



## BRAND PERFORMANCE CHECK

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Hess Natur-Textilien GmbH

PUBLICATION DATE: JANUARY 2018

this report covers the evaluation period 01-08-2016 to 31-07-2017

## 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

Hess Natur-Textilien GmbH

Evaluation Period: 01-08-2016 to 31-07-2017

MEMBER COMPANY INFORMATION	
Headquarters:	Butzbach, Germany
Member since:	01-03-2005
Product types:	Fashion
Production in countries where FWF is active:	Bulgaria, China, India, Macedonia, Republic of, Romania, Tunisia, Turkey, Viet Nam
Production in other countries:	Albania, Austria, Bahrain, Belarus, Bosnia and Herzegovina, Croatia, Czech Republic, Germany, Hungary, Italy, Lithuania, Morocco, Nepal, Peru, Poland, Portugal, Slovakia, Spain, Thailand
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	97%
Benchmarking score	87
Category	Leader

## Summary:

Hessnatur has shown advanced results on performance indicators and has made exceptional progress on increasing its monitoring percentage in low-risk countries and at tail-end production locations. With a score of 87, and a monitoring % of 97, Hessnatur falls into FWF's Leader category.

Hessnatur employs a dedicated CSR team that makes use of a thorough approach to enable a true understanding of social and labour conditions at the factory level. This is impressive, certainly when considering the company's broad supply chain that includes many factories. To gather the necessary information, the brand integrates continuous follow-up of social and labour issues into all forms of staff contact with suppliers. Also, Hessnatur has developed an internal system to organise all CAPs and complaints follow-up. This is used to schedule audits and training sessions. Hessnatur shares information about its sourcing practices through an attractive, user-friendly website.

As a recommended next step, FWF encourages Hessnatur to use all data and experience gathered for learning and continuous improvement. The garment industry is far from a socially-responsible sector and it is not yet clear how to best create a sustainable impact. Hessnatur can internally use any lessons learned to ensure the impact of its responsible sourcing strategies on the lives of factory workers. The company can also apply these lessons to incentivise sector learning and encourage others to join the movement towards improved labour conditions.

## 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.	57%	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.	3	4	0

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.	54%	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.	0	4	0

Comment: Hessnatur produces a variety of products from a variety of fibers for a variety of clients: fashion (clothing, accessories, shoes) for women, men, kids, baby, as well as home ware (e.g. carpets). To manage risks no product is produced in a singular factory, which results in having a broad value chain with many factories.

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.	59%	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.	3	4	0

**Comment:** Hessnatur avoids changes in suppliers, unless this is required due to a change in design/fabrics used. Suppliers are considered partners and working together on improving labour conditions is a key element of that partnership. Hessnatur maintains the topic on the agenda when discussing production with the supplier. Also, the CSR department has a determining voice when selecting new suppliers. Considerable time and effort is reserved for onboarding a supplier. Hessnatur supports the supplier with knowledge, information and network. Investments are made with a long term partnership in mind.

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:** As part of the onboarding process a new supplier has to sign Hessnatur's Code of Conduct including the FWF CoLP. Before signing, an audit takes place and/or the Code of Conduct is discussed in a meeting with the factory. Besides signing the CoLP a supplier is asked to hang up the Worker Information Sheet in the factory, and send a picture of this back to Hessnatur.

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.	Advanced	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

**Comment:** A social risk analysis is part of the decision-making process when selecting new suppliers. FWF country studies, risk policies and webinars are used to stay up to date with the situation in a production country. When no FWF reports are available Hessnatur uses other sources, e.g. Human Rights Watch, Amnesty International. To understand the situation of a new supplier a visit or audit always precedes a collaboration. The CSR department has a decisive voice in purchasing decisions related to new suppliers. When non-compliance is observed this information is used to formulate a Corrective Action Plan (CAP) that is followed up according to the set timeline.

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, and leads to production decisions	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

**Comment:** Individual suppliers are evaluated twice a year during the main seasons. Various departments such as purchasing, technology, financial accounting and Corporate Social Responsibility (CSR) take part in the evaluation. Together they decide on an equally-weighted basis as to whether collaboration with a supplier should be expanded or curtailed. Information related to the compliance of a supplier with social standards comes from Osca®. This system includes a database with the data on all eight CoLP (including CAP and complaints follow-up), as well as audit and training (e.g. WEP) planning. The company focuses on improving labour conditions at production locations (instead of abandoning a factory that does not comply with the CoLP). Only when suppliers show a constant unwillingness to collaborate with Hessnatur on improving labour conditions, the company decides on an exit.

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:** Almost one-fifth of Hessnatur products classify as Never Out of Stock (NOS) products. Hessnatur gives NOS suppliers a quantified purchase commitment for 1 - 2 years for a certain design and/or colour. Every season, Hessnatur has two seasons per year, the exact amount is communicated to the suppliers. Suppliers' lead times are respected and stock is adjusted to accommodate these lead times. Supplier is required to maintain the same stock number as Hessnatur. An additional order is sent to the supplier in the event Hessnatur warehouse stock falls below a defined quantity. This is coordinated by means of a status report that is sent to the supplier every two weeks. When the prediction has to be adjusted to a lower number Hessnatur still buys all the fabric and/or products. The surplus is used for other models or resold to other brands.



The seasonal products (for four seasons) are designed twice a year, and production is then coordinated with the suppliers who are also involved in the design process. The shortest lead time is 5 months. Suppliers can schedule production in advance due to this early planning. Since the natural fabrics that Hessnatur uses are not always readily available the company makes use of nominated fabric suppliers and calculates the time needed to obtain a certain material in the production planning. Some fabrics are therefore pre-ordered by Hessnatur. Also here, the surplus is used for other models or resold to other brands.

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:** When excessive OT is found Hessnatur engages in face-to-face meetings with factory management to discuss factory conditions and look for opportunities to improve the situation, e.g. find more workspace for additional workers, more efficient production planning. The company also tries to engage other (non FWF) brands to participate in remediation.

**Recommendation:** Excessive OT is a structural issue that requires an approach that goes beyond a singular brand's production planning. Apart from working with individual factories (and improving conditions at factory level) collaboration with other brands to structurally change sourcing strategies and engage in joint action is key to improve conditions for individual factory workers.

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.	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

**Comment:** Hessnatur knows per minute worked what the labour cost is. This has been calculated for both the Minimum Wage (MW) as well as the Living Wage (LW) per country. The company used the highest amounts found, e.g. as communicated by FWF or found through research. Purchasers know how many minutes are needed to make a certain product and cross-check with the invoices if the amount that is paid allow for the payment of MW and LW. In addition information on wages is collected from suppliers to calculate if MW/LW is paid.

**Recommendation:** It is recommended to, besides the technical check, engage in conversations with the supplier to see what else is needed to pay LW to factory workers. Is the share that the company pays for LW really ending up in the workers pockets? This needs further addressing. Particularly since Hessnatur is often not the only company sourcing at a supplier.

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:** When audit findings showed that LMW were not paid to a group of temporary workers Hessnatur raised the topic with its supplier and discussed remediation. To make sure that the supplier made the required changes pay slips were requested that showed that remediation had taken place.

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.	Supply chain approach	Sustained progress towards living wages requires adjustments to member companies' policies.	Documentation of policy assessments and/or concrete progress towards living wages.	6	8	0

**Comment:** Hessnatur uses highest LW estimates, from FWF or other reliable sources, to determine wage ladders and labour minute cost per country. Based on the LW estimates, estimates of labour minutes per product and prices paid to factories Hessnatur calculated that the factory should be able to pay LW to factory workers. The company is part of the FWF Living Wage Incubator and currently invests in investigating how productivity levels can be raised as a way for factories to pay LW.

**Recommendation:** Hessnatur is advised to engage in open conversations with the supplier to discover why LW are currently not paid. Besides knowing that prices paid should allow for the payment of LW (according to the labour costing minute methodology) the company can investigate why suppliers feel otherwise and why LW are currently not paid in most factories.

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: 32

## 2. MONITORING AND REMEDIATION

BASIC MEASUREMENTS	RESULT	COMMENTS
% of own production under standard monitoring (excluding low-risk countries)	50%	
% of production volume where monitoring requirements for low-risk countries are fulfilled	47%	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.	Yes	
Total of own production under monitoring	97%	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

Comment: Hessnatur's CSR team employs seven people. Two staff members are dedicated to follow-up on CAPs and complaints.

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
2.2 Quality of own auditing system meets FWF standards.	Yes	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.	0	0	-1

Comment: In countries where FWF is not active Hessnatur seeks to hire credible auditors. The company also formulated a policy for monitoring of low risk and tail end production locations.

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: Hessnatur uses the Osca® system to follow-up on CAPs, after sharing the audit report and CAP with the factory and establishing timelines. Besides on-site visits and meetings at the Hessnatur office or trade fairs, emails and Skype calls are used to discuss remediation.

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.	Intermediate	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.	6	8	-2

**Comment:** Hessnatur coordinates efforts between different departments, e.g. CSR, purchasing. All CSR and purchasing staff are in the loop and when in contact with a supplier they follow-up on open issues. Visits and conversations are scheduled in regularly to understand the root of the problem and act on it. Knowledge and network is shared to support the factory in remediation. Collaboration with factory management leads to solutions that go beyond remediation of a singular issue, e.g. an awareness training to prevent discrimination after discovering discrimination of migrant workers through an audit, and the implementation of a chemical management system after finding OHS violations related to handling chemicals.

**Recommendation:** Some of the audit findings are recurring in CAPs, e.g. excessive OT and payment of LW, despite the company's remediation efforts. It is recommended to seek systemic solutions for recurring issues through collaborative efforts. Working on resolving these issues with factories within the own supply chain cannot lead to a structural change. To further facilitate remediation, Hessnatur could consider:

- Organise supplier seminars to facilitate the exchange of knowledge and experience, and the formulation of best practices.
- Collaborate with other brands (through platform organisations) on structural issues to change sector conditions.

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.	60%	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.	3	4	0

**Comment:** Before a staff member visits a production location s/he inquires what (social and labour) issues have to be discussed during the visit. Standard practice is to verify whether the Worker Information Sheet (WIS) is posted.

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
2.6 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

Comment: Hessnatur collects existing audit reports from (new) production locations and uses the information to formulate CAPs or follow-up on them.



PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
2.7 Compliance with FWF risk policies.	Advanced result on all relevant policies	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.	6	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	Advanced			6	6	-2

Comment: Hessnatur's products are made from natural materials that are subjected to several ecological/environmental standards. In line with these standards abrasive blasting is banned from the supply chain. Also, when the topic of Syrian refugees came up Hessnatur visited and raised the issue with all its Turkish suppliers.

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.	Active cooperation	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.	2	2	-1

Comment: Before engaging in remediation Hessnatur investigates which (non) FWF member is also sourcing from the factory. When the other brand(s) is(/are) also interested in joint action roles and responsibilities are discussed in line with existing relationship and estimated leverage at the factory, and/or HR availability. Joint remediation efforts are currently taking place at 12 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.	Member undertakes additional activities to monitor suppliers	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.	2	2	0

Comment: Most factories that produce for Hessnatur in low risk countries are GOTS certified and therefore subjected to regular audits. Besides these audits the company makes sure to visit a production location at least once every 5 years.

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.	Not applicable	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

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.	Yes, and member has collected necessary information	FWF believes it is important for affiliates that have a retail/wholesale arm to at least know if the brands they resell are members of FWF or a similar organisation, and in which countries those brands produce goods.	Questionnaires are on file.	2	2	0

Comment: Hessnatur resells four external brands that all have their production locations in Germany. One brand also makes use of a production location in Spain. All brands have strict CSR policies in line with their corporate identities.

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).	69%	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.	3	3	0

Comment: Besides having their own Code of Conduct the resold brands are certified by Fair Trade among others.

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: 34

Earned Points: 31

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### 3. COMPLAINTS HANDLING

BASIC MEASUREMENTS	RESULT	COMMENTS
Number of worker complaints received since last check	9	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		
Number of worker complaints resolved since last check	9	

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

Comment: Hessnatur's CSR team employs seven people. Two staff members are dedicated to follow-up on CAPs and complaints.

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: A new supplier is asked submit a photo of the posted Worker Information Sheet with the questionnaire and visiting staff always checks if the document is still posted.

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.	56%	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.	3	4	0

Comment: The company encourages its suppliers to partake in the FWF WEP training. Also, Hessnatur developed an Awareness Training (in which awareness is raised for CoLP and the FWF worker helpline) for factories in countries where FWF is not active and WEP is not offered.

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 + Preventive steps taken	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.	6	6	-2

Comment: Hessnatur follows up on complaints diligently. Complaints are integrated in CAPs and conversations with suppliers take place to understand the reason behind a complaint. The remediation of a complaint on unfair dismissal has even led to the development of a training focused on improving dialogue between factory management and workers in collaboration with a non FWF brand.

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
3.5 Cooperation with other customers in addressing worker complaints at shared suppliers	Active cooperation	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.	2	2	0

Comment: Before engaging in remediation of a complaint Hessnatur investigates which (non) FWF member is also sourcing from the factory. When the other brand(s) is(/are) also interested in joint action it is discussed who takes the lead in the discussions with the factory.

## 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 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: Whenever a new staff member joins Hessnatur s/he is onboarded through several training modules: a training on social standards and the Hessnatur way of working is included.

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: Besides the general training on social standards a specific workshop has been developed for purchasing staff. Employees that deal directly with suppliers are trained to include social and labour condition discussions into their work. The workshop is repeated every year for staff to become acquainted with updates and new insights.

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.	Yes + actively support COLP	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.	2	2	0



Comment: Hessnatur sources at factories through agencies in five different countries. Support for the CoLP is included in the contract of these intermediaries. They are required to support Hessnatur in improving labour conditions through CAPs and in remediation of complaints.

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)	60%	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: Hessnatur believes in awareness and knowledge as the first step to change: 13 factories in 5 countries were selected in the past three years to participate in the FWF WEP basic training.

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)	77%	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.	4	4	0

Comment: The Hessnatur Awareness Training was developed for countries where the FWF WEP basic is not offered. The training was translated to several local languages and country specifics were included. A "train the trainer" guideline was developed for overall consistency. The past financial year the training was conducted in Belarus, Bosnia, Nepal and Thailand.

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## TRAINING AND CAPACITY BUILDING

Possible Points: 15

Earned Points: 15

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## 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:** Subcontractors are not allowed unless this is reported to and the location is checked by Hessnatur. Suppliers are neither allowed to switch production location without informing the company. This is included in the contract with suppliers. During visits and through audits this is verified. Also, since Hessnatur uses natural fibers that are often certified the company dives deeper into the supply chain. The company uses nominated fabric suppliers, and knows many of their yarn and raw material suppliers.

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.	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

Comment: Purchasing/sourcing decisions always involve CSR staff. When purchasers are visiting a supplier the staff member always sits with a CSR colleague before and after the visit. Also, twice a year all departments discuss supplier performance during the supplier evaluation meeting. The information exchange includes supplier performance in each category, e.g. quality, labour conditions, communication.

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## INFORMATION MANAGEMENT

Possible Points: 7

Earned Points: 7

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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

Comment: The communications department is well familiar with the FWF communications policy. The Head of Marketing and the PR responsible participated in a FWF communications workshop in Cologne where opportunities for advanced communications were discussed.

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
6.2 Member company engages in advanced reporting activities	Production locations are disclosed to the public	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.	2	2	0

Comment: Social standards are a returning topic in Hessnatur communications, e.g. in the product catalogue and through joint campaigns such as Fashion Revolution Day. The company recently developed a consumer friendly application for the website that shows all production countries, the number and type of factories sourced from in those countries and relates individual stories from factories and workers. Visitors can browse through all the data by navigating on a world map: <https://www.hessnatur.com/transparenz>.

Recommendation: Update the website page on social standards regularly to include the latest performance check report.

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: Hessnatur publishes an extensive social report. The company is currently looking into a more interactive way of communicating all data related to social and environmental standards to meet both the need for transparency as well as for comprehensibility and simplicity.

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## TRANSPARENCY

Possible Points: 6

Earned Points: 6

## 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: Social and environmental sustainability are at the heart of the Hessnatur brand, and the FWF membership is Hessnatur's chosen way to work on improving social and labour conditions in its garment factories. Every year the Head of CSR discusses the value of FWF membership with the management team.

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.	75%	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.	4	4	-2

Comment: Hessnatur has put a lot of effort in increasing its monitoring percentage. A policy was formulated for low risk countries, and audits and visits were conducted at many tail end production locations.

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## EVALUATION

Possible Points: 6

Earned Points: 6

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## RECOMMENDATIONS TO FWF

Hessnatur would like to see FWF strengthen its brand communication: become more visible and recognizable towards consumers and communicate more clearly what the organisation does. This would give the Hessnatur membership more weight when communicating this to external stakeholders, e.g. customers, partners.

FWF has gone through a rapid growth accompanied by several policy changes that affected the member brands. Sometimes it was not clear why a certain decision was taken or specifically why a certain indicator was included in the brand performance check. Hessnatur would like a clear procedure for member brand feedback on FWF policies and procedures.

Especially with regards to direct contact between FWF and Hessnatur's factories, the company would like clear procedures.

Many FWF resources are directed towards a selected number of countries, e.g. India, Bangladesh. Hessnatur would like to see FWF active in more countries.

Hessnatur feels that the quality of audit reports can be improved. Reports could be clearer (e.g. clear description and consistency in calculation method of wage ladder) and fact-based in the language used. Inconsistencies within the report also affect the credibility of the findings of the report when discussing remediation (based on the report) with the supplier. Response to the CAP of factory management in the closing meeting should be clearly documented to support remediation efforts by the member brand afterwards. During audits, investigations and trainings, auditors should make sure to conduct the audit with a neutral and distant attitude. They should also be careful to discuss LW with factory workers.

Hessnatur feels that the complaints process can be better organised. They would like more information from the start to have more fruitful conversations with the supplier. Also, the tone in a complaints report can feel biased towards the complainant, a more neutral tone is required.

Hessnatur would like the option to upload data via csv/excel files to the FWF database.

## SCORING OVERVIEW

CATEGORY	EARNED	POSSIBLE
Purchasing Practices	32	44
Monitoring and Remediation	31	34
Complaints Handling	14	15
Training and Capacity Building	15	15
Information Management	7	7
Transparency	6	6
Evaluation	6	6
Totals:	111	127

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

87

### PERFORMANCE BENCHMARKING CATEGORY

Leader

## BRAND PERFORMANCE CHECK DETAILS

Date of Brand Performance Check:

13-12-2017

Conducted by:

Sharon Hesp. Stefanie Santila Karl

Interviews with:

Kristin Heckmann - Head of CSR

Elisabeth Schmidt - CSR Manager Social Standards

Betina Breucha - Head of Marketing

Philip Tönnies - Head of Scheduling