



BRAND PERFORMANCE CHECK

Continental Clothing Company Ltd

this report covers the evaluation period 01-01-2012 to 31-12-2012

ABOUT THE BRAND PERFORMANCE CHECK

Fair Wear Foundation 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.

FWF's Brand Performance Check is a tool to evaluate and report on the activities of FWF's affiliate members. The Checks examine how affiliate management systems support FWF's Code of Labour Practices.

In most apparel supply chains, clothing brands do not own factories, and most factories work for 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.

Improvement of supply chains is a step-by-step process, through which affiliates must address many different issues. FWF affiliates vary greatly in management structures, and have different strengths. The Performance Benchmarking system is designed to reflect these differences, and the many different ways that a company can support better working conditions.

During the Brand Performance Check, FWF staff speak to various employees at the affiliate who have important roles to play in the management of supply chains. FWF verifies the actions of affiliates based on several sources including documentation of activities, financial records, the affiliate's supplier register and staff interviews. Following the Brand Performance Check, FWF summarizes findings in this report, which is made public via www.fairwear.org. The [Brand Performance Check Guide](#) provides more information about the indicators and is available for download.

BRAND PERFORMANCE CHECK DETAILS

Date of Brand Performance Check:

18-03-2013

Conducted by:

Juliette Li

Interviews with:

Mariusz Sochaj, Head of Products

Scoring:

Affiliate Benchmarking scores and Performance Benchmarking categories will be published starting in 2014. During 2013, FWF will be testing out the new system and evaluating the appropriate threshold levels for Benchmarking categories.

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.

AFFILIATE INFORMATION	
Headquarters:	London
Member since:	02-10-2006
Product types:	Fashion, Promotional, Private label
Production in countries where FWF is active:	China, India, Turkey
Production in other countries:	
BASIC REQUIREMENTS	
Workplan for this evaluation period was submitted?	Yes
Projected supplier register for this evaluation was submitted?	Yes
Actual supplier register for this evaluation period has been submitted?	Yes
Membership fee has been paid?	Yes
All suppliers have been notified of FWF membership?	Yes
SCORING OVERVIEW	
% of own production under monitoring	94%

Summary:

Continental Clothing Company met FWF's requirements to implement the Code of Labour Practices in its supply chain. During the last reporting period, Continental has audited 94% of its total purchasing volume. This met FWF's monitoring threshold of 90% for being a member for more than 3 years.

Continental has demonstrated sufficient efforts to monitor its suppliers and support the suppliers to improve working conditions. Its suppliers in India and Turkey have participating in FWF's Workplace Education Programme (WEP). The WEP provided training to raise awareness of workers and management on labour rights and facilitate effective communication.

FWF encouraged Continental to work with suppliers to identify root causes of excessive overtime and explore the most effective ways to implement living wages.

1. PURCHASING PRACTICES

BASIC MEASUREMENTS	RESULT	COMMENTS
Percentage of production in low-risk countries	0%	Countries with relatively low risk of labour violations as defined by FWF.

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION
1.1 Percentage of production volume from suppliers where affiliate buys at least 10% of production capacity	96%	Affiliates with less than 10% of a factories' production capacity generally have limited influence on factory managers to make changes.	Supplier register provided by affiliate.
1.2 Percentage of production volume from suppliers where a business relationship has existed for at least five years	96%	Stable business relationships support most aspects of the Code of Labour Practices, and give factories a reason to invest in improving working conditions.	Supplier register provided by affiliate.
1.3 Labour conditions are considered when selecting new suppliers	N/A	Including labour conditions considerations in selecting suppliers supports responsible business practices.	Documentation of decisionmaking process; e.g. checklists for buyers, emails, etc.

Comment: Continental has not engaged any new supplier during this reporting period.

1.4 All new suppliers are required to sign and return the Code of Labour Practices before first orders are placed	N/A	The CoLP is the foundation of all work between factories and brands, and the first step in developing a commitment to improvements.	Signed CoLPs are on file.
1.5 Company conducts audits at all new suppliers before placing orders	N/A	An important due diligence step. Before placing production orders, affiliates should conduct an audit at all new suppliers to assess risks for CoLP violations.	Audit documentation; must meet FWF audit quality standards.

1.6 Affiliate sources from an FWF factory member	No	When possible, FWF encourages affiliates to source from FWF factory members. The small number of factories in the programme means sourcing from FWF factory members cannot be a requirement.	Supplier register provided by affiliate.
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Recommendation: Continental is encouraged to consider whether it is possible to work with a FWF factory member located in China.

1.7 Percentage of production volume from factories owned by the affiliate	0%	Owning a supplier provides clear accountability for and direct influence over working conditions. It reduces the risk of unexpected CoLP violations.	Supplier register provided by affiliate.
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1.8 Supplier compliance with Code of Labour Practices is evaluated in a systemic manner	Yes	A systemic approach is required to integrate social compliance into normal business processes, and supports good decisionmaking.	Documentation of systemic approach: rating systems, checklists, databases, etc.
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Requirement: A systematic approach is required to integrate social compliance into normal business processes, and supports good decision-making. The approach needs to ensure that the affiliate consistently evaluates the entire supplier base and includes information into decision-making procedures.

Comment: Continental favours suppliers which perform better in social compliance. At one of its suppliers in India Continental has increased the volume as the factory is audited and participating in FWF's Workplace Education Programme. Continental also limits its production when a supplier in China is not very cooperative. The company is yet to establish a system to compare the suppliers.

1.9 The affiliate's production planning systems support reasonable working hours	General or ad-hoc system	Affiliate production planning systems can have a significant impact on the levels of excessive overtime at factories.	Documentation of robust planning systems.
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Recommendation: FWF encouraged Continental to establish a system aiming at reducing overtime at the supplier where it has most leverage. Having a regular and accurate capacity update of the factory helps Continental place its order and avoid excessive overtime.

Comment: Continental shares its production planning with all suppliers. It communicates with all suppliers daily to update production process. Whenever a risk of production delay is identified, Continental discussed with the suppliers and find out solutions case-by-case to solve the problem.

1.10 Percentage of production volume from suppliers where excessive overtime is found by FWF	23%	Excessive overtime is one of the most common labour rights violations in high-risk production countries. It is often caused by poor production planning by brands.	Audits conducted by FWF auditors; Complaints filed via the FWF worker helpline.
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Comment: At the suppliers in India excessive overtime was found during the audits conducted by FWF. The supplier in Turkey has made significant improvements in 2012 and no OT was found during the audit.

1.11 Degree to which affiliate analyses and mitigates root causes of excessive overtime	Reactive approach	Affiliate production planning systems can have a significant impact on the levels of excessive overtime at factories.	Examples of root cause analyses and resulting changes in production planning/policy.
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Requirement: The affiliate should investigate to what extent its current buying practices has an effect on the working hours at supplier level. A root cause analysis of excessive overtime should be done to investigate which steps can be most effective to reduce overtime.

Recommendation: The affiliate could discuss with factory management on the causes of excessive overtime and provide support to manage overtime. If necessary, the affiliate could hire local experts to analyse root cause of excessive overtime in cooperation with the supplier. FWF could recommend qualified persons upon request.

Comment: Continental supports its suppliers in following up on the Corrective Action Plan of the audits. In the beginning of the year when FWF conducted an audit at its supplier in Turkey, working hour was not fully documented. Continental and the supplier demonstrated efforts to improve this issue. The audit team found that the records were well maintained in the end of the year.

Excessive OT was found at the suppliers in India. Continental is in the process of supporting suppliers to reduce OT.

1.12 Affiliate's pricing policy allows for payment of at least the legal minimum wages in production countries	Policy at a country level	The first step towards ensuring the payment of minimum wages - and towards implementation of living wages - is to know the labour costs of garments.	Formal systems to calculate labour costs on per-product or country/city level.
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Requirement: The affiliate needs to develop a pricing policy where the affiliate knows the labour cost of garments and which allows the payment of at least legal minimum wages in production countries.

Comment: All suppliers of Continental paid at least minimum wages. Continental supports suppliers by purchasing cotton in advance to reduce the risk of loss of profit of the suppliers due to fluctuation of cotton price. It is not always possible in countries other than Turkey. Continental respects the profit margin of the suppliers and does not negotiate to the lowest price. It does not calculate price based on minimum wage data.

1.13 Affiliate actively responds if suppliers fail to pay legal minimum wages	Yes	If a supplier fails to pay minimum wage, FWF affiliates are expected to hold management of the supplier accountable for respecting local labour law.	Complaint reports, CAPs, additional emails, FWF audit reports or other documents that show minimum wage issue is reported/resolved.
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Comment: All suppliers audited by FWF in 2012 paid at least minimum wages.

1.14 Evidence of late payments to suppliers by affiliate	No	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.	Based on a complaint or audit report; review of factory and affiliate financial documents.
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1.15 Degree to which affiliate assesses root causes of wages lower than living wages with suppliers	Factory level approach	Sustained progress towards living wages requires adjustments to affiliates' policies.	Wage ladders, correspondance with supplier, other relevant documentation.
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Recommendation: FWF encourages the affiliate to assess the hypothetical cost effects of increasing wages towards benchmarks that are included in the wage ladder. To support companies in this process FWF has developed a calculation model that estimates the effect on FOB and retail prices under different pricing models

Comment: Continental discussed living wages with suppliers as part of the Corrective Action Plan follow up process. In addition, Continental supported the factories in reducing costs, which creates capacity for increasing wages. For example, it purchased cotton in advance in Turkey. In another case, Continental invested new machines for a supplier to increase its capacity and efficiency.

2. MONITORING AND REMEDIATION

BASIC MEASUREMENTS	RESULT	COMMENTS
Total % of own production under monitoring	94%	Measured as a percentage of turnover.
Minimum monitoring threshold based on years of membership (Threshold is 40% first year, 60% second year of membership and 90% thereafter)	Does meet threshold	

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION
2.1 Specific staff person is designated to follow up on problems identified by monitoring system	Yes	Followup is a serious part of FWF membership, and cannot be successfully managed on an ad-hoc basis.	Manuals, emails, etc., demonstrating who the designated staff person is.

Comment: The Head of Products is responsible to maintain and improve monitoring system.

2.2 Degree of progress towards resolution of existing Corrective Action Plans	Moderate efforts have been made to address most CAPs	FWF considers efforts to resolve CAPs to be one of the most important things that affiliates can do towards improving working conditions.	Documentation of remediation and followup actions taken by affiliate.
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Recommendation: Besides following up on CAPs, the affiliate could consider:

- Hire local consultant to assist factory management in investigating root causes of issues that are difficult to tackle.
- Organise capacity building workshops for suppliers.
- Share the brands' own knowledge and resources to improve working conditions.

Comment: Three factories have been audited in this reporting period. Continental shared and discussed the audit reports with its suppliers in a timely manner. The factory in Turkey was audited two times during the year. Significant improvements have been realised.

Continental trusted that its suppliers were making continuous effort and had involved them in FWF's workplace education programme. Root cause analysis of challenging issues such as excessive OT and wages was not yet conducted.

2.3 Percentage of production volume from suppliers that have been visited by the affiliate in the past financial year	100%	Formal audits should be augmented by annual visits by affiliate staff or local representatives. They reinforce to factory managers that affiliates are serious about implementing the Code of Labour Practices.	Affiliates should document all factory visits with at least the date and name of the visitor.
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Comment: Continental maintained stable working relationships with a small number suppliers. Besides communicating with suppliers daily on phone, production staff visited the suppliers at least once a year.

2.4 Existing audit reports are collected	Only if there are no existing audit reports for the affiliate's suppliers	Existing reports form a basis for understanding the issues and strengths of a supplier, and reduces duplicative work.	Audit reports are on file; evidence of followup on prior CAPs. Reports of quality assessments.
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Comment: All but one supplier of Continental have been audited by FWF this year. It was not necessary to collect audit reports from these suppliers. The supplier in China was not audited by any other initiatives in 2012.

2.5 Audit Report and Corrective Action Plan (CAP) findings are shared with factory. Improvement timelines are established in a timely manner	Yes	FWF audit reports should be shared and discussed with suppliers within two months of audit receipt. Timely sharing of information and agreement on corrective actions is essential for improvement. A reasonable time frame should be specified for resolving findings.	Corrective Action Plans, emails; findings of followup audits; brand representative present during audit exit meeting, etc.
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Comment: Continental shared the audit reports immediately after the audits. It discussed Corrective Action Plans regularly with suppliers to follow up.

2.6 A structured approach is used to address issues that occur at multiple suppliers	Yes	Issues that occur in multiple factories often need to be addressed in a systemic manner, especially when the root causes are located in brand management choices or from regionally specific issues (e.g. fire safety, gender discrimination and harassment).	Documentation of a systemic approach: root cause analyses, productivity assessments, guidance documents, internal system changes, etc.
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Recommendation: FWF suggests that Continental should invite its supplier in China to participate in the WEP.

Comment: Based on audit findings in 2011 and in the beginning of 2012, Continental decided to involve most of its suppliers in FWF's Workplace Education Programme (WEP) in order to mitigate the risks in its production facilities in India and Turkey.

In South India, restriction on freedom of movement has been identified as a major risk for female migrant workers. Continental participated in discussions with FWF and its key stakeholders in the last two years. The suppliers in India has become the first participants in the WEP since 2011.

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2.7 Affiliate cooperates with other customers in resolving corrective actions at shared suppliers	Information sharing	Cooperation between customers increases leverage and chances of successful outcomes. Cooperation also reduces the chances of a factory having to conduct multiple Corrective Action Plans about the same issue with multiple customers.	Shared CAPs, evidence of cooperation with other customers.
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Recommendation: Cooperation among costumers increases leverage, the chances of successful outcomes and long term improvements.

Comment: Continental is willing to share information on audit reports and CAPs with other FWF affiliates.

2.8 Monitoring requirements are fulfilled for production in low-risk countries	No production in lowrisk countries	Low risk countries are determined by the presence and proper functioning of institutions which can guarantee compliance with basic standards.	Documentation of visits, notification of suppliers of FWF membership; posting of worker information sheets, completed questionnaires.
2.9 External brands resold by the affiliate who have completed and returned the external brand questionnaire. (% of external sales volume)	No external brands resold	FWF believes it is important for affiliates that have a retail/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.	Questionnaires are on file.
2.10 External brands resold by affiliates that are members of another credible initiative. (% of external sales volume)	No external brands resold	FWF believes affiliates who resell products should be rewarded for choosing to stock external brands who also take their supply chain responsibilities seriously.	Supplier register; Documentation of sales volumes of products made by FWF or FLA members.

3. COMPLAINTS HANDLING

BASIC MEASUREMENTS	RESULT	COMMENTS
Number of worker complaints received since last check	0	At this point, FWF considers a high number of complaints as a positive indicator, as it shows that workers are aware of and making use of the complaints system.
Number of worker complaints in process of being resolved	0	
Number of worker complaints resolved since last check	0	

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION
3.1 A specific employee has been designated to address worker complaints	Yes	Followup is a serious part of FWF membership, and cannot be successfully managed on an ad-hoc basis.	Manuals, emails, etc., demonstrating who the designated staff person is.

Comment: The Head of Products is in contact with FWF to follow up on complaints.

3.2 System exists to check that the Worker Information Sheet is posted in factories	Yes	The Worker Information Sheet is a key first step in alerting workers to their rights.	Photos by company staff, audit reports, checklists from factory visits, etc.
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3.3 Percentage of audited factories where at least half of workers are aware of the FWF worker helpline	100%	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.	Percentage of audited factories where at least 50% of interviewed workers indicate awareness of the FWF complaints mechanism.
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Comment: Most workers working at the suppliers of Continental were aware of FWF's Code of Labour Practices and the helplines.

<p>3.4 All complaints received from factory workers are addressed in accordance with the FWF Complaints Procedure</p>	<p>No complaints were received during past financial year</p>	<p>Involvement by the FWF affiliate is crucial in resolving a complaint at a supplier.</p>	<p>Documentation that affiliate has completed all required steps in the complaints handling process.</p>
<p>3.5 Cooperation with other customers in addressing worker complaints at shared suppliers</p>	<p>No complaints were received during past year</p>	<p>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.</p>	<p>Documentation of joint efforts, e.g. emails, sharing of complaint data, etc.</p>

4. TRAINING AND CAPACITY BUILDING

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION
4.1 Staff at affiliate is made aware of FWF membership requirements	Yes	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.	Emails, trainings, presentation, newsletters, etc.
4.2 Advanced training is provided to staff in direct contact with suppliers on CoLP requirements	Yes	Sourcing, purchasing and CSR staff at a minimum should possess the knowledge necessary to implement FWF requirements and advocate for change within their organisations.	FWF Seminars or equivalent trainings provided; presentations, curricula, etc.
4.3 Agents are informed of CoLP requirements and act to support their implementation	Affiliate does not use agents	Agents 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.	Correspondence with agents, trainings for agents, FWF audit findings.
4.4 Factory participation in Workplace Education Programme (where WEP is offered; by production volume)	90%	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.	Documentation of relevant trainings; participation in Workplace Education Programme.

Recommendation: FWF suggested that the factory in China should be enrolled in the Workplace Education Programme.

Comment: All suppliers in India and Turkey are involved in the Workplace Education Programme.

<p>4.5 Factory participation in trainings (where WEP is not offered; by production volume)</p>	<p>All production is in areas where the WEP is offered</p>	<p>In areas where the Workplace Education Programme is not yet offered, affiliates may arrange trainings on their own. Trainings must meet FWF quality standards to receive credit for this indicator.</p>	<p>Curricula, other documentation of training content, participation and outcomes.</p>
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5. INFORMATION MANAGEMENT

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION
5.1 Supplier register for the previous financial year is verified as being complete and accurate	Yes	Any improvements to supply chains require affiliates to first know all of their suppliers.	Completed supplier register; Financial records of previous financial year.
5.2 A system exists to allow purchasing, CSR and other relevant staff to share information with each other about working conditions at suppliers	Yes	CSR, purchasing and other staff who interact with suppliers need to be able to share information in order to establish a coherent and effective strategy for improvements.	Internal information system; status CAPs, reports of meetings of purchasing/CSR; systematic way of storing information.

Comment: The Head of Product, who is also responsible for CSR, has frequent contact with all suppliers. The production department are updated about working conditions at the suppliers.

6. TRANSPARENCY

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION
6.1 Communication about FWF membership adheres to the FWF communications policy	Yes	FWF membership should be communicated in a clear and accurate manner. FWF guidelines are designed to prevent misleading claims.	Logo is placed on website; other communications in line with policy. Affiliates may lose points if there is evidence that they did not comply with the communications policy.
6.2 Affiliate engages in advanced reporting activities	No	Good reporting by members helps to ensure the transparency of FWF's work and shares best practices with the industry.	Affiliate publishes one or more of the following on their website: Brand Performance Check, Audit Reports, Supplier List.
<p>Recommendation: FWF recommends the affiliate to publish one or more of the following reports on its website: brand performance check, audit reports, suppliers register. Good reporting by members helps to ensure the transparency of the affiliate and FWF's work.</p> <p>Comment: Continental communicates to the public about the performance of the brand according to FWF's policy. It has not yet engaged in advanced reporting, such as making factory audit reports public.</p>			
6.3 Social Report is submitted to FWF and is published on affiliate's website	Yes	The Social Report is an important tool for brands to transparently share their efforts with stakeholders.	Report adheres to FWF guidelines for Social Report content.

7. EVALUATION

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION
7.1 Systemic annual evaluation of FWF membership is conducted with involvement of top management	Yes	An annual evaluation involving top management ensures that FWF policies are integrated into the structure of the company.	Meeting minutes, verbal reporting, Powerpoints, etc.
7.2 Percentage of required changes from previous Brand Performance Check implemented by affiliate	No requirements were included in previous Check	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.	Affiliate should show documentation related to the specific requirements made in the previous Brand Performance Check.

RECOMMENDATIONS TO FWF

N/A