



BRAND PERFORMANCE CHECK

Hess Natur-Textilien GmbH

PUBLICATION DATE: MAY 2017

this report covers the evaluation period 01-08-2015 to 31-07-2016

ABOUT THE BRAND PERFORMANCE CHECK

Fair Wear Foundation believes that improving conditions for apparel factory workers requires change at many levels. Traditional efforts to improve conditions focus primarily on the factory. FWF, however, believes that the management decisions of 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. They evaluate the parts of affiliate supply chains where clothing is assembled. This is the most labour intensive part of garment supply chains, and where brands can have the most influence over working conditions.

In most apparel supply chains, clothing brands do not own 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.

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

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

BRAND PERFORMANCE CHECK OVERVIEW

Hess Natur-Textilien GmbH

Evaluation Period: 01-08-2015 to 31-07-2016

AFFILIATE INFORMATION	
Headquarters:	Butzbach, Germany
Member since:	01-03-2005
Product types:	Fashion
Production in countries where FWF is active:	Bulgaria, China, India, the former Yugoslav Republic of Macedonia,, Romania, Tunisia, Turkey, Viet Nam
Production in other countries:	Austria, Bahrain, Belarus, Bosnia and Herzegovina, Croatia, Czech Republic, Germany, Hungary, Italy, Lithuania, Mongolia, Morocco, Nepal, Peru, Poland, Portugal, Slovakia, Spain, Thailand, United Kingdom
BASIC REQUIREMENTS	
Workplan and projected production location data for upcoming year have been submitted?	Yes
Actual production location data for evaluation period was submitted?	Yes
Membership fee has been paid?	Yes
All suppliers have been notified of FWF membership?	Yes
SCORING OVERVIEW	
% of own production under monitoring	71%
Benchmarking score	85
Category	Good

Summary:

hessnatur meets most of FWFs management system requirements and goes beyond. The benchmarking score of 85 would lead to a leader status, were it not that the member company did not visit all suppliers in low risk countries. The total monitoring percentage therefore comes to 71%. This is below the 90% required of brands in 3+ years of membership. In light of the high benchmarking score, and the fulfillment of the other low risk monitoring requirements, FWF has awarded a good rating.

hessnatur has insight into production costs related to wages by estimating a cost breakdown including a factory margin. The purchasing department has an overview of minute prices that are required to enable payment of a legal minimum wage and living wage in specific countries. hessnatur embarked on a living wage project, but unfortunately the supplier discontinued. hessnatur is encouraged to select other suppliers for living wage projects aimed at raising the floor wage.

With more than 66% of their suppliers the company maintains a business relation of more than 5 years. hessnatur is sourcing in 28 countries. FWF suggests hessnatur to challenge the purchasing department by providing the department a shortlist of preferred countries. A policy should be developed that prescribes the visiting frequency of suppliers in low risk countries.

FWF recommends hessnatur to study why certain issues keep coming back in audit reports and complaints, and develop preventative steps for these structural problems. Where overtime is a recurring issue and hessnatures leverage is low, FWF suggests hessnatur to cooperate with more clients to reduce excessive working hours for workers in these factories.

PERFORMANCE CATEGORY OVERVIEW

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—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 move up to Good, 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 force.

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

1. PURCHASING PRACTICES

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
1.1 Percentage of production volume from suppliers where affiliate buys at least 10% of production capacity	60%	Affiliates with less than 10% of a factories' production capacity generally have limited influence on factory managers to make changes.	Supplier information provided by affiliate.	3	4	0

Comment: hessnatur has significant leverage with suppliers representing 60% of its purchasing volume. A leading principle is that hessnatur does not buy more than 30% of a supplier's total production volume to avoid mutual dependance.

1.2 Percentage of production volume from suppliers where a business relationship has existed for at least five years	66%	Stable business relationships support most aspects of the Code of Labour Practices, and give factories a reason to invest in improving working conditions.	Supplier information provided by affiliate.	3	4	0
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Recommendation: As the company is currently sourcing in 16 high risk countries, there is a high burden in ensuring sufficient information is available relevant to social compliance and local stakeholders. hessnatur is recommended to look for more consolidation in number of countries, in order to be able to focus more. FWF suggests the Corporate Responsibility (CR) department to make a list of preferred countries available to the purchasing department. This may encourage them to dig deeper into supplier possibilities in these countries.

Comment: 66 % of the total purchasing value is sourced from suppliers where the relation exists for more than 5 years. hessnatur has a large variety of factories given the specialised products. To minimise risk, hessnatur aims to source every style from at least two different production countries. In total hessnatur sources from 28 different countries, 12 of these are low risk countries.

1.3 All new suppliers are required to sign and return the Code of Labour Practices before first orders are placed.	Yes	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.	2	2	0
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Comment: As part of the 'hessnatur Supplier Check', suppliers are requested to sign the Code of Labour Practices and fill in the supplier data sheet. In addition, hessnatur requires all suppliers to fill in a questionnaire that is sent every year. This helps hessnatur to stay informed about possible new subcontractors and other relevant changes. All production sites fill in the production site information sheet, which is even more detailed. This information is stored in the supplier information system from the company.

1.4 Company conducts human rights due diligence at all new suppliers before placing orders.	Yes	Due diligence helps to identify, prevent and mitigate potential human rights problems at new suppliers.	Documentation may include pre-audits, existing audits, other types of risk assessments.	4	4	0
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Comment: The purchasing department introduces new suppliers after which the Corporate Responsibility department initiates a supplier check: existing audit reports are collected where available, and social compliance information is gathered. Suppliers are also asked to fill in their lowest wage, average wage and highest wage; this is compared to the legal minimum wage and different living wage benchmarks. New factories in high risk countries are always visited by company staff, When it's critical, purchasing staff will be joined by CR staff. Only after approval of the CR department, purchasing can start orders at the new supplier. Depending on the production country, hessnatur may decide to do an audit before the first order is placed. This was done for a new supplier in Bulgaria and Tunisia. Bulk orders will not be placed until approved by the CR department and the production site data is available. This process and the guidelines for selecting suppliers are described in the purchasing policy which all departments have agreed on.

1.5 Supplier compliance with Code of Labour Practices is evaluated in a systematic manner.	Yes, and performance improvement is rewarded	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.	2	2	0
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Comment: hessnatur has a supplier evaluation system where ecological and social criteria have a combined weight of 40% in the evaluation criteria. Twice per year a supplier evaluation meeting takes place. In a discussion with multiple departments (Buying, Technicians, Quality Assurance, Social Standards and the Financial Department) it is decided how to continue working with the supplier.

Remediation of complaints is included in the supplier evaluation rating. If a supplier continuously scores negatively on this, it has consequences for future orders. Because some suppliers continued being non transparent about attendance records, hessnatur decided to discontinue production with them. These suppliers were informed that the reason is their lack of openness to share time records. Moreover, it is rewarded when a supplier has only one production site. Longlasting relationships are rewarded when making sourcing decisions.

1.6 The affiliate's production planning systems support reasonable working hours.	Strong, integrated systems in place.	Affiliate production planning systems can have a significant impact on the levels of excessive overtime at factories.	Documentation of robust planning systems.	4	4	0
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Comment: The time tracking tool of hessnatur allows suppliers to plan better, and is especially helpful for suppliers who experience problems with planning. hessnatur knows the minutes per style and the available minutes in the factory, but is not informed by the factory how much capacity is being used to produce for other clients.

Generally hessnatur allows for a production time of 3 to 4 months. Hidden deadlines are built in, to create reserves and minimise the risk of excessive overtime. hessnatur knows the national holidays of the production countries and takes these into account in production planning. When hessnatur places the production orders in August, they ask for the goods to be delivered before Christmas. This allows for a delay of 3 weeks because hessnatur does not start selling until the mid of January.

To avoid delays, materials are preordered before orders take place, on responsibility of the member to ensure materials are at the supplier when the order is placed. With reorders hessnatur asks suppliers to propose a delivery date.

Hessnatur has expanded their Never Out of Stock items to 200 articles per season, for 12 suppliers. Hessnatur guarantees the NOS quantities that they will buy from these suppliers for 24 months. This allows the suppliers to spread production for hessnatur during their low season.

1.7 Degree to which affiliate mitigates root causes of excessive overtime.	Intermediate efforts	Some production delays are outside of the control of affiliates; however there are a number of steps that can be taken to address production delays without resorting to excessive overtime.	Documentation of root cause analysis and positive steps taken to manage production delays or improve factory processes.	3	6	0
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Recommendation: In cases where the supplier is responsible for production planning and monitoring at other production locations, it is recommended to continue to get better insight into the manufacturing schedule of the production location. It is recommended to explore cooperation with other clients of suppliers where overtime is a recurring problem can be intensified, to make sure the different production plannings to not contribute to overtime.

Hessnatur could also consider organizing production planning trainings to its suppliers; where suppliers with less problems regarding overtime can train their peers and show it is possible to keep away from excessive overtime hours.

Comment: If there is delay in the production process, for instance with supplying materials or fabric deviations, then new delivery times will be discussed in a very early stage. There is generally a tolerance of two weeks for later delivery without deducting money. Airfreight or split deliveries are also considered.

Out of the 10 FWF audits that were conducted last year, 7 showed issues with excessive overtime (hours could not be verified or excessive working hours). Hessnatur analysed overtime findings at all Turkish and Chinese suppliers to study the impact that hessnatures purchasing practices may have had. The company visited all suppliers in Turkey and China with overtime problems and found out their orders do not lead to overtime. To help remediation of excessive overtime, hessnatur discusses all cases with the suppliers personally.

Hessnatur's head of purchasing, with more than 20 years of experience in production, has provided extensive advice. In other cases external consultants are hired to support the supplier.

Hessnatur discovered that sometimes excessive overtime also results from the way shifts are being planned. If working hours would be more distributed during the whole week for example it would still be OT but not excessive any more. Hessnatur engaged with these suppliers and solutions were for example to do different shifts, to train workers on more than one production step/task so that they can rotate, look into order/production planning, and work with known external partners if extra capacity is needed in peak seasons.

At one Turkish supplier a bottleneck appeared to be that only two workers were able to operate a certain machine. Hessnatur encouraged the supplier to start training other workers to ensure availability of different skills and have more flexibility. With several suppliers Hessnatur discussed to have an approved subcontractor as a regular partner that can help out.

Hessnatur fills in the spreadsheet of the Corrective Action Plan to keep track on discussions that they had with suppliers and sends it back to the supplier for agreement. Hessnatur also tries to work together with other clients of the factories where excessive overtime is an issue.

1.8 Affiliate's pricing policy allows for payment of at least the legal minimum wages in production countries.	Style-level policy	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.	4	4	0
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Recommendation: FWF suggests to pilot gaining more insight into the relation between pricing and the labour costs with those suppliers where Hessnatur has a large leverage and that are willing to be more transparent.

Comment: Around 70% of all suppliers provide open costing calculations upon request. For the other styles and suppliers, Hessnatur estimates the working minutes and costs for cut make trim based upon other information that suppliers provide. Hessnatur knows the legal minimal wage and calculates the living wage per minute. The minute calculations are based on 20 or 24 days per month with days of 8 hours. Additionally, a 30% margin for the factory is included. These calculations are used by purchasing staff when setting prices, to ensure the prices given by the supplier meet the country estimates.

1.9 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.	1	2	-2
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Comment: There was one factory where the audit showed payment below legal minimum wage. hessnatur prioritized this, but the supplier was very slow on taking action. The factory had financial issues in general and the supplier asked hessnatur to change to another production site. hessnatur agreed, but arranged a FWF audit in the new facility at the earliest, and questions about the report are still in clarification.

1.10 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.	0	0	-1
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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.	Factory-level approach	Sustained progress towards living wages requires adjustments to affiliates' policies.	Documentation of policy assessments and/or concrete progress towards living wages.	4	8	0
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Recommendation: FWF encourages hessnatur to discuss with suppliers about possibilities to work towards higher wage benchmarks. It is advised to start with suppliers where the member company has high leverage and a long term business relationship. FWF has developed approaches that ensure that production workers in the selected facility take full benefit from the additional paid amounts. FWF could give companies specific guidance on process rollout on request.

FWF advises companies to avoid the concept of a one-time charitable contribution, and strongly recommends member companies to commit to a long term process that leads to sustainable implementation of living wages.

Comment: Based upon the working minutes calculation, hessnatur concludes their pricing allows for the payment of a living wage.

hessnatur set up a living wage project with one of their most important suppliers in Macedonia. They discussed how they can increase productivity and improve logistics, and in this way reduce costs.

Unfortunately the owners of the factory have split. The production site where hessnatur did the project is no longer active in the future.

1.12 Affiliate sources from an FWF factory member.	Yes	When possible, FWF encourages affiliates to source from FWF factory members. On account of the small number of factories this is a 'bonus' indicator. Extra points are possible, but the indicator will not negatively affect an affiliate's score.	Supplier information provided by affiliate.	1	1	0
1.13 Percentage of production volume from factories owned by the affiliate.	None	Owning a supplier increases the accountability and reduces the risk of unexpected CoLP violations. Given these advantages, this is a bonus indicator. Extra points are possible, but the indicator will not negatively affect an affiliate's score.	Supplier information provided by affiliate.	N/A	2	0

PURCHASING PRACTICES

Possible Points: 41

Earned Points: 31

2. MONITORING AND REMEDIATION

BASIC MEASUREMENTS	RESULT	COMMENTS
% of own production under standard monitoring (excluding low-risk countries)	43%	
% of own production in low risk production countries where FWF's Low Risk policy has been implemented	28%	FWF low risk policy should be implemented. 0 = policy is not implemented correctly. N/A = no production in low risk countries.
Total of own production under monitoring	71%	Minimums: 1 year: 40%; 2 years 60%; 3 years+: 90% Measured as a percentage of turnover.

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
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.	2	2	-2
2.2 Degree of progress towards resolution of existing Corrective Action Plans	Advanced	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.	8	8	-2

Recommendation: FWF recommends hessnatur to study why certain issues keep coming back in audit reports and complaints of some suppliers in specifically Turkey, and continue its efforts to raise awareness amongst management. hessnatur is recommended to consider how to approach structural issues such as restrictions on freedom of association in countries like China. The member could consider actively supporting involvement of worker representatives in CAP follow up.

Comment: hessnatur has a strong system to document and monitor improvements made after an audit. The company shows advanced evidence of understanding the relevant issues from FWF stakeholder information. hessnatur has responded actively in following up the Corrective Action Plans. hessnatur visited factories to discuss overtime, and health and safety issues, contracts that need to be revisioned.

To respond to the possible risk of discrimination of Burmese workers at its three Thai suppliers, hessnatur has organized an awareness training in August 2015. Important documents such as contracts have now been translated in Burmese. In one factory hessnatur supported the election of a Burmese worker representative. The audit report of the Moroccan supplier showed that although there was a democratically elected work council; they did not meet actively. There were also some safety issues and contractual agreements for interns not in line with legislation. Together with the supplier, hessnatur ensured an occupational safety officer was appointed, and the occupational safety committee meets regularly. Safety findings such as slippery stairs have been remediated. Formal errors in contracts for interns were corrected.

In Macedonia, the election of worker representatives, existing communications channels and sufficient wages were specifically addressed in cooperation with an additional FWF member.

Generally, hessnatur tracks progress on each CAP per finding and uses an electronic database to keep track of all CAPs. This system enables hessnatur to analyze the CAP findings per supplier, country or labour standard. The findings that are implemented are set in relation to the total amount of findings and hessnatur gives a percentage rate of performance on social standards.

hessnatur organised a WEP training for thirteen production locations in the past three years and organized a hessnatur Awareness Training at other suppliers. Enrollment in these trainings can be considered a next step in remediation of complex issues such as overtime, freedom of association and wages.

2.3 Percentage of production volume from suppliers that have been visited by the affiliate in the past financial year	63%	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.	3	4	0
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Comment: Hessnatur has visited the production locations responsible for 63% of its production volume.

2.4 Existing audit reports from other sources are collected.	Yes, quality assessed and corrective actions implemented	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.	3	3	0
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Comment: As part of the CAP follow up of a Peruvian supplier, hessnatur and the supplier worked on improved lightning and a programme to prevent health and safety risks for demanding jobs. hessnatur also worked on follow up of external audit reports at two Turkish suppliers, until collaboration was stopped.

2.5 Audit Report and Corrective Action Plan (CAP) findings are shared with factory. Improvement timelines are established in a timely manner	Yes	2 part indicator: FWF audit reports were shared and discussed with suppliers within two months of audit receipt AND a reasonable time frame was specified for resolving findings.	Corrective Action Plans, emails; findings of followup audits; brand representative present during audit exit meeting, etc.	2	2	-1
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Comment: There is continuous dialogue with the suppliers on the follow up of the CAPs and the timeline. In addition, the status of improvements is checked during visits by CR staff to suppliers where findings are discussed in personal meetings.

2.6 High risk issues specific to the affiliate's supply chain are identified and addressed by the monitoring system.	Advanced Capacity	Different countries and products have different risks associated with them; monitoring systems should be adapted to allow appropriate human rights due diligence for the specific risks in each affiliates' supply chain.	Documentation may take many forms; additional research, specific FWF project participation; extra monitoring activities, extra mitigation activities, etc.	6	6	0
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Recommendation: hessnatur is recommended to continue to study how preventative steps can be taken for country specific structural problems such as overtime and freedom of association among others.

Comment: Turkey, and the specific risks to sourcing in this country, are high on the agenda of hessnatur. Hessnatur shared the guidance document on Syrian refugees with the Turkish suppliers, and continues discussing this issue during visits. Agents and technicians are instructed to check on possible subcontracting when visiting the production locations.

For countries of which FWF does not offer information, hessnatur checks sources as human rights watch, and Amnesty International. hessnatur works with existing audit reports or organizes own audits in these countries. In factories in Bahrain migrant workers may be working under the Kafala system, and can be subject to discrimination. Therefore hessnatur instructed the audit organisation to cover the relevant areas specifically and has asked the supplier questions on how migrant workers are hired.

2.6a High risk issues specific to Bangladesh are identified and addressed by the monitoring system and remediation activities.	Not sourcing in Bangladesh	Affiliates sourcing in Bangladesh should take additional action to address both building and fire safety and the prevention of violence against women.	Building, electrical and fire safety inspection reports, evidence of cooperation with other customers sourcing at the same factories (Accord signatories and/or FWF affiliates), etc.	N/A	3	0
2.6b High risk issues specific to Myanmar are identified and addressed by the monitoring system and remediation activities.	Not sourcing in Myanmar	Myanmar is still in the process of establishing the legal and civil society infrastructure needed to ensure compliance with labour rights. Extra care must be taken when doing business in Myanmar.	Shared CAPs, Wage Ladders per factory.	N/A	3	0

2.7 Affiliate cooperates with other customers in resolving corrective actions at shared suppliers	Active cooperation	Cooperation between customers increases leverage and chances of successful outcomes. Cooperation also reduces the changes 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.	2	2	-1
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Comment: hessnatur cooperates actively with other customers in remediating complaints and follow up on CAPs.

2.8 Monitoring requirements are fulfilled for production in low-risk countries	No	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.	0	2	0
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Requirement: hessnatur needs to develop a policy for the visiting frequency of suppliers in low risk countries, taking into account the country specifics.

Comment: 23 of the 71 suppliers in low risk countries have been visited by hessnatur last financial year. Additionally, 9 other suppliers from low risk countries visited the hessnatur office that year and discussed the Code of Labour Practices. It should be mentioned that additionally, 11 other suppliers in low risk countries were visited in the two proceeding financial years, and 13 other suppliers in low risk countries met with hessnatur at the hessnatur headquarters to discuss social standards. Together, the FOB of suppliers visited or where social standards were discussed with at hessnatur office in the last three financial years is 95% of the total FOB in low risk countries.

Hessnatur knows all low risk suppliers personally. When non CR staff visits production locations they inquire with the CR department on which indicators to check and they make pictures of the posting of CoLPs.

This indicator has lead to hessnatur not being eligible for leader status.

2.9 External brands resold by the affiliate who have completed and returned the external brand questionnaire. (% of external sales volume)	100%	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.	3	3	0
2.10 External brands resold by affiliates that are members of another credible initiative. (% of external sales volume)	95%	FWF believes affiliates who resell products should be rewarded for choosing to stock external brands who also take their supply chain responsibilities seriously.	External production data in FWF's information management system. Documentation of sales volumes of products made by FWF or FLA members.	3	3	0

Comment: Three brands with together an external sales volume of 95% only source in Germany.

MONITORING AND REMEDIATION

Possible Points: 35

Earned Points: 32

3. COMPLAINTS HANDLING

BASIC MEASUREMENTS	RESULT	COMMENTS
Number of worker complaints received since last check	2	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	4	
Number of worker complaints resolved since last check	4	

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
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.	1	1	-1
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.	2	2	0

Comment: During visits it is checked whether the CoLP is posted. Suppliers are also asked to send pictures of the CoLP being posted along with the questionnaire. In response to the earlier recommendation, Hessnatur has checked factories where this is a risk. Hessnatur made a list of all languages that are spoken by migrant workers at their suppliers and have distributed the appropriate Worker Information Sheets.

Two Turkish suppliers refuse to post the new worker information sheet because it displays the number of the FWF helpline more prominently than the steps that should be taken to approach the complaint internally. hessnatur discussed this with these suppliers and encouraged them to enroll in a WEP training, explaining that this would enable both management and workers to learn about mechanisms to foster internal communication. In the mean time, the two factories of one supplier participated in a training: one in the WEP training, one in an intense training hessnatur developed together with another brand, including 5 training days about worker representation and effective communication among other issues.

A factory of the other supplier completed the WEP training for management staff and hessnatur keeps discussing further training participation with them.

3.3 Percentage of FWF-audited factories where at least half of workers are aware of the FWF worker helpline.	54%	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. Factory participation in the Workplace Education Programme also count towards this indicator.	Percentage of audited factories where at least 50% of interviewed workers indicate awareness of the FWF complaints mechanism + percentage of factories in WEP programme.	3	4	-2
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Recommendation: In addition to enrolling suppliers for the WEP programme and sending the worker information sheet and their own flyers, hessnatur could use the worker information cards available for download on FWF's website to distribute these during visits, or cooperate with suppliers to distribute these via wage slips of workers.

Comment: hessnatur has an awareness programme, particularly for countries where FWF is not active; flyers and material with the labour standards has been developed to share with factory management and workers.

3.4 All complaints received from factory workers are addressed in accordance with the FWF Complaints Procedure	Yes + Preventive steps taken	Providing access to remedy when problems arise is a key element of responsible supply chain management. Affiliate involvement is often essential to resolving issues.	Documentation that affiliate has completed all required steps in the complaints handling process.	6	6	-2
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Comment: For some complex complaints the process of remediation was lengthy. Freedom of association remains a difficult topic in Turkey, hessnatur is in ongoing contact with a Turkish trade union. At some Turkish factories with recurring complaints, insufficient communication between management and workers is at the heart of the problem. hessnatur therefore involves worker representatives where applicable in remediation.

Also, most Turkish factories already participated in respective trainings. One factory took part in an extensive training developed by hessnatur and another brand, focusing on social standards, worker representation and communication in specific sessions on 5 training days over a longer time frame.

The company extensively engaged with suppliers on remediation of complaints, by visiting the Turkish suppliers on site and discussing possible solutions that support reasonable working hours and all other issues raised by complainants. hessnatur continues to monitor remediation of the complaints closely, and ongoing attention and verification is still needed for some of the complaints.

hessnatur was able to close a complaint of outstanding payments to workers successfully. After the bankruptcy of a Turkish supplier, hessnatur made an immediate payment to workers and offered legal aid to help workers get their outstanding wages. They received outstanding payments and some workers could be rehired by another supplier of hessnatur.

3.5 Cooperation with other customers in addressing worker complaints at shared suppliers	Active cooperation	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.	Documentation of joint efforts, e.g. emails, sharing of complaint data, etc.	2	2	-2
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COMPLAINTS HANDLING

Possible Points: 15

Earned Points: 14

4. TRAINING AND CAPACITY BUILDING

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
4.1 All staff 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.	1	1	-1

Comment: New employees receive three days training, including one day about the company's social standards. Additionally, further information is made available to specific departments.

4.2 Ongoing training in support of FWF requirements is provided to staff in direct contact with suppliers.	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.	2	2	0
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Comment: The CR department organizes training for purchasing staff and designers. Staff is trained regularly. A specific workshop took place for the purchasing department. Also shop and customer service receive training on social standards.

4.3 All sourcing contractors/agents are informed about FWF's Code of Labour Practices.	Yes + actively support COLP	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.	2	2	-2
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Comment: Agents and intermediaries actively support the implementation of the CoLP at the production locations. The CAPs are shared with all parties. hessnatur works with agents in Italy, Morocco, Turkey, Peru and Portugal. hessnatur decides where the orders are placed, agents take on tasks for further monitoring the production. Agents are also trained on social standards and are often present during meetings or to observe audits. The Turkish agent is instructed to check on possible subcontracting when visiting production locations.

4.4 Factory participation in Workplace Education Programme (where WEP is offered; by production volume)	57%	Lack of knowledge and skills 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.	6	6	0
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Comment: In the past three financial years thirteen suppliers of hessnatur took part in FWF's Workplace Education Programme, Together this accounts for 57% of last financial year's purchasing volume in countries where WEP is offered.

4.5 Factory participation in trainings (where WEP is not offered; by production volume)	40%	In areas where the Workplace Education Programme is not yet offered, affiliates may arrange trainings on their own or work with other training-partners. Trainings must meet FWF quality standards to receive credit for this indicator.	Curricula, other documentation of training content, participation and outcomes.	3	4	0
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Comment: During the past 3 years, hessnatur organized trainings in Thailand, Nepal and Belarus and shares the reports of these training with FWF. hessnatur is developing an e-learning tool to train factory management on the CoLP. In order to ensure high standards of the training, there are special 'train the trainers' programmes. The trainings are set up in a way that allows the trainers to transfer knowledge about local legislation and issues that are specific for the country.

TRAINING AND CAPACITY BUILDING

Possible Points: 15

Earned Points: 14

5. INFORMATION MANAGEMENT

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
5.1 Level of effort to identify all production locations	Intermediate	Any improvements to supply chains require affiliates to first know all of their production locations.	Supplier information provided by affiliate. Financial records of previous financial year. Documented efforts by affiliate to update supplier information from its monitoring activities.	3	6	-2

Recommendation: The risk of unauthorized subcontracting in Turkey needs ongoing attention. hessnatur could instruct agents to be present on site when orders for hessnatur are made to specifically check on subcontracting.

Comment: The questionnaire that hessnatur sends to suppliers asks for subcontractors. Visiting hessnatur staff that checks on environment standards also checks for production locations. hessnatur makes sure that their agents are transparent about the production locations, and hessnatur has the final say in the selection of the production location used.

hessnatur has entered several new Turkish production locations in the database that are used by their suppliers, and includes them in their monitoring system. During a FWF audit at a Turkish supplier it was discovered that subcontractors were used without informing hessnatur. Hessnatur took this matter very serious, and invited the supplier to Germany to discuss their business relationship. Concrete steps to prevent this issue in the future were clearly agreed on. Thereafter the Turkish supplier was also visited onsite, to again stress the importance of this issue. So technically, this specific case is closed.

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.	1	1	-1
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Comment: CR meets with the head of purchasing at least once a week. The supplier evaluation is done twice per year by several departments (including purchasing, CSR, technics, scheduling) based on a rating system completed in excel.

The living wage system and the purchasing strategy are developed by both departments together.

INFORMATION MANAGEMENT

Possible Points: 7

Earned Points: 4

6. TRANSPARENCY

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
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.	1	1	-2

6.2 Affiliate engages in advanced reporting activities	Yes	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.	1	1	0
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Comment: The Brand Performance Check report is published on the website.

6.3 Social Report is submitted to FWF and is published on affiliate's website	Published on affiliate's website	The Social Report is an important tool for affiliates to transparently share their efforts with stakeholders.	Report adheres to FWF guidelines for Social Report content.	2	2	-2
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TRANSPARENCY

Possible Points: 4

Earned Points: 4

7. EVALUATION

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
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.	2	2	0

Comment: The Corporate Responsibility department of hessnatur holds a meeting to evaluate the current implementation of FWF membership twice a year, with involvement of the management board. Together with the purchasing department, the evaluation includes analysing the effectiveness of the management and monitoring system and the status of implementation at the suppliers..

7.2 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. Progress on achieving these requirements is an important part of FWF membership and its process approach.	Affiliate should show documentation related to the specific requirements made in the previous Brand Performance Check.	N/A	4	-2
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EVALUATION

Possible Points: 2

Earned Points: 2

RECOMMENDATIONS TO FWF

hessnatur would appreciate a standard process for audit planning, audit announcing and communication between suppliers and audit teams. hessnatur recommends FWF to ensure a more neutral approach and communication of auditors towards the audited factory. All findings which are included in Corrective Action Plans (CAPs) should be discussed to a sufficient extent with the factory management in the closing meeting of each audit. hessnatur further suggests to have all CAP reports available in the local language, and be more standardized to make it easier to compare them. With regard to FWF audit and investigation reports, hessnatur recommends to keep FWF audit reports neutral with regard to brand-specific information, so that they can easily be shared with other brands, and improve the accuracy of these reports. This would facilitate a common CAP follow-up. A list of common OHS machine findings that includes pictures on how improvements should look would make remediation easier.

Description of complaint cases should be phrased in a more neutral way and reports could be more accurate. hessnatur recommends FWF to involve member brands in significant changes at an earlier stage.

The member company would welcome support in the development of new wordings about FWF membership for marketing purposes.

Finally, hessnatur would appreciate the possibility of automatic csv-import of data relevant for closing a financial year in the FWF database.

SCORING OVERVIEW

CATEGORY	EARNED	POSSIBLE
Purchasing Practices	31	41
Monitoring and Remediation	32	35
Complaints Handling	14	15
Training and Capacity Building	14	15
Information Management	4	7
Transparency	4	4
Evaluation	2	2
Totals:	101	119

BENCHMARKING SCORE (EARNED POINTS DIVIDED BY POSSIBLE POINTS)

85

PERFORMANCE BENCHMARKING CATEGORY

Good

BRAND PERFORMANCE CHECK DETAILS

Date of Brand Performance Check:

01-12-2016

Conducted by:

Niki Janssen

Interviews with:

Mr. Vivek Batra (CEO)

Mr. Helmut Schädler (CSR, Purchasing, Dispo, Technik Management Board)

Mr. Philip Tonnies (Scheduling)

Ms. Kristin Heckmann (Head of CSR)

Ms. Elisabeth Schmidt (CSR manager Social Standards)

Ms. Betina Breucha (Head of Marketing)

Mr. Sven Bergmann (Public Relations)

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.