

Brand Performance Check Guide for Affiliates

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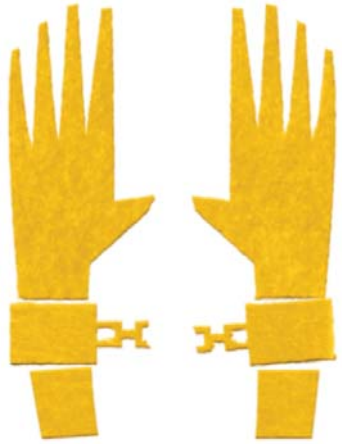
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1 employment is freely chosen



2 freedom of association and the right to collective bargaining



5 payment of a living wage



6 reasonable hours of work

facilities, and any subcontractors where sewing, embroidering, screenprinting, ironing, marking, packing, or other preparation of products occurs. FWF expects affiliates to know and monitor the actual production facilities where goods are made, even if they are sourced through an agent or other intermediary.

WEP (Workplace Education Programme) FWF’s Workplace Education programme combines training on rights and responsibilities for workers and managers with support for the development of social dialogue and grievance mechanisms, backed up by FWF’s complaints mechanism. The specific topics and design of the WEP vary depending on the situation in different countries, and helps to address the frequent underlying lack of information and dialogue between managers and workers.

Worker helplines -In situations where workers do not have access to advice or help from unions or local organizations, they can use FWF’s workers helplines. Helplines provide a backup system to provide information about rights, and include the possibility to file a grievance via the **FWF Complaints Procedure**.

Young Designer FWF is approached by small, start-up brands on a regular basis. These small brands often want to work in a fair and sustainable way from the beginning onwards, and contact FWF for help. To guide them in this process, FWF has developed a Young Designer programme. Learning and best practice sharing are the focus of this programme. Young Designers do not receive Brand Performance Checks.

Fair Wear Foundation

See also *External Production*

Performance Benchmarking In the past, FWF’s Brand Performance Checks were qualitative in nature. This is a great way to give companies feedback on the way they’re implementing FWF’s requirements and to help them prioritise their next steps.

Performance benchmarking of member companies will allow for categorization of FWF affiliates based on the level of progress measured through the performance check, which enables clear comparison among companies. It also provides a set of indicators which measure progress towards key elements of the Code of Labour Practices.

Starting in 2014, the scores and categories will be published on FWF’s website alongside the full performance check. The category will also determine the communications possibilities for affiliates, as outlined in FWF’s communication policy for companies.

Process approach FWF realises that certain improvements cannot be made overnight and that there is no one-size-fits-all approach. FWF’s process approach meets companies where they are. Whether a CSR leader or newcomer, each company uses FWF guidance to identify areas where the changes they make can have the greatest impact. Subsequent steps build from there. This step-by-step process leads to real and lasting improvements in workplaces throughout supply chains.

Providing the guarantee that every stage of production of a particular product has been overseen and verified as “ILO proof” is nearly impossible. The truth is that most garments and sewn products are not (yet) made in fully compliant conditions. For this reason, FWF does not claim that its members’ products are produced in full compliance with labour standards, as certification implies. FWF does, however, verify that members are working hard, step-by-step, in this direction.

Stakeholder FWF’s stakeholders are all parties who have a direct interest (stake) in FWF’s work: workers, consumers, businesses and all organisations who represent them, like unions, governments and business associations, consumer organisations.

Supplier FWF considers the term ‘supplier’ to cover a range of businesses involved in the creation of garments, shoes and other textile/leather goods. FWF expects all steps in the supply chain that are involved in turning fabric into garments to be included as a supplier. This includes Cut-Make-Trim facilities, Readymade Garment



3 no discrimination
in employment



4 no exploitation
of child labour



7 safe and
healthy working
conditions



8 a legally binding
employment
relationship

Code of Labour Practices

Introduction to Brand Performance Check reports

Fair Wear Foundation (FWF) believes that improving conditions for apparel factory workers requires change at multiple levels. Traditional efforts to improve conditions focus primarily on the factory. FWF, however, believes that the management decisions of the clothing brands have an enormous influence for good or ill on factory conditions. In other words, factory conditions cannot be separated from the purchasing practices of brands.

FWF's Brand Performance Check is a tool to evaluate and report on the activities of FWF's affiliate members. The checks examine and publicly report on how affiliate management practices support FWF's Code of Labour Practices (CoLP).

Most brands source clothing from many factories which they do not own. At the same time, most factories supply many different brands. This means that in most cases FWF affiliates have influence, but not direct control, over working conditions.

As a result, the Brand Performance Checks focus primarily on verifying the efforts of affiliates. Outcomes at the factory level are assessed via audits and complaint reports, however the complexity of the supply chains means that even the best efforts of FWF affiliates cannot guarantee results.

Even if outcomes at the factory level cannot be guaranteed, the importance of good management practices by affiliates cannot be understated. Even one concerned customer at a factory 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 factory 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 FWF's work.

Typically, affiliates will manufacture the majority of the goods they sell but may also resell other brands' products as part of their retail/wholesale assortment. (See "Own Production" for details). FWF encourages affiliates to resell goods from another FWF affiliate, or a member of Fair Labour Association.

Factory member FWF is currently piloting factory membership with a small number of factories. The membership applies to manufacturing companies which supply active affiliates of FWF. A factory member is expected to commit itself to implementing the Code of Labour Practices in all production sites and its subcontractors.

FOB An acronym for 'Freight on Board' or 'Free on Board' indicating the price a brand pays for a garment once it has loaded on a ship for export. This is a common payment arrangement for the apparel industry, and is one type of documentation used by FWF in assessing monitoring systems.

Multi-Stakeholder Initiative (MSI) Fair Wear Foundation was founded by three stakeholder groups: trade unions, business associations and NGOs. These three groups are represented on the board and play a substantial part in FWF's finances and operations.

FWF's Multi-Stakeholder character ensures independence, balance and credibility across a range of stakeholder groups.

Own Production 'Own production' goods are commissioned from a factory by the FWF affiliate, directly or through an agent or other intermediary, normally to the design of the FWF affiliate. Affiliates have a direct responsibility for the working conditions at site making 'own production' goods.

'Own Production' includes:

- Any production bearing the name or mark of a brand owned or controlled by the affiliate.
- Any unbranded product designed for resale to another (apparel) brand.
- Any so-called "Private Label" items.
- Any product rebranded for an end consumer (e.g. promotional wear or corporate/government end users).

Coherent system for monitoring and remediation

A critical first step towards improving working conditions for brands is knowing where products are made, and establishing a system to monitor conditions and remediate problems when they are found.

FWF's process approach acknowledges that establishing good quality systems requires time and has a learning curve for most organisations. FWF member companies have three years to set up their 'coherent system'. By the end of their third year of membership, all of their suppliers should be covered by this monitoring system.

Complaints procedure Ideally, grievances about working conditions would be resolved at the factory level, with formal worker representation embedded in social dialogue processes. In practice, however, factory workers often lack access to fair and effective complaints channels locally. And that is why FWF has set up a complaints procedure. FWF's complaints procedure serves as a safety net. It is designed to ensure workers in member companies' supply chains always have access to remedy in instances of noncompliance – but only in instances where workers are not able to access local complaint systems. When a complaint is filed and found admissible (and most are), FWF conducts an investigation and requires the affiliate to implement corrective actions with the supplier. Whenever possible, local workers' representatives (e.g. trade unions or NGOs) are involved in the investigation and remediation process.

Except for low-risk countries, where other resources are available to workers, FWF has a local complaints handler in the countries where it is active. This ensures that workers making products for FWF affiliates can safely and fairly seek redress for violations of the Code of Labour Practices.

Due Diligence In human rights compliance, as in finance, a certain degree of investigation and evaluation should be undertaken before entering into a business relationship and during the continuation of that relationship. FWF expects affiliates to conduct adequate human rights due diligence with suppliers before and during business relationships. Due diligence requires an understanding of national/regional risks, product-specific risks, and, significantly, the ways in which brand management choices either reduce or increase those risks.

External Production Describes finished goods which are bought by affiliates from other brands for resale in a retail or wholesale (web)shop owned by the affiliate.

Performance Benchmarking

Why has FWF changed its reporting system?

Historically, FWF's Brand Performance Checks have been *qualitative* in nature. This is a good way to give companies feedback on the way they are implementing FWF's requirements and to help them prioritise their next steps. Publishing the resulting reports, moreover, has contributed to FWF's transparency on member performance.

However, FWF's old way of reporting did not allow for clear comparison among companies. The qualitative reports do not give an easy answer to the question *How well is this company performing?*

FWF's new approach evaluates brand performance against a set of performance indicators during the annual Brand Performance Checks. Performance against the indicators will be scored, and based on the scores, each affiliate will be assigned a performance benchmarking category. The system is designed to still provide individualised feedback to each affiliate, as has long been FWF's policy. The system is also designed to be flexible enough to accommodate the variety of business models and clothing markets represented by FWF's membership.

The new approach provides several other benefits:

- Strengthening of FWF affiliates' accountability & transparency
- Communicating affiliate successes more clearly
- Clearer ways to explain progress and needs to colleagues and stakeholders
- Providing more directed feedback to companies on how to improve
- A clear improvement or exit path for underperforming members
- A better tool for consumers to find information about FWF affiliates
- Linkages between performance and communication options about FWF membership

Performance Benchmarking Categories

FWF has developed the following Performance Benchmarking Categories to give an easy-to-understand gauge of how members are doing. *In 2014, these categories will be used and published in Brand Performance Checks for the first time.*

Leader: This category is for affiliates 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 FWF's belief that affiliates who are making a serious effort to implement the Code of Labour Practices (CoLP) —the vast majority of FWF affiliates—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 affiliates will receive a 'Good' rating.

Needs Improvement: Affiliates 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. Affiliates may be in this category for one year only after which they should either be able to earn a *Good* rating, or will be moved to *Suspended*.

Suspended: Affiliates 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. Affiliates may remain in this category for one year maximum, after which termination proceedings will come into effect.

The existence of these last two categories is essential to protecting FWF's legitimacy, and to prevent 'greenwashing' or 'free riding' by a small number of affiliates who underperform. The categories provide a clear path for affiliates to improve or exit.

First year: Affiliate has not yet had a Brand Performance Check. Generally, the first check will be held after the end of the first financial year following the start of membership.

It is important to recall that FWF never certifies brands, factories or garments as '100% Fair.' Apparel supply chains are too complex to be 'certified fair' and even among *Leader*-rated brands, there is still no such thing as a perfect supply chain.

Glossary

Affiliate FWF affiliate membership is open to companies that produce their own sewn goods - clothing, bags, footwear, home textiles etc.

By becoming an FWF affiliate, a company commits itself to implementing the **Code of Labour Practices** throughout its supply chain. Each affiliated company uses FWF guidance to identify areas where the changes they make can have the greatest impact. Subsequent steps build from there. This process approach leads to real and lasting improvements in workplaces throughout supply chains.

Ambassador Ambassador membership is designed for companies who want to contribute to better working conditions by reselling other FWF member brands. Due to a redesign of membership, all ambassadors as of 1 May 2013 have committed to sourcing at least 40% of their sewn products from FWF affiliates or members of comparable initiatives (currently Fair Labour Association members). Special recognition exists for those reaching 60% or 90%. As companies with no or minimal own production, Ambassadors do not receive Brand Performance Checks.

Code of Labour Practices Also known as The Code, or CoLP, the Code of Labour Practices is FWF's version of a Code of Conduct. It's the core of our work. At the heart of our Code are the eight labour standards. But the Code is more: it's the agreement between FWF and its member brands, our common goal. The Code lists the things your company has agreed to work towards. The CoLP elements are:

1. **Employment is freely chosen**
2. **Freedom of association & the right to collective bargaining**
3. **No discrimination in employment**
4. **No exploitation of child labour**
5. **Payment of a living wage**
6. **Reasonable hours of work**
7. **Safe and healthy working conditions**
8. **A legally binding employment relationship**

Audit Summary:

Publication of the audit summary section previously included in Brand Performance Checks has been suspended while Fair Wear Foundation develops a new information system to manage and summarize the data. Future Brand Performance Checks will include improved usability and transparency for audit data.

How Performance Benchmarking Categories are assigned

The Performance Benchmarking Category for each affiliate is based on two things:

Part 1: Minimum percentage of production under monitoring

By the end of each year of membership, affiliates must have a minimum percentage of their manufacturing supply chain under monitoring. (See *Basic Membership Requirements* for more details). These levels have not changed from FWF's old requirements:

Year 1: 40% under monitoring

Year 2: 60% under monitoring

Year 3+: 90% under monitoring

Part 2: Minimum Benchmarking Scores

Starting in 2014, the Brand Performance Check will result in scores for the performance indicators. The individual indicator scores are added up to create an overall Benchmarking Score. Scores will be included in the public Brand Performance Check reports.

The minimum Performance Benchmarking score needed to reach each performance category (Leader, Good, Needs Improvement, etc.) is also based on the length of membership. This acknowledges the 'learning curve' of FWF membership: an affiliate with three years of membership should be performing better than an affiliate with one year of membership. This also reflects the fact that joining FWF is not a seal of approval; it is the beginning of a process of continuous improvement.

Performance Benchmarking categories are counted from the start of membership, e.g. a FWF affiliate who has been a member for 3 years, with one performance check under FWF's old system and two checks under the new system must meet the requirements for a brand with three performance checks.

Minimum Thresholds for Performance Benchmarking Categories

	Leader	Good	Needs improvement
First year	-	-	-
After 1st Performance check	Score 75+ AND Monitoring 90%+	Score 30 - 74 AND Monitoring 40%+	Score 0 – 29 AND/OR Monitoring <40%
After 2nd Performance check	Score 75+ AND Monitoring 90% +	Score 40 - 74 AND Monitoring 60%+	Score 0 - 39 AND/OR Monitoring <60%*
After 3rd Performance check	Score 75+ AND Monitoring 90%+	Score 50 - 74 AND Monitoring 90%+	Score 0 – 49 AND/OR Monitoring <90%*

To achieve a *Good* or *Leader* category, affiliates must meet the minimum monitoring percentage AND the minimum benchmarking score.

*If the company's monitoring system covers at least 50% (2nd Check) or 70% (3rd Check) of the supplier base and the performance score is well above the minimum score required to achieve the 'good' category, FWF's verification staff may use its discretionary power to move the company to the 'good' category.

7.2 Percentage of required changes from previous Brand Performance Check implemented by affiliate.

Max				Min	
8	6	2	1	-4	N/A
75-100%	50-74%	25-49%	1-24%	0%	No requirements were included in previous performance check

Relevance of Indicator:

In each Brand Performance Check report, FWF may include requirements for changes to management practices. Adherence to these requirements is an important part of FWF membership.

Documentation:

Affiliate should show documentation related to the specific requirements made in the previous Brand Performance Check.

7.1 Systematic annual evaluation of FWF membership is conducted with involvement of top management.

Max	Min
2	0
Yes	No

Relevance of Indicator:

An annual evaluation involving top management ensures that FWF policies are integrated into the structure of the company. Evaluation should include input from relevant external stakeholders and feedback from suppliers.

Documentation:

Meeting minutes, verbal reporting, Powerpoints, etc.

Basic Membership Requirements

All FWF affiliates must meet certain Basic Membership Requirements without which no affiliate can be effective in improving their supply chain.

Failure to meet these requirements will lead to a low score, and/or 'Suspended' status, and can eventually lead to termination of membership.

1. Workplan and projected supplier list for upcoming year have been submitted.

The *workplan* is developed annually by each affiliate and is a core requirement. Such a plan is necessary to ensure that adequate time and resources will be committed towards implementation of the Code of Labour Practices (CoLP).

Key workplan elements include:

- How the affiliate plans to work towards CoLP implementation in the coming year
- How previously raised issues will be addressed
- Major changes in sourcing strategy and new production countries

A *projected supplier list* should be prepared at the same time as the workplan. The list should include all the suppliers that the brand expects to work with during the coming year. Projected supplier lists should contain the names, addresses, and production locations of all Cut-Make-Trim (CMT) factories and their subcontractors. Estimated payments (e.g. FOB and number of workers) are encouraged.

FWF encourages members to keep supplier information as up-to-date as possible between Brand Performance Checks. This lowers the chance of surprise problems and helps FWF to offer guidance on possible risks. It is also used by FWF to plan audits.

Supplier information must be provided via FWF's information system.

2. Actual supplier information for previous financial year has been submitted.

Following each financial year, each affiliate must confirm their list of suppliers and provide relevant financial data for each (FOB payments, etc.) *for the closed financial year*. This is a complete and accurate list of all suppliers which have been involved in the production of finished garments for brands owned or managed by the affiliate.

Supplier information must include the actual locations where garments are produced. Contact information for intermediaries or agents is important, but affiliates are expected to know and report the actual locations where their goods are made.

FWF compares the list of suppliers to the affiliate's financial records to determine what percentage of the supply chain is being monitored. Minimum targets (40%/60%/90%+) must be reached by the end of the 1st/2nd/3rd+ years of membership.

Own Production

"Own production" goods are commissioned from a factory by the FWF affiliate, directly or through an agent or other intermediary, normally to the design of the FWF affiliate. Affiliates have a direct responsibility for the working conditions of own production goods.

Affiliates should include in their supplier information for :

- The production locations of all factories engaged in the preparation of finished garments, footwear, accessories, home textiles and other textile or leather products.
- Those factories involved in the steps of manufacturing *after fabric production*, be it contracted or subcontracted; this includes cutting, sewing, embroidery, printing, washing, ironing, finishing and any other related processes.
- Agents/Intermediaries must also be listed, in addition to production locations.
- Suppliers of regular branded products, as well as unbranded product designed for resale to another (apparel) brand, so-called "Private Label" items, any product rebranded for an end consumer (e.g. promotional wear or corporate/government end users).

This means that all suppliers must be listed in the register.

Section 7: Evaluation

6.3 Social Report is submitted to FWF and is published on affiliate's website.

Max		Min
2	1	-2
Published on affiliate's website	Complete report submitted to FWF	Incomplete or not done

Relevance of Indicator:

The Social Report is an important tool for brands to transparently share their efforts with stakeholders.

Documentation:

Report adheres to FWF guidelines for Social Report content.

External production

External production describes other finished goods which are bought by affiliates from other brands for resale in a retail or wholesale (web)shop owned by the affiliate. Typically, affiliates will manufacture the majority of the goods they sell, but may also resell other brands' products as part of their retail/wholesale assortment. FWF encourages affiliates to resell goods from another FWF affiliate, or a member of Fair Labour Association.

The record for every supplier must contain all required information:

For Own Production:

- Factory name and addresses of all production sites, including subcontractors and agents
- Payments to each supplier (e.g. FOB figures)
- Year business relationship began
- Number of workers
- % of suppliers' total production purchased by the affiliate

For External Production:

- Brand name and address
- Whether affiliated to FWF or FLA

Full instructions for submitting the supplier information are provided each year.

3. Membership Fee has been paid.

Ultimately, FWF affiliates are for-profit organisations, and as such should pay for a significant percentage of FWF's work. All members must pay their share, which is based on the company's revenue levels. At the same time, FWF needs to be financially independent so that it may speak honestly about brand performance and terminate memberships if necessary.

FWF's strategy is to balance these two imperatives by raising 50% of the budget from member fees and 50% from other sources. Details on FWF's funding and governance are provided in FWF's annual reports.

4. The FWF Code of Labour Practices and Worker Information Sheet have been sent to all suppliers.

Informing suppliers of an affiliates' commitment to the Code of Labour Practices is a first and necessary step in working towards their implementation. Similarly, the Worker Information Sheet is an important basic tool in communicating to workers about their rights and the availability of the FWF worker helplines.

6.2 Affiliate engages in advanced reporting activities.

Max	Min
1	0
Yes	No

Relevance of Indicator:

Good reporting by members helps to ensure the transparency of FWF's work and shares best practices with the industry.

Documentation:

Affiliate publishes one or more of the following on their website: Brand Performance Check, Audit Reports, Supplier List.

6.1 Communication about FWF membership adheres to the FWF communications policy.

Max	Min
1	-2
Yes	No

Relevance of Indicator:

FWF membership should be communicated in a clear and accurate manner. FWF guidelines are designed to prevent misleading claims. The FWF Communications Guide contains the complete guidelines, however some key guidelines include:

- Affiliates should never use language that implies that they, their suppliers or their products are certified by FWF or produced under 'fair' conditions.
- On-garment communications (packaging, hangtags, etc.) or communications near product in catalogues and webstores is only allowed for brands in *Leader* status. All on-garment communications must be pre-approved by FWF.
- The FWF logo should be placed on the websites of affiliates and any of their (sub) brands that are FWF members.
- Logos and information on all affiliate brands covered by FWF membership should be uploaded to www.fairwear.org.
- 3rd-party retailers may make use of the FWF logo in catalogues and websites, but only subject to the rules in the communications guide. Affiliates are responsible for ensuring that their retailers follow these rules.
- In most circumstances, the FWF logo should be accompanied by the phrase '[Brand] is a member of' and 'www.fairwear.org'

Documentation:

At a minimum, the FWF logo must be placed on the affiliate's website(s) and the affiliate's brands who are members of FWF must be listed on the fairwear.org brand page. Affiliates may lose points if there is evidence that they did not comply with the communications policy in other ways.

Brand Performance Check timeline and deadlines

Starting in 2014, FWF will align Brand Performance Checks with the financial years of individual member brands. This change means that FWF's processes will mirror the financial and reporting cycles of each affiliate member.

Under the new system, FWF will be assessing both the Brand Performance Check indicators and the Monitoring Threshold for the same 12-month period the brand's most recently closed financial year.

The following cycle will apply to all affiliates:

60 days before end of financial year:

Workplan and projected supplier information for upcoming financial year due.

90 days after end of financial year:

Actual supplier information, financial documents and social report for closed financial year due to FWF.

90-120 days after end of financial year:

Brand Performance Check held.

Integration with Communications Policy

Starting in 2013, affiliates who wished to have on-garment communication were required to have 90% of production under monitoring. This includes packaging and other on-garment materials (hangtags, inseam labels, etc) or using the FWF logo next to products on websites or catalogues.

Starting in 2014, on-garment communication will only be available to members who have reached *Leader* status.

A special version of the FWF logo for on-garment communications will be provided to affiliates in *Leader* status, which should be used for on-garment communication.

From 2014, any affiliate who loses *Leader* status will have a one year 'grace period' to return to *Leader* status during which they may continue to use on-garment communication. If the affiliate fails to regain *Leader* status at the next performance check, all on-garment communication must stop.

Affiliates who enter *Suspended* status will have severely limited communications options.

Please see the *FWF Communications Guide* for more information.

Section 6: Transparency

5.2 A system exists to allow purchasing, CSR and other relevant staff to share information with each other about working conditions at suppliers.

Max	Min
1	-1
Yes	No

Relevance of Indicator:

CSR, purchasing and other staff who interact with suppliers need to be able to share information in order to establish a coherent and effective strategy for improvements.

Documentation:

Internal information system; status CAPs, reports of meetings of purchasing/CSR staff; systematic way of storing information.

The Indicator Guide

How to Read the Indicator Guide

Each indicator is numbered, referring to the section in the reporting template.

Each indicator comes with a table that shows:

- The range of possible answers
- The scores for each answers
- Maximum and minimum scores available for each indicator

Relevance of Indicator:

An explanation of why the indicator is important and what it represents.

N/A (Not Applicable) Conditions:

Affiliates may receive a ‘Not Applicable’ score for some indicators if they are not relevant to the affiliate. The specific conditions are explained if N/A is an option. These indicators will be removed from that affiliate’s score calculations - N/A indicators will neither harm nor improve an affiliate’s overall score.

Documentation:

The types of information that FWF will consider when evaluating the affiliate on the indicator. In some cases the documentation is very specific; in others FWF will be flexible in the types of documentation it will accept in support of the evaluation.

Furthermore, each performance check report contains *Requirements*, *Recommendations*, and *Comments* specific to the individual affiliate.

Requirements are steps which the affiliate is required to take during the following year, generally to remediate a problem. Followup on (or failure to address) requirements will be evaluated in the next year’s Brand Performance Check (see Indicator 7.2).

Recommendations are suggestions made by FWF to strengthen the affiliate’s efforts.

Comments are additional information that help explain how the given rating was achieved, or to explain additional or unusual situations or developments.

5.1 Level of effort to identify all production locations.

Max		Min
6	3	-2
Advanced	Intermediate	Insufficient

Updated for 2014

Relevance of Indicator:

Brands need to know where their products are actually made before they are able to assess human rights risks or support improvements. This indicator measures the level of effort taken to ensure that production locations of both first-tier suppliers and their subcontractors are known.

Advanced: No evidence of missing information; strong systems in place to reduce risk of unknown suppliers entering supply chain.

Intermediate: Affiliate makes efforts to identify production locations, but approach is not systematic; a small number of first-tier production locations may be missing; evidence of missing subcontractor locations.

Insufficient: A significant percentage of first-tier production locations are missing; agent or intermediary information is reported instead of production locations; known product types are not accounted for in the supplier list; affiliate works with intermediaries who refuse to provide production locations; inconsistency between listed suppliers and overviews; or no documented efforts to identify unknown production locations.

Documentation:

Supplier information as provided to FWF; financial records of previous financial year; evidence of affiliate systems and efforts to identify all production locations (e.g. interviews with factory managers, factory audit data, etc.)

Section 5: Information Management

Changes in 2014

The first version of the Brand Performance Check system was piloted in 2013. Following extensive evaluation, and incorporating feedback from a wide range of stakeholders, FWF has made adjustments to the focus and/or scoring of several indicators, and a few have been replaced entirely.

New or significantly modified indicators in 2014 are noted in each entry.

PLEASE NOTE: THE NUMBERING AND ORDER OF SEVERAL INDICATORS HAS CHANGED SINCE 2013.

Audit Summary: Publication of the audit summary section previously included in Brand Performance Checks has been suspended while Fair Wear Foundation develops a new information system to manage and summarize the data. Future Brand Performance Checks will include improved usability and transparency for audit data.

4.5 Factory participation in trainings (where WEP is not offered; by production volume).

Max				Min	
4	3	2	1	0	N/A
50%+	25-49%	10-24%	1-9%	0	All production is in WEP areas or in low risk countries

Section 1: Purchasing Practices

Updated for 2014: Scoring levels updated

Relevance of Indicator:

Lack of knowledge on best practices related to labour standards is a common issue in factories. Good quality training of workers and managers is a key step towards sustainable improvements the development of social dialogue in factories.

In areas where the Workplace Education Programme is not yet offered, affiliates may arrange trainings on their own or with other initiatives (e.g. ILO Better Work, Ethical Training Initiative, or trainings offered by local stakeholders, including trade unions). Trainings must meet FWF quality standards to receive credit for this indicator; affiliates should contact FWF regarding standards before beginning training.

N/A (Not Applicable) Conditions:

Only if the affiliate has all production in areas where the WEP is offered or produces solely in low risk countries.

Documentation:

Curricula, other documentation of training content, participation and outcomes. Please contact FWF for more details on training quality standards.

4.4 Factory participation in Workplace Education Programme (where WEP is offered; by production volume).

Max				Min	
6	4	2	1	0	N/A
50%+	25-49%	10-24%	1-9%	0	No production in WEP areas

Updated for 2014: Scoring levels updated

Relevance of Indicator:

Lack of knowledge on best practices related to labour standards is a common issue in factories. Good quality training of workers and managers is a key step towards sustainable improvements and the development of social dialogue in factories.

See more about FWF's Workplace Education Programme (WEP) for information on trainings.

Because the WEP is only offered in certain countries/regions right now, this indicator is measured against the total production volume from factories in areas where the WEP is offered (currently Bangladesh, India, Turkey and China; Romania and Tunisia will be piloted in 2014)

N/A (Not Applicable) Conditions:

Only if the affiliate has no production in areas where WEP is offered.

Documentation:

Documentation of relevant trainings; participation in Workplace Education Programme.

A training session will be counted for three years for this indicator; after three years, it should be held again to compensate for worker turnover.

1.1 Percentage of production volume from suppliers where affiliate buys at least 10% of production capacity.

Max				Min
4	3	2	1	0
75-100%	50-74%	25-49%	1-24%	0%

Updated for 2014: Percentage bands adjusted.

Relevance of Indicator:

Most clothing brands outsource production to factories they do not own. This means that brands have influence, but not direct control over working conditions. Affiliates with a larger share of a supplier's production will have more leverage with factory managers to influence working conditions.

Affiliates with less than 10% of a factories' production capacity generally have limited influence on factory managers to make changes.

Applies to *own production* only. Percentage includes suppliers and their subcontractors identified in the submitted supplier information.

Documentation:

Supplier information as provided to FWF.

1.2 Percentage of production volume from suppliers where a business relationship has existed for at least five years.

Max				Min
4	3	2	1	0
75-100%	50-74%	25-49%	1-24%	0%

Updated for 2014: Percentage bands adjusted.

Relevance of Indicator:

Stable business relationships support most aspects of the Code of Labour Practices, and give factories a reason to invest in improving working conditions.

Applies to own production only.

For brands in business for less than five years, scores will be calculated based on the start date of the brand's operations.

Documentation:

Supplier information as provided to FWF.

4.3 All sourcing contractors/agents are informed about FWF's Code of Labour Practices.

Max		Min	
2	1	-2	N/A
Yes + contractors/agents support CoLP implementation <i>Agents actively support CoLP implementation.</i>	Yes <i>Agents/contractors are informed about the requirements of the CoLP, and inform suppliers about CoLP requirements.</i>	No <i>FWF audits indicate some or all agents/contractors did not inform factory of CoLP requirements.</i>	N/A <i>Affiliate does not use agents/contractors.</i>

Updated for 2014: Indicator expanded to include broader range of contractors and agents.

Relevance of Indicator:

Many brands work with a range of external agents and intermediaries who work on their behalf in sourcing functions. Any external agents, intermediaries or other contractors working on behalf of the affiliate should have the same knowledge and commitment to supporting the Code of Labour Practices as individuals directly employed by the brand.

Intermediaries have the potential to either support or disrupt CoLP implementation. It is the responsibility of affiliate to ensure agents actively support the implementation of the CoLP.

N/A (Not Applicable) Conditions:

Only if the affiliate does not use agents.

Documentation:

Correspondence with agents, trainings for agents, FWF audit findings, etc.

4.2 Ongoing training in support of FWF requirements is provided to staff in direct contact with suppliers.

Max	Min
2	0
Yes	No

Updated for 2014: Focus of indicator adjusted

Relevance of Indicator:

Sourcing, purchasing and CSR staff at a minimum should possess the knowledge necessary to implement FWF requirements and advocate for change within their organisations.

Documentation:

FWF Seminars or equivalent trainings, FWF Annual Conference and other training events are attended, evidence of internal presentations, etc. Relevant training provided by other organisations may count towards this requirement if it supports FWF Code elements.

1.3 All new suppliers are required to sign and return the Code of Labour Practices before first orders are placed.

Max	Min	N/A
2	0	
Yes	No	No new suppliers added in past financial year.

Relevance of Indicator:

The CoLP is the foundation of all work between factories and brands, and the first step in developing a commitment to improvements.

FWF is in the process of developing a 'Factory Guide' that will provide a more in-depth and interactive way to share the CoLP with suppliers. More information on the system will be forthcoming in 2014.

N/A (Not Applicable) Conditions:

Only allowed if no new suppliers were added during the past financial year.

Documentation:

Signed CoLPs are on file.

1.4 Company conducts human rights due diligence at all new suppliers before placing orders.

Max	Min	N/A
4	0	
Yes	No	No new suppliers added in past financial year.

New indicator in 2014

Relevance of Indicator:

Human rights due diligence processes are necessary to identify and mitigate potential human rights risk in supply chains. As with financial due diligence, human rights due diligence requires companies to undertake reasonable steps to know the circumstances of potential business partners.

The specific tools used to conduct due diligence depend on the context, but requires a company to be aware of common risks. Generally, conducting business in areas with higher risks of human rights abuses require more stringent levels of due diligence. The FWF country studies and input from local stakeholders provide two good basic sources of information on issues to consider.

The approach should be systematically applied to all new suppliers.

[The UN Framework on Business and Human Rights](#) provides more background on the concept of human rights due diligence, and is recommended reading for all affiliates.

N/A (Not Applicable) Conditions:

Only allowed if no new suppliers were added during the past financial year.

Documentation:

Audits conducted by the brand, recent audits by other brands, documentation of site visits, wage ladder assessments, or other relevant efforts to ascertain the human rights situation at a supplier and/or mitigate risks. Evidence should also be provided of a systemic approach to assessing new suppliers.

4.1 All staff at affiliate are made aware of FWF membership requirements.

Max	Min
1	-1
Yes	No

Relevance of Indicator:

Nearly all jobs in an apparel brand affect supply chain working conditions: senior management, sourcing, purchasing, sales, marketing, product design and CSR. All should understand their role in implementing FWF requirements.

Preventing and remediating problems often requires the involvement of many different departments; making all staff aware of FWF membership requirements helps to support cross-departmental collaboration when needed.

Documentation:

Documentation: e.g. emails, trainings, presentations, newsletters.

Section 4: Training & Capacity Building

1.5 Supplier compliance with Code of Labour Practices is evaluated in a systematic manner.

Max		Min
2	1	0
Yes, and performance improvement is rewarded	Yes	No

Relevance of Indicator:

A systematic approach to evaluating supplier performance is required to integrate social compliance into normal business processes, and supports good decisionmaking. *Systemic* in this case means that supplier evaluation is managed in a consistent manner, and includes the entire supplier base.

The specific design of the system needs to make sense with the affiliate's business structure, so there is no 'one-size fits all' solution. Whatever the system's design, it needs to allow the affiliate to consistently evaluate the entire supplier base and to incorporate information into decisionmaking procedures.

Performance may be rewarded by longer-term commitments, additional orders, or other similar mechanisms. Good compliance should also be taken into consideration in cases where, e.g. production volume decreases and suppliers need to be phased out.

Documentation:

Documentation of systematic approach: rating systems, checklists, databases, etc.

1.6 The affiliate's production planning systems support reasonable working hours.

Max		Min
4	2	0
<p>Strong, integrated systems in place</p> <p><i>Proactive system: production planning designed to reduce/prevent excessive overtime at a systematic level.</i></p>	<p>General or ad-hoc system</p> <p><i>Reactive system: In case of specific deliveries, the affiliate has taken appropriate measures to reduce overtime.</i></p>	<p>Inadequate systems in place</p>

Relevance of Indicator:

Affiliate production planning systems can have a significant impact on the levels of excessive overtime at factories. Poor production planning can lead to pressure on factories to deliver on unreasonable timelines. Production planning should be a shared process with suppliers that enables proper scheduling based on realistic assessments of production capacity.

Good production systems should prevent late design or quantity changes, as well as helping to limit the effects of peaks in demand. Any departments that have influence over production calendars (e.g. design, sales, brand management, etc.) should be involved in the design and management of planning systems.

In essence, this indicator assesses an affiliate's efforts to prevent practices at the brand level that are likely to lead to excessive overtime.

Documentation:

Documentation of robust planning systems; e.g. planning systems shared with suppliers; production capacity knowledge integrated in planning, samples are approved on time, management oversight is in place to prevent late production changes, etc.

3.5 Cooperation with other customers in addressing worker complaints at shared suppliers.

Max		Min	
2	1	-2	N/A
<p>Active cooperation</p> <p><i>Company cooperates with other customers to resolve complaints; or resolves complaints alone when cooperation is not possible.</i></p>	<p>Information sharing</p> <p><i>Company shares information about complaints with other customers.</i></p>	<p>No cooperation</p> <p><i>Company does not cooperate with other customers on complaints at shared suppliers.</i></p>	<p>No complaints or cooperation not possible.</p> <p><i>No complaints were received during past year, no other customers, or other customers refuse to cooperate.</i></p>

Relevance of Indicator:

Because most factories supply several customers with products, involvement of other customers by the FWF affiliate can be critical in resolving a complaint at a supplier.

Cooperation is required between FWF members sourcing from the same factory. Refusal to cooperate with other FWF members will result in an automatic 'No Cooperation.'

N/A (Not Applicable) Conditions:

Only if no complaints were received during the past financial year, no other customers were active at factory; or other customers refused to cooperate.

Documentation:

Documentation of joint efforts, e.g. emails, sharing of complaint data, etc. and/or efforts to resolve complaint when cooperation is impossible.

3.4 All complaints received from factory workers are addressed in accordance with the FWF Complaints Procedure.

Max		Min	
6	3	-2	N/A
Yes + preventive steps taken <i>Appropriate action has been taken. A CAP has been agreed upon with FWF and the supplier. Remediation is in process or complete. Advanced steps are taken to uncover root causes of problem and prevent them from recurring. When appropriate, analyses includes incidents at other factories.</i>	Yes <i>Appropriate action has been taken. A CAP has been agreed upon with FWF and the supplier. Remediation is in process or complete.</i>	No <i>Complaints received and no or insufficient actions taken</i>	No complaints received.

Relevance of Indicator:

Involvement by the FWF affiliate is crucial in resolving a complaint at a supplier.

Traditional factory audit processes usually consist of discussions with brands and managers, with little input from workers themselves. The FWF complaints mechanism is one way (together with the worker interviews conducted during FWF audits) to ensure workers have input on discussions about working conditions. Please see the FWF Complaints Procedure for full details on how to resolve complaints and guidelines for involving workers in the process.

N/A (Not Applicable) Conditions:

Only if no complaints were received during the past year.

Documentation:

Documentation that affiliate has completed all required steps in the complaints handling process.

1.7 Degree to which affiliate mitigates root causes of excessive overtime.

Max		Min	
6	3	0	N/A
Advanced efforts <i>Affiliate took specific actions to prevent or mitigate excessive overtime when production problems/delays occurred.</i>	Intermediate efforts <i>Affiliate knows root cause of production delays that could lead to excessive overtime.</i>	Insufficient Efforts <i>No/Inadequate actions taken.</i>	No production problems /delays have been documented.

Updated for 2014

Relevance of Indicator: While good production planning can eliminate many reasons for excessive overtime, production problems and delays are not entirely avoidable. No production planning system is perfect, and external factors (e.g. late delivery of fabric, late change requests from retailers, etc.) can still lead to delays. Whereas indicator 1.6 assesses affiliate efforts to *prevent* conditions that lead to excessive overtime, this indicator assesses how affiliates *respond to production delays when they do occur*, using strategies that help to reduce the risk of excessive overtime.

Intermediate efforts mean that affiliates identify the source of delays: those caused by the brands' internal processes should be identified and prevented in the future. An assessment should also be made of ways to reduce the risk of external delays.

Advanced efforts mean that brands take specific steps to prevent the use of excessive overtime when problems do occur. A number of strategies are available: accepting late shipments, split deliveries, use of air freight, use of alternative materials, etc. When overtime is required, brands should ensure that it is properly compensated, and not excessive.

N/A (Not Applicable) Conditions: Only if no production problems /delays have been documented and reported to FWF in past financial year.

Documentation: This indicator rewards self-identification of efforts to prevent excessive overtime. Affiliates may present a wide range of evidence of production delays and how the risk of excessive overtime was addressed: reports, correspondence with factories, etc.

1.8 Affiliate's pricing policy allows for payment of at least the legal minimum wages in production countries.

Max		Min
4	2	0
Style-level pricing Affiliate can demonstrate at a style level that pricing allows enough to pay minimum wages for each product. <i>Cost of labour is known for each product style. Supplier has specified working minutes per piece (or alternative method).</i>	Country-level policy Affiliate can demonstrate a pricing policy based on country-level data. Minimum wage levels are known by affiliate in all production countries. <i>General, estimated or unverified labour costs are known about products. Macro-level policies are used, e.g. when legal minimum wages increase, affiliate adjusts prices to compensate.</i>	No policy in place.

Updated for 2014: Scoring options adjusted

Relevance of Indicator:

The first step towards ensuring the payment of minimum wages - and towards implementation of living wages - is to know the labour costs of garments.

A mature pricing system allows the affiliate to know labour costs at a style level. Knowing real costs - commonly a calculation of *cost per minutes X minutes per piece*, allows affiliates to ensure that enough is being paid to supplier to at least cover minimum wage payments. This information also forms the basis of discussions on movement towards living wages.

An intermediate step is knowledge of wage levels at a macro or estimated level.

No knowledge of labour costs - e.g. 'lump sum' costing of styles, with no awareness of minimum wage levels makes any meaningful assessment of minimum wage payments impossible.

Documentation:

Formal systems to calculate labour costs on per-product or country/region level.

3.3 Percentage of FWF-audited factories where at least half of workers are aware of the FWF worker helpline.

Max				Min	
4	3	2	1	-2	N/A
75-100%	50-74%	25-49%	1-24%	0%	No audits conducted or production in countries without FWF helplines or WEP.

Updated for 2014: N/A option; WEP training counts towards indicator.

Relevance of Indicator:

The FWF complaints procedure is a crucial element of verification. If factory-based complaint systems do not exist or do not work, the FWF worker helpline allows workers to ask questions about their rights and file complaints about working conditions in the time period between formal factory audits.

In many production countries, only a small number of workers and/or factories are unionized, functional complaint systems are rare, and many workers are unfamiliar with the concept. While the main responsibility for informing workers of their rights and the existence of the helpline lies with factory managers, affiliates have an important role to play in encouraging education on this topic.

Posting the worker information sheet is the first step towards awareness raising. FWF is developing more robust methods through the Workplace Education Programme (WEP) and a Factory Guide which is under development.

N/A (Not Applicable) Conditions:

No FWF supplier audits were conducted or all production is in countries without FWF helplines or WEP.

Documentation:

Percentage of audited factories where at least 50% of interviewed workers indicate awareness of the FWF complaints mechanism OR workers have attended a WEP training in the past 3 financial years.

3.2 System exists to check that the Worker Information Sheet is posted in factories.

Max	Min
2	0
Yes	No

Relevance of Indicator:

The Worker Information Sheet is a key first step in alerting workers to their rights. A system should be in place to check that it has been posted in factories.

The Worker Information Sheet outlines the basic labour and human rights which should be respected in the factory. In case of problems, it encourages workers to use the factory's grievance procedures, or to seek support from local institutions and trade unions. It also provides contact information for the FWF Worker Helplines, which serve as a backup system when factory-level complaint mechanisms do not function and/or trade unions are not present. The helplines also provide advice and allow workers and their representatives to file a complaint with FWF about working conditions. When unions are present, FWF's complaint mechanism can also act in a supportive role, helping unions and managers to resolve complaints.

Documentation:

Photos by company staff, audit reports, checklists from factory visits, etc.

1.9 Affiliate actively responds if suppliers fail to pay legal minimum wages.

Max		Min	
2	1	-2	N/A
No minimum wage problems reported	Yes	No	No data available
<i>No failures by suppliers to pay minimum wage were reported during the past year during audits or via FWF worker helplines</i>	<i>The affiliate acts in a constructive way to mitigate payments below minimum wage when found.</i>	<i>The affiliate did not act when wages below minimum wage were found during FWF audits.</i>	No FWF audits conducted in past year.

Updated for 2014: Scoring options adjusted

Relevance of Indicator:

Pricing policy of affiliates should allow for payment of at least the legal minimum wages in production countries. If a supplier fails to pay minimum wage, FWF affiliates are expected to hold management of the supplier accountable for respecting local labour law.

N/A (Not Applicable) Conditions:

Only if no data is available - no FWF audits were conducted at suppliers.

Documentation:

Complaint reports, CAPs, additional emails, FWF audit reports or other documents that show minimum wage issue is reported/resolved.

1.10 Evidence of late payments to suppliers by affiliate.

Max	Min
0	-1
No	Yes

Relevance of Indicator:

Late payments to suppliers can have a negative impact on factories and their ability to pay workers on time. Most garment workers have minimal savings, and even a brief delay in payments can cause serious problems.

Affiliates are expected to pay suppliers on time as a matter of standard business practice.

Documentation:

Based on a complaint or audit report; review of factory and affiliate financial documents.

3.1 A specific employee has been designated to address worker complaints.

Max	Min
1	-1
Yes	No

Relevance of Indicator:

A specific affiliate staff person should be designated to address any complaints filed by factory workers. Followup is a serious part of FWF membership, and cannot be successfully managed on an ad-hoc basis.

Documentation:

Manuals, emails, etc., demonstrating who the designated staff person is.

Section 3: Complaints Handling

Basic Complaints Handling Statistics

In addition to the Indicators, the following basic statistics are reported about each affiliate:

- **Number of worker complaints received since last brand performance check.**

A high number of worker complaints is not necessarily an indication of poor working conditions; in many cases it means the affiliate's efforts to publicise worker helplines are being successful, and they are beginning to report problems.

- **Number of worker complaints in process of being resolved.**
- **Number of worker complaints resolved since last check.**

1.11 Degree to which affiliate assesses root causes of wages lower than living wages with suppliers, and takes steps towards the implementation of living wages.

Max				Min
8	6	4	2	0
Advanced approach <i>Affiliate can demonstrate sustained, systematic progress towards living wages (beyond required minimum wage increases).</i>	Supply chain approach <i>Affiliate has fundamentally revised pricing and policies to support movement towards living wages.</i>	Factory-level approach <i>Affiliate supports movement towards living wages through changes at the supplier level; e.g. supports supplier cost reductions to create capacity for increasing wages.</i>	Basic approach <i>Affiliate discusses wage ladders with suppliers as part of the CAP follow up process (required minimum action following an audit).</i>	No efforts shown.

Updated for 2014: Scoring options adjusted

Relevance of Indicator:

Sustained progress towards living wages requires adjustments to affiliates' policies. Affiliates need to be able to compare actual wages to living wage estimates, and begin working with suppliers, and unions wherever possible, to move towards living wages.

Increases measured under this indicator are those beyond any legally-required minimum wage increases.

Documentation:

Creation of wage ladders for factories; correspondence with suppliers; commitment of affiliate resources for assessment of wage situation. Involvement in an FWF project on living wages counts towards a Factory-level approach. The maximum score requires evidence of wage increases from consecutive audits at factories and evidence of pricing policy.

1.12 Affiliate sources from an FWF factory member. (Bonus Indicator)

Max	Min
1	n/a
Yes	No

Updated for 2014: Bonus Indicator

Relevance of Indicator:

FWF has started a pilot project with a small number of factory members. FWF factory members have committed to implementing the CoLP, are frequently audited by FWF, and are positioned to directly implement new or advanced techniques for implementing the CoLP.

When possible, FWF encourages affiliates to source from FWF factory members, however the very small number of factories in the programme (currently less than 5) means that affiliates should not be penalized if they do not source from a factory member.

Special Scoring: Affiliates who source from factory members receive a bonus point. The indicator does not count towards the total possible point score, so affiliates who do not source from an FWF member are not penalized.

Documentation:

Supplier information as provided to FWF.

2.10 External brands resold by affiliates that are members of another credible initiative. (% of external sales volume)

Max			Min	
3	2	1	0	N/A
90%+	60-89%	40-59%	0-39%	No external brands resold

Relevance of Indicator:

Some affiliates resell products made by other (external) brands. This is referred to by FWF as 'External Production.' Commonly this happens in stores owned by affiliates which sell a mix of their own brands and products made by other companies.

FWF believes affiliates who resell products should be rewarded for choosing to stock external brands who also take their supply chain responsibilities seriously.

Credit can be earned towards this indicator by reselling products manufactured by FWF or Fair Labour Association (FLA) members. Currently, these are the only two affiliations which meet requirements for this indicator.

N/A (Not Applicable) Conditions:

Only if the affiliate does not resell any external brands.

Documentation:

Supplier register; Documentation of sales volumes of products made by FWF or FLA members.

2.9 External brands resold by the affiliate who have completed and returned the external brand questionnaire. (% of external sales volume)

Max			Min	
3	2	1	0	N/A
90%+	60-89%	40-59%	0-39%	No external brands resold

Relevance of Indicator:

Some affiliates resell products made by other (external) brands. This is referred to by FWF as 'External Production.' Commonly this happens in stores owned by affiliates which sell a mix of their own brands and products made by other companies.

'External' brands are those which the affiliate does not own or otherwise control.

Affiliates generally have limited influence over the sourcing behaviour of external brands. However, FWF believes it is important for affiliates that have a retail or wholesale arm to at least know if the brands they resell are members of FWF or a similar organisation, and in which countries those brands produce goods. Such information should help guide the choice of which brands the affiliate resells.

N/A (Not Applicable) Conditions:

Only if the affiliate does not resell any external brands.

Documentation:

Questionnaires are on file.

1.13 Percentage of production volume from factories owned by the affiliate. (Bonus Indicator)

Max		Min
2	1	n/a
50%+	1-49%	None

Updated for 2014: Bonus Indicator

Relevance of Indicator:

Owning a supplier provides clear accountability for and direct influence over working conditions. It reduces the risk of unexpected CoLP violations.

There are entirely legitimate business reasons for outsourcing production, however doing so reduces control over working conditions and increases the risk of CoLP violations. While outsourcing provides economic benefits, it also increases the need for monitoring and remediation mechanisms.

Certain markets and business models make direct ownership of suppliers a viable option, and FWF supports direct ownership under these circumstances.

Special Scoring: Affiliates who own factories can receive bonus points. The indicator does not count towards the total possible point score, so affiliates who do not own factories are not penalized.

Documentation:

Supplier information as provided to FWF.

Section 2: Monitoring & Remediation

In addition to the indicators, the following basic statistics are reported about each affiliate:

- % of own production under standard monitoring (excluding low-risk countries)
- % of own production in low risk production countries where FWF's Low Risk policy has been implemented
- Total of own production under monitoring

2.8 Monitoring requirements are fulfilled for production in low-risk countries.

Max	Min	
2	0	N/A
Yes	No	No production in low-risk countries.

Relevance of Indicator:

All production sites in low-risk countries must:

- Be visited annually by affiliate representatives
- Be informed of FWF membership and return the completed CoLP questionnaire before production orders are placed
- Post the FWF Worker Information Sheet in local languages

Low-risk countries are determined by the presence and effective functioning of institutions such as trade unions, worker committees, labour legislation and labour inspection, which can guarantee compliance with standards and laws.

FWF considers all present member states of the European Union and the European Free Trade Association to be low-risk countries, *except* for Bulgaria and Romania.

In 2014, FWF will be revising requirements for low-risk production countries.

N/A (Not Applicable) Conditions:

No production in low-risk countries.

Documentation:

Documentation of visits, notification of suppliers of FWF membership; posting of worker information sheets, completed questionnaires.

Affiliates must meet monitoring requirements for ALL production sites in low-risk countries to receive credit for this indicator.

2.7 Affiliate cooperates with other customers in resolving corrective actions at shared suppliers.

Max		Min	
2	1	-1	N/A
Active cooperation <i>Affiliate cooperates with other customers to resolve CAPs</i>	Information sharing <i>Affiliate shares information about CAPs with other customers.</i>	No cooperation <i>Affiliate refuses requests to cooperate with other customers on corrective action plans at shared suppliers.</i>	No CAPs active or no shared suppliers

Relevance of Indicator:

Most factories produce garments for multiple clothing companies. Cooperation between customers increases leverage and chances of successful outcomes. Cooperation also reduces the chances of a factory having to conduct multiple Corrective Action Plans about the same issue with multiple customers.

N/A (Not Applicable) Conditions:

Only if no corrective action plans were active during the past year or none of the corrective action plans occurred at factories with multiple customers.

Documentation:

Shared CAPs, evidence of cooperation with other factories sourcing from the same factory. (both FWF affiliates and other companies)

2.1 Specific staff person is designated to follow up on problems identified by monitoring system.

Max	Min
2	-2
Yes	No

Relevance of Indicator:

A specific staff person should be designated to follow up on problems in the monitoring systems. The designated individual should have adequate authority and staff support to implement necessary changes.

Followup is a serious part of FWF membership, and cannot be successfully managed on an ad-hoc basis.

Documentation:

Manuals, emails, etc., demonstrating who the designated staff person is.

2.2 Degree of progress towards resolution of existing Corrective Action Plans.

Max		Min	
8	4	-2	N/A
Advanced <i>An in-depth effort has been made to address most or all CAPs. Factory and brand-level root cause analysis conducted; documentation of meaningful efforts to resolve problems.</i>	Intermediate <i>Moderate efforts have been made to address most CAPs, primarily focusing on factory-level issues.</i>	Insufficient <i>Inadequate or no efforts made to address CAPs.</i>	No CAPs active

Updated for 2014: Categories adjusted; N/A option added

Relevance of Indicator:

Corrective Action Plans (CAPs) are set up between affiliates and suppliers when problems are found at a supplier. FWF considers efforts to resolve CAPs to be one of the most important things that affiliates can do towards improving working conditions. As affiliates have influence, but not direct control over suppliers, FWF places considerable weight on efforts, in addition to considering outcomes. In some cases, affiliates can do everything right and the supplier still will not make the expected improvements.

In some cases, affiliates may have a major role to play in the root cause of an identified problem. FWF expects affiliates to examine and remediate any problems that they are contributing to.

Successful and sustained responses to CAPs require internal systems that can coordinate efforts between different departments - (sourcing, marketing, sales, design, etc.) that have influence over supply chain conditions.

N/A (Not Applicable) Conditions:

Only if no Corrective Action Plans were active during the past financial year.

Documentation: CAP-related documentation including status of findings; documentation of remediation and followup actions taken by affiliate. Evidence of understanding of relevant issues from, e.g. FWF country studies, local stakeholder networks, etc.

Country-specific issues:

Bangladesh:

- Enhanced monitoring programme for Bangladesh (Building & fire safety)
- Prevention of workplace violence against women (applicable to participants in WEP in Bangladesh)

Myanmar:

- Affiliate must conform with FWF's Myanmar policy.

India:

- When producing in Tamil Nadu state, steps should be taken to identify and mitigate risks of *Sumangali* forced labour.
- Prevention of workplace violence against women (applicable to participants in WEP in India).

Product-specific issues:

Denim:

- Affiliates must conform with FWF's sandblasting policy.

FWF regularly creates and revises policies on specific topics and policies as research becomes available and as situations develop. Any new policies which will be considered under this indicator will be identified as such and communicated to affiliates.

2.6 High risk issues specific to the affiliate's supply chain are identified and addressed by the monitoring system.

Max		Min	
6	3	0	N/A
Advanced capacity	Intermediate capacity	Insufficient capacity	No high-risk issues
<i>Affiliate's monitoring system is shown to identify and mitigate <u>most</u> high risk issues in the supply chain.</i>	<i>Affiliate's monitoring system is shown to <u>partially</u> identify and mitigate high risk issues in the supply chain.</i>	<i>Affiliate has not taken adequate steps to identify or mitigate high risk supply chain issues.</i>	<i>Only in cases where affiliate has no supplier that fall under FWF's high-risk policies.</i>

New indicator in 2014

Relevance of Indicator:

In addition to general issues in supply chains, affiliates should take steps to address high-risk issues specific to particular production locations, product types, or production processes.

N/A (Not Applicable) Conditions:

Only if it can be demonstrated that none of the high-risk issues apply to the affiliate's supply chain.

Documentation:

Affiliates should provide evidence regarding compliance with specific FWF policies in effect during the evaluation period.

2.3 Percentage of production volume from suppliers that have been visited by the affiliate in the past financial year.

Max				Min
4	3	2	1	0
75-100%	50-74%	25-49%	1-24%	0%

Updated for 2014: Percentage bands adjusted and scores adjusted

Relevance of Indicator:

An important part of FWF's monitoring requirements are formal, high-quality factory audits. Each CMT factory in an affiliate's supply chain must be audited at least once every three years. Formal audits count towards FWF's monitoring threshold.

These formal audits should be augmented by annual visits by affiliate staff or local representatives.

Annual visits should be made for all own production sites (including subcontractors and production in low-risk countries).

Regular factory visits are important for several reasons:

- Human rights due diligence is impossible without knowing where garments are actually produced.
- Visits reinforce to factory managers that affiliates are serious about implementing the Code of Labour Practices, and provide opportunities to discuss problems and solutions with managers.
- They provide an opportunity to identify problems between formal audits.
- They can help to identify unauthorised subcontracting.

Visits may be specifically for checking on labour conditions, but they may also be to review samples, discuss production issues, etc. FWF has developed a basic [Health & Safety Guide for employees without CSR training](#), which can be used during these visits. The Health & Safety Guide can help to identify some obvious problems which can be identified during a simple walkthrough of the factory.

Documentation:

Affiliates should document all factory visits with at least the date and name of the visitor.

2.4 Existing audit reports from other sources are collected.

Max			Min	
3	2	1	0	N/A
<p>Yes, quality assessed + corrective actions implemented.</p> <p><i>Assessment should be done using the FWF Audit Quality Tool. Corrective actions implemented based on audit reports.</i></p>	<p>Yes and quality assessed.</p> <p><i>Assessment should be done using the FWF Audit Quality Tool.</i></p>	<p>Yes</p>	<p>No</p>	<p>No existing reports</p> <p><i>There are no existing audit reports for the affiliate's suppliers or all the brand's suppliers have been audited by FWF teams.</i></p>

Relevance of Indicator:

Existing audit reports form a basis for understanding the issues and strengths of a supplier, and reduce duplicative work. The quality of existing audits must be considered when evaluating condition at suppliers.

The quality of all audits is not equal. Many commercial audits are brief, conducted by a single person, and cannot be relied upon to provide a honest assessment of factory conditions. Therefore, affiliates are expected to assess the quality of collected audits, and consider whether more in-depth audits are required at the supplier.

In case the affiliate can show evidence assessing the quality of the report and show evidence of followup, it can count towards the affiliates' monitoring threshold.

N/A (Not Applicable) Conditions:

Only if there are no existing audit reports for the affiliate's suppliers.

Documentation:

Audit reports (not just certifications) are on file; evidence of followup on prior CAPs.

2.5 Audit Report and Corrective Action Plan (CAP) findings are shared with factory. Improvement timelines are established in a timely manner.

Max	Min	
2	-1	N/A
Yes	No	No Corrective Action Plans were active during the past year.

Relevance of Indicator:

2-part indicator:

FWF audits were shared and discussed with suppliers within two months of audit receipt.

AND

A reasonable time frame was specified for resolving findings. Findings that require urgent remediation should be prioritised.

Timely sharing of information and agreement on corrective actions is essential for improvement.

Documentation:

Corrective Action Plans, emails; findings of followup audits; brand representative present during audit exit meeting, etc.