



## BRAND PERFORMANCE CHECK

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MADNESS THE NATURE TEXTILE COMPANY GmbH

PUBLICATION DATE: SEPTEMBER 2017

this report covers the evaluation period 01-01-2016 to 31-12-2016

## ABOUT THE BRAND PERFORMANCE CHECK

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

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

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

Even if outcomes at the product location level cannot be guaranteed, the importance of good management practices by member companies cannot be understated. Even one concerned customer at a product location can have significant positive impacts on a range of issues like health and safety conditions or freedom of association. And if one customer at a product location can demonstrate that improvements are possible, other customers no longer have an excuse not to act. The development and sharing of these types of best practices has long been a core part of 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 member company employees who play important roles in the management of supply chains, and a variety of documentation sources, financial records, supplier data. The findings from the Brand Performance Check are summarized and published at [www.fairwear.org](http://www.fairwear.org). The online [Brand Performance Check Guide](#) provides more information about the indicators.

## BRAND PERFORMANCE CHECK OVERVIEW

MADNESS THE NATURE TEXTILE COMPANY GmbH

Evaluation Period: 01-01-2016 to 31-12-2016

MEMBER COMPANY INFORMATION	
Headquarters:	Welle-Kampen, Germany
Member since:	01-08-2014
Product types:	Fashion
Production in countries where FWF is active:	India, Turkey
Production in other countries:	None
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
SCORING OVERVIEW	
% of own production under monitoring	93%
Benchmarking score	67
Category	Good

## Summary:

In 2016, MADNESS has met most of FWF's performance requirements. With a monitoring percentage of 93%, MADNESS meets the monitoring requirements required of members in their 3rd+ year of membership. However, in the tail end of MADNESS' supplier base, FWF requires MADNESS to ensure it audits all production locations that are responsible for over 2% of its production volume and production locations where it is responsible for over 10% of the location's production capacity.

MADNESS has one main supplier, which it regularly visits and works extremely closely with. The supplier has visited MADNESS' head office and often travels together with the General Manager of MADNESS to source new materials. Despite this close relationship, in 2016 an audit found that many of the issues from the previous audit had not been remediated, despite the supplier indicating otherwise. In order to ensure steps are being taken to remediate and improve working conditions, FWF recommends that MADNESS set up formal internal processes and systems in place to check and track compliance with the CoLP and CAP follow-up.

During the past two years MADNESS has done a root cause analysis of excessive overtime and has made changes to its own production planning to mitigate the risk, including placing orders sooner, and spreading them out through the year. As one of the main findings was overtime due to late delivery of materials, MADNESS has also been working to try and bring the subcontracting processes in house, and find new customers for their main supplier in order to increase leverage at the subcontractors.

In 2016, a serious complaint was filed at MADNESS' main supplier, which involved claims of sexual harassment. MADNESS followed the FWF complaints procedure, however the action and resolution by the supplier was slow and unsatisfactory. MADNESS is required to ensure timely and effective follow-up of remediation points identified as part of the complaints procedure, and should ensure it continues to work with its supplier to ensure the new Internal Complaints Committee set up as a result of this complaint continues to function properly.

## PERFORMANCE CATEGORY OVERVIEW

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

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

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

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

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

## 1. PURCHASING PRACTICES

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
1.1a Percentage of production volume from production locations where member company buys at least 10% of production capacity.	90%	Member companies with less than 10% of a production location's production capacity generally have limited influence on production location managers to make changes.	Supplier information provided by member company.	4	4	0

Comment: MADNESS has one main supplier at which it is the main client, making up approximately 90% of the supplier's production capacity. MADNESS uses some subcontractors of this supplier for knitting, printing and dyeing, where it makes up only a small part of the business. Additionally, MADNESS started sourcing with a new supplier in 2016 where it purchased only small quantities.

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
1.1b Percentage of production volume from production locations where member company buys less than 2% of its total FOB.	5%	FWF provides incentives to clothing brands to consolidate their supplier base, especially at the tail end, as much as possible, and rewards those members who have a small tail end. Shortening the tail end reduces social compliance risks and enhances the impact of efficient use of capital and remediation efforts.	Production location information as provided to FWF.	3	4	0

Comment: MADNESS uses subcontractors of its main supplier to facilitate processes such as printing and dyeing, which makes up a small percentage of its FOB. MADNESS is piloting some new methods of doing these processes in house at its main supplier, in order to further consolidate its supply chain and have more control over the quality and delivery times.

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
1.2 Percentage of production volume from production locations where a business relationship has existed for at least five years.	0%	Stable business relationships support most aspects of the Code of Labour Practices, and give production locations a reason to invest in improving working conditions.	Supplier information provided by member company.	0	4	0

Comment: Production at the main supplier started in 2012. MADNESS plans to continue this partnership.

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
1.3 All new production locations are required to sign and return the questionnaire with the Code of Labour Practices before first bulk orders are placed.	Yes	The CoLP is the foundation of all work between production locations and brands, and the first step in developing a commitment to improvements.	Signed CoLPs are on file.	2	2	0

Comment: MADNESS started working with one new supplier in 2016, who they ensured signed and returned the Code of Labour Practices.

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
1.4 Member company conducts human rights due diligence at all new production locations before placing orders.	Intermediate	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.	2	4	0

Comment: When selecting a new supplier, first MADNESS looks for one that is GOTS certified and has the technical abilities to produce their products. Then they discuss social compliance with the supplier, including the FWF CoLP. For the new supplier that MADNESS began working with in 2016, it collected audit reports and signed CoLPs from other FWF members and discussed the working conditions with them before proceeding.

**Recommendation:** FWF recommends MADNESS to be cautious when selecting a new supplier, not only relying on other FWF members sourcing from a factory but taking an active approach in addressing human rights.

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
1.5 Production location compliance with Code of Labour Practices is evaluated in a systematic 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.	1	2	0

**Comment:** MADNESS makes regular efforts to evaluate progress of its main supplier with the CoLP, via emails, phone calls, progress reports and visits. It can however be difficult for MADNESS to verify this progress. Since they rely so heavily on their main supplier for production, it can be difficult for MADNESS to either reward them with more orders and/or motivate them to make changes if they are not seeing progress.

**Recommendation:** As it is not always possible to reward suppliers with more volume, MADNESS could look into other incentives that reward supplier's commitment towards the CoLP. An example would be to offer buyer paid training for skill building/capacity development.

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
1.6 The member company's production planning systems support reasonable working hours.	Strong, integrated systems in place.	Member company production planning systems can have a significant impact on the levels of excessive overtime at production locations.	Documentation of robust planning systems.	4	4	0

**Comment:** In 2016 MADNESS continued its root cause analysis of overtime at its suppliers, and worked to improve its own planning. MADNESS has started placing orders with its supplier two weeks earlier and has started dividing the design responsibilities more evenly among its designers to reduce late delivery of designs. Additionally, MADNESS orders 10-15% more quantities than required to try to avoid late or rush orders being placed later on. MADNESS has also found that in the past couple of years, its European clients are spreading their orders out more evenly throughout the year, allowing for less peak times and pressure on delivery. MADNESS is continuing to work on improving its sample approval process, which can currently add unnecessary delays or pressure on the supplier.

**Recommendation:** FWF encourages MADNESS to continue working on ways to improve their production planning, such as streamlining the samples process and ensuring on time design-sketch delivery by designers.

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
1.7 Degree to which member company mitigates root causes of excessive overtime.	Intermediate efforts	Some production delays are outside of the control of member companies; however there are a number of steps that can be taken to address production delays without resorting to excessive overtime.	Evidence of how member responds to excessive overtime and strategies that help reduce the risk of excessive overtime, such as: root cause analysis, reports, correspondence with factories, etc.	3	6	0

**Comment:** From its root cause analysis of excessive overtime, MADNESS has found that one of the main reasons for production delays is late delivery of materials by the subcontractors that it uses. Because they don't make up much of these suppliers FOB, MADNESS finds it has little leverage to receive the materials on time. In response, MADNESS has actively tried to find new clients to produce at its main supplier, in hopes that then that supplier will have more leverage (via higher orders) at its subcontractors.

Additionally, MADNESS has taken steps such as ordering larger quantities of materials (ie, light denim) which they can then use for multiple seasons, to ensure their main supplier always has the fabric on hand. MADNESS is also working with its main supplier to try and bring some of the printing and dyeing of materials in house, so it will be less reliant on subcontractors. So far this has only been mildly successful, because of the technical skills and machinery required for these processes. MADNESS's main supplier has also taken active steps to improve process efficiency to reduce overtime, such as sending its technical masters on a course to learn how to properly cut fabrics, hopefully leading to less mistakes being made.

**Recommendation:** FWF recommends that MADNESS continue working with its main supplier and subcontractors on improving the delivery time of fabrics, to mitigate the need for excessive overtime. FWF proposes holding a joint meeting with the suppliers to discuss reasonable timelines and support them in production planning.

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
1.8 Member company's pricing policy allows for payment of at least the legal minimum wages in production countries.	Country-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.	2	4	0

**Comment:** MADNESS is aware of minimum wage levels in the countries it produces, and discusses wage levels with suppliers to ensure these wages are paid, including asking for examples of pay slips for the workers. Its suppliers do not however have an open-costing system in place so it is difficult for MADNESS to verify the actual direct labour costs.

**Recommendation:** At a minimum, member companies are recommended to investigate wages levels in production countries, among others by making use of FWFs Wage Ladder and country studies. As an advanced step, increased transparency in costing and productivity gives insight in the labour costs per product. This forms the basis for ensuring enough is paid to cover at least minimum wage and for making steps towards living wages.

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
1.9 Member company actively responds if suppliers fail to pay legal minimum wages.	Yes	If a supplier fails to pay minimum wage, FWF member companies 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

**Comment:** During an audit in 2016 it was found that the security guard at MADNESS's main supplier was paid less than minimum wage. MADNESS responded by discussing this with its supplier, who claimed that although the time sheets showed the security guard worked 15 hours per day, he also lived/slept at the venue and therefore was not working during all of the hours he was there. MADNESS suggested its supplier work with an external security firm who can ensure its security guards are only working during their assigned hours. MADNESS has worked with its main supplier to ensure workers are no longer paid on a piece rate, but paid hourly. This has not yet been verified.

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
1.10 Evidence of late payments to suppliers by member company.	No	Late payments to suppliers can have a negative impact on production locations 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 production location and member company financial documents.	0	0	-1

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
1.11 Degree to which member company assesses root causes of wages lower than living wages with suppliers and takes steps towards the implementation of living wages.	Basic approach	Sustained progress towards living wages requires adjustments to member companies' policies.	Documentation of policy assessments and/or concrete progress towards living wages.	2	8	0

Comment: MADNESS has discussed wage levels and shared the wage ladder with its main supplier following the last audit, however has not seen much progress or willingness from the supplier. MADNESS wants to continue working with its supplier on how to increase wages.

Recommendation: FWF encourages MADNESS 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.

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
1.12 Percentage of production volume from factories owned by the member company (bonus indicator).	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 member company's score.	Supplier information provided by member company.	N/A	2	0

## PURCHASING PRACTICES

Possible Points: 44

Earned Points: 24

## 2. MONITORING AND REMEDIATION

BASIC MEASUREMENTS	RESULT	COMMENTS
% of own production under standard monitoring (excluding low-risk countries)	93%	
% of production volume where monitoring requirements for low-risk countries are fulfilled	N/A	FWF low risk policy should be implemented. 0 = policy is not implemented correctly. N/A = no production in low risk countries.
Meets monitoring requirements for tail-end production locations.	No	Implementation will be assessed next Brand Performance Check
Total of own production under monitoring	93%	Minimums: 1 year: 40%; 2 years 60%; 3 years+: 80-100% 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

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
2.2 Quality of own auditing system meets FWF standards.	Member makes use of FWF audits and/or external audits only	In case FWF teams cannot be used, the member companies' own auditing system must ensure sufficient quality in order for FWF to approve the auditing system.	Information on audit methodology.	N/A	0	-1

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
2.3 Audit Report and Corrective Action Plan (CAP) findings are shared with factory and worker representation where applicable. 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

Comment: Following the audit in 2016 at its main supplier, MADNESS shared and discussed the audit report and confirmed timelines. Despite the audit report saying that the last report and CAP had not been shared with the supplier, MADNESS could show documentation that they had indeed shared and discussed it.

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
2.4 Degree of progress towards resolution of existing Corrective Action Plans and remediation of identified problems.	Basic	FWF considers efforts to resolve CAPs to be one of the most important things that member companies can do towards improving working conditions.	CAP-related documentation including status of findings, documentation of remediation and follow up actions taken by member. Reports of quality assessments. Evidence of understanding relevant issues.	4	8	-2

**Comment:** During an audit in 2016, it was found that many of the issues that MADNESS had been told had been resolved, had in fact not been. This came as a surprise to MADNESS as they had made efforts to follow up with the supplier on CAPs and had been sent confirmation and updates by the supplier on these improvements.

MADNESS makes strong efforts to receive updates from its supplier on CAP remediation from its head office in Germany, however can not show sufficient efforts in verifying and discussing these issues during its visits to the supplier.

**Requirement:** Resolving and remediating non-compliances is one of the most important criteria MADNESS can do towards improving working conditions. FWF expects MADNESS to examine and support remediation of any problem that they encounter. Coordinated efforts between different departments are required to ensure sustained responses to CAPs.

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
2.5 Percentage of production volume from production locations that have been visited by the member company in the previous financial year.	97%	Formal audits should be augmented by annual visits by member company staff or local representatives. They reinforce to production location managers that member companies are serious about implementing the Code of Labour Practices.	Member companies should document all production location visits with at least the date and name of the visitor.	4	4	0

**Comment:** MADNESS regularly visits its main supplier(s) and some of its subcontractors.

**Recommendation:** Annual visits should be made for production sites (including subcontractors and production locations in low-risk countries). Regular visits provide the opportunities to discuss problems and corrective actions in the time period between formal audits.

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
2.6 Existing audit reports from other sources are collected.	No existing reports/all audits by FWF or FWF member company	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.	N/A	3	0

Comment: MADNESS is GOTS certified. This certification requires all actors in the supply chain to be certified as well. MADNESS receives the certificate of its supplier and all subcontractors to ensure it meets the certification requirements, but no full audit reports are available for review and follow-up.

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
2.7 Compliance with FWF risk policies.	None of the specific risk policies apply	Aside from regular monitoring and remediation requirements under FWF membership, countries, specific areas within countries or specific product groups may pose specific risks that require additional steps to address and remediate those risks. FWF requires member companies to be aware of those risks and implement policy requirements as prescribed by FWF.	Policy documents, inspection reports, evidence of cooperation with other customers sourcing at the same factories, reports of meetings with suppliers, reports of additional activities and/or attendance lists as mentioned in policy documents.	N/A	6	-2
Compliance with FWF enhanced monitoring programme Bangladesh	Policies are not relevant to the company's supply chain			N/A	6	-2
Compliance with FWF Myanmar policy	Policies are not relevant to the company's supply chain			N/A	6	-2
Compliance with FWF guidance on abrasive blasting	Policies are not relevant to the company's supply chain			N/A	6	-2

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
2.8 Member company cooperates with other FWF member companies in resolving corrective actions at shared suppliers.	No CAPs active, no shared production locations or refusal of other company to cooperate	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.	N/A	2	-1

Comment: Although MADNESS shared one supplier with other FWF members in 2016, MADNESS was unable to receive the CAP despite repeated efforts. MADNESS subsequently stopped working with this supplier and does not share any other production locations.

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
2.9 Percentage of production volume where monitoring requirements for low-risk countries are fulfilled.	No production in low-risk countries	Low-risk countries are determined by the presence and proper functioning of institutions which can guarantee compliance with national and international standards and laws.	Documentation of visits, notification of suppliers of FWF membership; posting of worker information sheets, completed questionnaires.	N/A	2	0

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
2.10 Extra bonus indicator: in case FWF member company conducts full audits above the minimum required monitoring threshold.	N/A	FWF encourages all of its members to audit/monitor 100% of its production locations and rewards those members who conduct full audits above the minimum required monitoring threshold.	Production location information as provided to FWF and recent Audit Reports.	N/A	3	0

Comment: Although MADNESS monitored over 90% of its supply chain, it does not meet all tail-end requirements and therefore cannot be rewarded bonus points.

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
2.11 Questionnaire is sent and information is collected from external brands resold by the member company.	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.	N/A	2	0

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
2.12 External brands resold by member companies that are members of another credible initiative (% of external sales volume).	No external brands resold	FWF believes members who resell products should be rewarded for choosing to sell external brands who also take their supply chain responsibilities seriously and are open about in which countries they produce goods.	External production data in FWF's information management system. Documentation of sales volumes of products made by FWF or FLA members.	N/A	3	0

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
2.13 Questionnaire is sent and information is collected from licensees.	No licensees	FWF believes it is important for member companies to know if the licensee is committed to the implementation of the same labour standards and has a monitoring system in place.	Questionnaires are on file. Contracts with licensees.	N/A	1	0

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## MONITORING AND REMEDIATION

Possible Points: 19

Earned Points: 12

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### Additional comments on Monitoring and Remediation:

Requirement: In the tail end of MADNESS's supplier base, FWF requires MADNESS to ensure it audits all production locations that are responsible for over 2% of its production volume and production locations where MADNESS is responsible for over 10% of the location's production capacity.

### 3. COMPLAINTS HANDLING

BASIC MEASUREMENTS	RESULT	COMMENTS
Number of worker complaints received since last check	1	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	1	
Number of worker complaints resolved since last check	0	

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

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
3.2 System is in place 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 production location visits, etc.	2	2	0

Comment: During the factory visits the posting of the worker information sheet is checked and photographed.

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
3.3 Percentage of FWF-audited production locations 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 production location 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. Production location participation in the Workplace Education Programme also count towards this indicator.	Percentage of audited production locations where at least 50% of interviewed workers indicate awareness of the FWF complaints mechanism + percentage of production locations in WEP programme.	4	4	0

Comment: At both of MADNESS's first-tier suppliers, a WEP was held in 2015.

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
3.4 All complaints received from production location workers are addressed in accordance with the FWF Complaints Procedure	Yes	Providing access to remedy when problems arise is a key element of responsible supply chain management. Member company involvement is often essential to resolving issues.	Documentation that member company has completed all required steps in the complaints handling process.	3	6	-2

Comment: In 2016 a complaint was received at MADNESS's main supplier. Among other issues, the complainant(s) claimed they had been sexually harassed and subsequently dismissed from the factory. Although it was difficult to verify all claims, FWF provided remediation steps to MADNESS and the supplier. The remediation plan was aimed at ensuring that the complainants receive their legally due payments and structures to prevent sexual harassment in the factory are established. Although MADNESS addressed the complaint in accordance with the FWF Complaints Procedure, the action taken by the supplier was slow and insufficient in FWF's opinion. MADNESS struggled to receive responses from their supplier when following up on the complaint and FWF would encourage MADNESS to work more closely with their supplier on remediation. MADNESS has subsequently encouraged the supplier to hire someone to give additional support to management on social compliance issues, including complaints handling.

Requirement: All complaints received from factory workers have to be addressed in accordance with the FWF Complaints Procedure. Involvement by MADNESS is crucial in resolving a complaint at a supplier, specifically acting on the remediation plan. MADNESS is required to ensure timely and effective follow-up of remediation points identified as part of the complaints procedure.

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
3.5 Cooperation with other customers in addressing worker complaints at shared suppliers	No complaints or cooperation not possible / necessary	Because most production locations supply several customers with products, involvement of other customers by the FWF member company can be critical in resolving a complaint at a supplier.	Documentation of joint efforts, e.g. emails, sharing of complaint data, etc.	N/A	2	0

## COMPLAINTS HANDLING

Possible Points: 13

Earned Points: 10

## 4. TRAINING AND CAPACITY BUILDING

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
4.1 All staff at member company are made aware of FWF membership.	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: MADNESS is a small company, and all staff are aware of FWF membership, including the warehouse workers.

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
4.2 All staff in direct contact with suppliers are informed of FWF 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.	2	2	-1

Comment: Staff in contact with suppliers regularly sit together to discuss issues, including FWF updates. Additionally, the work plan and social report are actively shared with all staff in direct contact with suppliers.

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
4.3 All sourcing contractors/agents are informed about FWF's Code of Labour Practices.	Member does not use agents/contractors	Agents have the potential to either support or disrupt CoLP implementation. It is the responsibility of member company to ensure agents actively support the implementation of the CoLP.	Correspondence with agents, trainings for agents, FWF audit findings.	N/A	2	0

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
4.4 Production location participation in Workplace Education Programme (where WEP is offered; by production volume)	93%	Lack of knowledge and skills on best practices related to labour standards is a common issue in production locations. 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

Comment: As previously mentioned, both of MADNESS's first-tier suppliers had participated in the WEP in 2015.

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
4.5 Production location participation in trainings (where WEP is not offered; by production volume)	All production is in WEP areas.	In areas where the Workplace Education Programme is not yet offered, member companies 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.	N/A	4	0

## TRAINING AND CAPACITY BUILDING

Possible Points: 9

Earned Points: 9

## 5. INFORMATION MANAGEMENT

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

Comment: All production locations are visited several times a year. In addition, GOTS certification requires full transparency and certification of all links in the supply chain.

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
5.2 CSR and other relevant staff actively share information with each other about working conditions at production locations.	No	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

Comment: Before any staff member visits suppliers, the CSR Project Manager sits with them to review the latest updates on working conditions and provides them with a list of items to check and verify. However, often times staff who are visiting the suppliers do not have enough time to discuss social compliance or do not prioritize this, making it difficult for CSR staff at their head office to get a true sense of the current situation.

Requirement: 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.

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## INFORMATION MANAGEMENT

Possible Points: 7

Earned Points: 5

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## 6. TRANSPARENCY

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
6.1 Degree of member company compliance with FWF Communications Policy.	Minimum communications requirements are met AND no significant problems found	FWF's communications policy exists to ensure transparency for consumers and stakeholders, and to ensure that member communications about FWF are accurate. Members will be held accountable for their own communications as well as the communications behaviour of 3rd-party retailers, resellers and customers.	FWF membership is communicated on member's website; other communications in line with FWF communications policy.	2	2	-3

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
6.2 Member company engages in advanced reporting activities	Published Performance Checks, Audits, and other efforts lead to increased transparency	Good reporting by members helps to ensure the transparency of FWF's work and shares best practices with the industry.	Member company publishes one or more of the following on their website: Brand Performance Check, Audit Reports, Supplier List.	1	2	0

Comment: MADNESS has published its Brand Performance Checks on its website.

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
6.3 Social Report is submitted to FWF and is published on member company's website	Complete and accurate report published on member's website	The social report is an important tool for members to transparently share their efforts with stakeholders. Member companies should not make any claims in their social report that do not correspond with FWF's communication policy.	Social report that is in line with FWF's communication policy.	2	2	-1

Comment: MADNESS has published its Social Report on its website.

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## TRANSPARENCY

Possible Points: 6

Earned Points: 5

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## 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 CSR Project Manager regularly discusses FWF membership with the General Manager, including budget and resources needed to implement membership requirements. Based on their last review, MADNESS will make some changes for 2017, including how membership is managed, to ensure that there is more ability to discuss social compliance with the supplier in a systematic way.

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
7.2 Level of action/progress made on required changes from previous Brand Performance Check implemented by member company.	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.	Member company should show documentation related to the specific requirements made in the previous Brand Performance Check.	N/A	4	-2

## EVALUATION

Possible Points: 2

Earned Points: 2

## RECOMMENDATIONS TO FWF

No recommendations for FWF.

## SCORING OVERVIEW

CATEGORY	EARNED	POSSIBLE
Purchasing Practices	24	44
Monitoring and Remediation	12	19
Complaints Handling	10	13
Training and Capacity Building	9	9
Information Management	5	7
Transparency	5	6
Evaluation	2	2
Totals:	67	100

### BENCHMARKING SCORE (EARNED POINTS DIVIDED BY POSSIBLE POINTS)

67

### PERFORMANCE BENCHMARKING CATEGORY

Good

## BRAND PERFORMANCE CHECK DETAILS

Date of Brand Performance Check:

12-07-2017

Conducted by:

Tina Rogers

Interviews with:

Peer Meyer, Project Manager CSR & Sourcing  
Ina Berroth, Designer