bargaining Agreement (CBA) payment, communication with factories, etc.	0	6	0

Comment: FC St. Pauli Merchandising does not contribute to higher wages at any production location. As mentioned under indicator 3.12, the member brand's main intermediate has a living wage project at one of FC St. Pauli Merchandising's factories in India, accounting for 13% of the member brand's total FOB volume. However, in the last financial year for none of the workers, the target wage of 15750 TNR was achieved yet. Wages were still at a level between 7190 and 8803 INR.

Requirement: FC St. Pauli Merchandising is expected to begin setting a target wage for its production locations.

Recommendation: Fair Wear recommends FC St. Pauli Merchandising to conduct a root cause analysis to check how it is possible that the paid wages are not above a living wage benchmark while the brand calculates with this benchmark in its pricing and has high leverage.

Performance indicators	Result	Relevance of indicator	Documentation	Score	Max	Min
3.14 Member addresses grievances received through Fair Wear's helpline in accordance with the Fair Wear Complaints Procedure.	Intermediate	Members are expected to actively support the operational-level grievance mechanisms as part of regular contact with their suppliers. The complaints procedure provides a framework for member brands, emphasising the responsibility towards workers within their supply chain.	Overview of supporting activities, overview of grievances received and addressed, etc.	2	4	-2

Comment: FC St. Pauli Merchandising received two complaints in the past financial year about health and safety, freedom of association and legally binding employment relationships at one of its suppliers in Türkiye. The member brand actively responded to these complaints as per Fair Wear's Complaints Procedure by offering the other member brand leading the complaint full support, even though FC St. Pauli Merchandising had already decided to exit the supplier at the time of the complaint. Shortly after, the lead brand stopped its Fair Wear membership. Since both the member brands informed Fair Wear that they were no longer in a business relationship with the factory and did not have any influence on the supplier, Fair Wear could not proceed with the complaint and the complaint was closed.

Recommendation: The member brand is recommended to take steps to prevent similar complaints from occurring in its supply chain.

Performance indicators	Result	Relevance of indicator	Documentation	Score	Max	Min
3.15 Degree to which member company implements training appropriate to the improvement or prevention programme.	Insufficient	Training programmes can play an important role in improving working conditions, especially for more complex issues, such as freedom of association or gender-based violence, where factory-level transformation is needed.	Links between the risk profile and training programme, documentation from discussions with management and workers on training needs, etc.	0	6	0

Comment: FC St. Pauli Merchandising has no CAP findings where training is a recommended follow-up action. However, the member brand identified training as a follow-up action for some suppliers. The member brand has not implemented any training in its first two years of being a Fair Wear member.

Requirement: FC St. Pauli Merchandising needs to implement training per the requirements in its improvement and prevention programmes.

Recommendation: FC St. Pauli Merchandising is recommended to implement training for all factories where this is part of its improvement and/or prevention programme.

Performance indicators	Result	Relevance of indicator	Documentation	Score	Max	Min
3.16 Degree to which member company follows up after a training programme.	Member company did not implement any training	Training is a crucial tool to support transformative processes but complementary activities such as remediation and changes at the brand level are needed to achieve lasting impact	Evidence of engagement with factory management regarding training outcomes, documentation on follow-up activities, and proof of integration into further monitoring and risk profiling efforts.	N/A	6	0

Comment: FC St. Pauli Merchandising did not implement training at its suppliers.

Performance indicators	Result	Relevance of indicator	Documentation	Score	Max	Min
3.17 The member company's human rights risk monitoring system includes a responsible exit strategy.	Intermediate	Withdrawing from a non-compliant supplier should only be the last resort when no more impact can be gained from other strategies. Fair Wear members must follow the steps as laid out in the responsible exit strategy.	Exit strategy policy, examples of supplier communications.	2	4	0

Comment: FC St. Pauli Merchandising human rights risk monitoring includes a responsible exit strategy. However, the strategy is not yet in writing. In the past financial year, the member stopped with two suppliers. As mentioned under indicator 3.14, the brand started phasing out at a Turkish supplier due to unwillingness to improve the working conditions raised in a complaint. The member brand had low leverage (0,02%) at this supplier. FC St. Pauli Merchandising followed the steps in the responsible exit strategy. The member brand also shared that in the last financial year, it communicated the move of production for the DIYY products to an external brand. This means the external brand will handle the entire process, from product development to production. However, to minimize the negative effect on the Turkish supplier (25% FOB, 2 % leverage) due to missing orders, FC St Pauli Merchandising arranged that part of the collection will still be produced by the same Turkish supplier. But all orders will be placed by the external brand. FC St. Pauli Merchandising did not discuss the responsible exit strategy with its suppliers.

Requirement: FC St. Pauli Merchandising must have human rights risk monitoring, including a written responsible exit strategy.

Recommendation: FC St. Pauli Merchandising could include the responsible exit strategy as part of its suppliers' agreement or contract.

Performance indicators	Result	Relevance of indicator	Documentation	Score	Max	Min
3.18 Member company's measures, business practices and/or improvement programmes go beyond the indicators or scope.	Member company's activities do not go beyond the indicators or scope.	Fair Wear would like to reward and encourage members who go beyond the Fair Wear policy or scope requirements. For example, innovative projects that result in advanced remediation strategies, pilot participation, and/or going beyond tier 2.	Overview of Human Right risk monitoring, remediation and prevention activities and processes.	N/A	6	0

Comment: FC St. Pauli Merchandising does not undertake activities related to human rights that go beyond Fair Wear's scope.

Layer 4 External communication, outreach, learning, and evaluation

Possible Points: 26

Earned Points: 12

Indicators related to communication

Performance indicators	Result	Relevance of indicator	Documentation	Score	Max	Min
4.1 Member company actively communicates about Fair Wear membership and its human rights due diligence efforts.	Advanced	Fair Wear membership includes the need for a brand to show its efforts, progress, and results. Fair Wear members have the tools and targeted content to showcase accountability and inform customers, consumers, and retailers. The more brands communicate about their sustainability work, the greater the overall impact of the work of the Fair Wear member community.	Member website, sales brochures, and other communication materials.	4	4	0

Comment: FC St. Pauli Merchandising communicates accurately about Fair Wear membership on its website. The member also uses other channels, such as the brand's website and social media, to inform customers and stakeholders about Fair Wear membership and actively spreads the Fair Wear message.

Performance indicators	Result	Relevance of indicator	Documentation	Score	Max	Min
4.2 Member company sells external brands with a Human Rights Due Diligence system (if applicable).	Advanced	Some member companies resell other brands, which Fair Wear refers to as 'external production'. These members are expected to investigate the Human Rights Due Diligence system of these other brands, including production locations and the availability of monitoring information.	External production data in Fair Wear's information management system, collected information about other brands' human rights due diligence systems, and evidence of external brands being part of other multi-stakeholder initiatives that verify their responsible business conduct.	4	4	0

Comment: FC St. Pauli Merchandising sells six external brands. The member has collected information about the human rights due diligence of some of these brands. Three of the six external brands are member(s) of a credible initiative: Fair Labour Association (FLA) and Fair Wear.

Indicators related to brand and supply chain transparency

Performance indicators	Result	Relevance of indicator	Documentation	Score	Max	Min
4.3 Social report is submitted to Fair Wear and is published on the member company's website.	Insufficient	The social report is an important tool for member companies to share their efforts with stakeholders transparently. The social report explicitly refers to the workplan and the yearly progress related to the brands goals identified in the workplan.	Social report.	0	4	0

Comment: FC St. Pauli Merchandising has not submitted its social report.

Requirement: FC St. Pauli Merchandising's social report needs to be submitted to Fair Wear.

Recommendation: A social report is an important tool for member companies to share their efforts with stakeholders transparently. Therefore, Fair Wear strongly recommends that FC St. Pauli Merchandising will publish the social report on its website after it is submitted.

Performance indicators	Result	Relevance of indicator	Documentation	Score	Max	Min
4.4 Member company engages in advanced reporting activities.	Insufficient	Good reporting by members helps ensure the transparency of Fair Wear's work and helps share best practices within the industry. This indicator reviews transparency efforts reported beyond (or included in) the social report.	Brand Performance Check, audit reports, information about innovative projects, specific factory compliance data, disclosed production locations (list tier 2 and beyond), disclosure of production locations, alignment with the Transparency Pledge.	0	4	0

Comment: FC St. Pauli Merchandising does not report on factory-level data and remediation results.

Requirement: FC St. Pauli Merchandising should report on factory-level data and remediation results. Good reporting by members helps to ensure the transparency of the member and Fair Wear's work.

Recommendation: FC St. Pauli Merchandising is recommended to publish a complete factory list on its website or in future in the social report.

Performance indicators	Result	Relevance of indicator	Documentation	Score	Max	Min
4.5 Member company has a system to track implementation and validate results.	Intermediate	Progress must be checked against goals. Members are expected to have a system in place to track implementation and validate the progress made.	Documentation of top management involvement in systematic annual evaluation includes meeting minutes, verbal reporting, PowerPoint presentations, etc. Evidence of worker/supplier feedback.	4	6	0

Comment: FC St. Pauli Merchandising has a basic system to track progress and check if implemented measures have effectively prevented and remediated human rights violations. The internal evaluation system involves top management and reviews the yearly brand performance check results. In addition, FC St. Pauli Merchandising sets CSR targets per financial year, e.g., improving purchasing practises, including open costing and a gender lens in the risk scoping, which were discussed and approved by management. At the end of the business year, a status update is given per target: completed, ongoing, on hold, etc. The member does not yet include triangulated information from external sources, such as workers and suppliers, in its evaluation system.

Recommendation: FC St. Pauli Merchandising could further improve its system by using the already developed framework of including actions in the risk assessment at the supplier level. This can be an additional system to track the effectiveness of improvement and prevention measures. However, the first step will be the risk assessment for all suppliers. In addition, the member is advised to include feedback from workers and suppliers in its evaluation system.

Performance indicators	Result	Relevance of indicator	Documentation	Score	Max	Min
4.6 Level of action/progress made on requirements from previous Brand Performance Check.	Basic	In each Brand Performance Check report, Fair Wear may include requirements for changes to management practices. Progress on achieving these requirements is an important part of Fair Wear membership and its process approach.	Member should show documentation related to the specific requirements made in the previous Brand Performance Check.	0	4	-2

Comment: In the previous performance check, seven requirements were included. FC St. Pauli Merchandising followed up on two of the seven requirements from the brand's first Brand Performance Check. Together, less than half of the requirements were addressed.

1.4 (now 2.5) A formal process should exist to evaluate the risks of labour violations in the production areas where FC St. Pauli Merchandising is operating. This evaluation should influence the decision on whether to place orders, how to prevent and mitigate risks, and what remediation steps may be necessary. BPC 2022: Partly improved, through the intermediary, the member brand has a strict supplier selection process, including review of audit reports, etc.

1.3 (now 2.5) FC St. Pauli Merchandising needs to ensure that new production locations sign and return the questionnaire before the first orders are placed. BPC 2022: Not improved, the member brand had placed test orders at three factories which have not signed the questionnaire in 2022/23.

1.5 (now 2.10) A systematic approach is required to integrate social compliance into normal business processes, and supports good decision-making. The approach needs to ensure that FC St. Pauli Merchandising consistently evaluates the entire supplier base and includes information in decision-making procedures. BPC 2022: Not improved, FC St Pauli Merchandising has not started with a formal supplier evaluation.

1.8 (now 2.16) FC St. Pauli Merchandising needs to demonstrate an understanding of the link between buying prices and wage levels to ensure their pricing allows for the payment of the legal minimum wage. BPC 2022: Not improved, the member brand started working on open costing but made insufficient progress compared to the previous BPC.

1.11 (now 3.11) FC St. Pauli Merchandising must assess the root causes of wages that are lower than living wages, taking into account its leverage and effect of its own pricing policy. FC St. Pauli Merchandising is expected to take an active role in discussing living wages with its suppliers. The Fair Wear wage ladder can be used as a tool to implement living wages, and to document, monitor, negotiate and evaluate the improvements at its suppliers. BPC 2022: Not improved, the member brand prioritised open costing first and did not yet discuss living wages.

3.2 (now 2.6) FC St. Pauli Merchandising must ensure that the Worker Information Sheet, including contact information of the local complaints handler of Fair Wear, is posted in factories in a location accessible to all workers. FC St. Pauli Merchandising should check by means of a visit whether the Worker Information Sheet is posted in the factories. BPC 2022: Partly improved, missing WIS were uploaded, but the Worker Information Sheet (WIS) has not been posted for three of the nine new production locations.

6.2 (now 1.7) Fair Wear requires FC St. Pauli Merchandising to disclose production locations on the Fair Wear website. BPC 2022: Not improved, FC St. Pauli Merchandising discloses 0% of production locations externally on Fair Wear's transparency portal.

Recommendation: FC St. Pauli Merchandising is strongly recommended to address the requirements that are still outstanding.

5 Appreciation chapter

5.1 Member company publicly responded to problems/allegations raised by consumers, the media, or NGOs.: Yes

Comments: FC St. Pauli Merchandising has been part of consumer awareness campaigns against Black Friday as well as for 'Natürlich Fussball'. In addition, the member brand has been asked to be a speaker at different meetings and events describing goals and challenges, especially concerning the sports brand DIIY - e.g. FanCommerce Forum at Merchandising Fair Hamburg, FairTrade Stadt Hamburg, Faire Woche.

5.2 Member company actively participated in lobby and advocacy efforts to facilitate an enabling environment in production clusters.: Not applicable

5.3 Member company actively contributed to industry outreach, visibility, and learning in its main selling markets.: Yes

Comments: The member brand's market segment is football. FC St. Pauli Merchandising is the only football club that is a member of Fair Wear - this leads to many talks at meetings with staff of other clubs, etc., to ask the member about its experience. FC St. Pauli Merchandising held several impulse statements or best practise presentations in digital meetings regarding sustainability (eco and social) within German football and participated in workgroup sustainability of the DFL (German Football League). FC St. Pauli Merchandising helped two education initiatives to develop workshops for kids and/or adults regarding ecological and fair production of football jerseys (BAM - Bildung am Millerntor & Spirit of Football). In addition, the member brand is part of the project "From field to fan shop" - with a focus on organic cotton, where the member also addresses its commitment to HRDD.

Recommendations to Fair Wear

FC St. Pauli Merchandising recommends that main production locations (CMT) and support process subcontractors be evaluated differently. The member brand sees this as an issue in the BPC. There is no differentiation between high risks. In addition, the monitoring percentage might be misleading. The brand percentage of suppliers in monitoring is 16.89%, but it monitors 18 of its 22 main CMT suppliers.

Brand Performance Check details

Date of Brand Performance Check: 03-11-2023

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Interviews with: Carina Weh (CSR & Product Management)

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