



BRAND PERFORMANCE CHECK

DW-Shop GmbH

PUBLICATION DATE: DECEMBER 2018

this report covers the evaluation period 01-07-2017 to 30-06-2018

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. The online [Brand Performance Check Guide](#) provides more information about the indicators.

BRAND PERFORMANCE CHECK OVERVIEW

DW-Shop GmbH

Evaluation Period: 01-07-2017 to 30-06-2018

| MEMBER COMPANY INFORMATION | |
|--|---------------------------------|
| Headquarters: | Königswinter, Germany |
| Member since: | 01-02-2012 |
| Product types: | Fashion, Bags & Accessories |
| Production in countries where FWF is active: | China, India, Indonesia, Turkey |
| Production in other countries: | Bolivia, Peru |
| 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 | 96% |
| Benchmarking score | 56 |
| Category | Good |

Summary:

In 2018, DW Shop met most of FWF's performance requirements. The company had 96% of its purchasing volume under monitoring, meeting the required monitoring threshold. The company has a benchmark score of 56, which places DW Shop in the 'Good' category.

DW Shop has had long-term relationships with many of its suppliers or has purchased over 10% of a supplier's production for over half of its suppliers, but the company still has many small suppliers from which it buys small quantities. FWF advises the company to work on consolidating its supplier base and to implement a structured on-boarding system to show how DW takes care of its due diligence in new factories. DW Shop also needs to formalise the process to evaluate the risks of labour violations in the production locations, influencing the decision on whether to place orders, how to prevent and mitigate risks, and weigh the possibilities it sees to contribute to mitigate and remediate the risks.

A significant part of DW Shop's production comes from homemaker suppliers. DW Shop has continued to follow the monitoring policy regarding homeworkers adopted by FWF. DW Shop has identified more homeworkers and enrolled more suppliers for WEP training, which is a good way to raise workers' awareness about their rights and the FWF helpline.

Audits conducted in the past financial year have continued to show non-compliance with FWF's labour standards, even when more commitment can be expected because of high leverage. DW Shops needs to make more progress towards resolving CAP issues. DW Shop's progress towards resolving existing Corrective Action Plans requires further improvement. The company needs to emphasise work towards payment of a living wage and improve follow-up on remediation of payment of the legal minimum wage. Besides, a root cause analysis of excessive overtime should be done to investigate which steps can be most effective to reduce it. Special attention should be given to piloting advanced work with those factories from which DW Shop buys a large percentage of its production volume.

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 |

Comment: 57% of DW Shop production volume comes from production locations where it buys at least 10% of production capacity which is more compared to last year's percentage.

DW Shop has 27% of its FOB produced at 6 suppliers in India, Indonesia and Turkey where it has between 89% and 100% leverage. At the same time DW Shop has many small suppliers of which it buys small quantities, in countries and areas with high risks on social standards.

Recommendation: FWF recommends DW Shop to consolidate its supplier base where possible. It is advised to describe the process of consolidation in a sourcing strategy that is agreed upon with top management/sourcing staff.

| 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. | 27% | 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: 27% of DW Shop production volume comes from production locations where it buys less than 2% of its total FOB, which is a significant percentage of its orders.

Recommendation: FWF recommends DW Shop to consolidate its supply base by limiting the number of supplier in its 'tail end'. To achieve this, members should determine whether suppliers where they buy less than 2% of their FOB are of strategic relevance. Shortening the tail reduces the social compliance risks the member is exposed to and allows the member to improve working conditions in a more efficient and effective way. It is advised to describe the process of consolidation in a sourcing strategy that is agreed upon with top management/sourcing staff.

| 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. | 50% | 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: DW Shop has long-term relationships with half of its suppliers (almost 10 years). However, the percentage of production volume from production locations where the brand has a business relationship that existed for at least five years has decreased considerably compared to the previous financial year due to the variety of products ordered in a bigger number of factories.

Recommendation: FWF recommends DW Shop to maintain stable business relationships with suppliers. Long-term relationships support most aspects of the Code of Labour Practices, and give factories a reason to invest in improving working conditions.

It is advised to describe policies regarding maintaining long-term business relationships in a sourcing strategy that is agreed upon with top management/sourcing staff.

| 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: DW Shop started new relationship with 11 new production locations in the financial year 2017-2018 and could show that all questionnaires with Code of Labour Practices had been signed and filled in.

| 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. | Insufficient | Due diligence helps to identify, prevent and mitigate potential human rights problems at suppliers. | Documentation may include pre-audits, existing audits, other types of risk assessments. | 0 | 4 | 0 |

Comment: DW Shop has worked on creating a process to assess risks of labour violations. The process is so far not on paper, but mostly in practice. For existing business relations, the company aims to visit the production locations annually. If possible, the company tries to regularly audit its production locations. DW Shop is aware of country specific risks through FWF country studies, but the risks aren't clearly integrated in the due diligence process. Production locations working with homeworkers are visited every year and try to visit new homeworker groups.

Before starting with a new supplier, DW Shop's buyers discuss social compliance issues during the introduction, ask for existing audits and the actual production locations are visited. In case of cooperation with agents, agents visit production sites before first orders are placed if DW Shop's buyers or CSR manager were not able to visit. Chief buyers, in co-operation with the managing director, select new factories. Main criteria for choosing a new supplier are the range of products and its quality, but CSR representative checks filled questionnaire as well as any social audit before any co-operation starts.

Although DW Shop has shown incremental improvements, there is still not a clear internal due diligence policy and process that explains step-by-step what criteria are used determine whether the company will start sourcing or keeps sourcing at a (new) factory.

Requirement: A formal process should exist to evaluate the risks of labour violations in the production areas where DW Shop operates. This evaluation should influence the decision on whether to place orders, how to prevent and mitigate risks, and weigh the possibilities it sees to contribute to mitigate and remediate the risks.

| 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: DW Shop evaluates supplier compliance to a certain level. DW Shop keeps an excel file per supplier and a suppliers overview with their scoring.

A supplier evaluation sheet has been developed in the last financial year but continues to be under development. Different parameters related to buyers requirements (quality, time frame, price), CSR and CAP follow up are used and graded 1 to 6. This is shared with suppliers so they can add information and know their score but has had no decision impact yet. When communication is too difficult and a factory is not cooperative the business relationship might stop.

DW Shop finds it difficult to reward good factories with quantities because of the wide products' range. Another limit to this is that some factories are very small and don't have enough capacities to take on more orders.

Requirement: A formal sourcing strategy including due diligence process and exit strategy should be developed by DW Shop. This could also go hand in hand with the newly developed Supplier Evaluation tool.

Recommendation: As it is not always possible to reward suppliers with more volumes, DW Shop 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. | General or ad-hoc system. | Member company production planning systems can have a significant impact on the levels of excessive overtime at production locations. | Documentation of robust planning systems. | 2 | 4 | 0 |

Comment: DW Shop produces three collections every year with a 65/35 summer/winter ratio. Production planning on the supplier side is usually six to eight months (including 8 to 10 weeks for orders placement, 4.5 to 6 months for production, buffer and delivery). DW shop has developed a tool which allows to make an overview of the deadlines during production based on suppliers' input. The tool is shared with their suppliers and local agents (India) so that they can keep an eye on the production process.

At many production sites DW Shop has small leverage. Upon request, factory management of those locations responded that it is other brands causing excessive overtime hours. DW Shop states that they often accept their production being delayed as their order volume is small sometimes even shifting an item to the next season's collection. Besides, DW Shop also splits deliveries and pays air freight if needed for re-orders, which can help to reduce the risk of excessive overtime.

DW Shop shares the labour minute methodology with factories and tries to implement it but without success yet.

Recommendation: A good production planning system, which includes sharing and updating of forecasts, needs to be established based on the production capacity of the factory for regular working hours.

| 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: Overtime issues (overtime, registration or payment of overtime) were found in most of the factories audited by FWF in the last 3 years, also in factories in which DW Shop has a higher leverage. To get information on factories' capacities, DW Shop looks at the number of available machines and their agents also checks when visiting. Factories capacities are also updated thanks to a company info sheet shared with suppliers and collected by the brand.

Incidental successes to do a root cause analysis were accomplished in the past year. For example, one production location was visited by DW Shop to discuss overtime issues. After inspection of the factory it turned out that the cutting department was too small. After a discussion with the owner of the factory, the owner expanded his cutting department space and DW Shop searched for a consultant to assist the factory to improve their production lines. DW Shop will measure if the changes have in fact led to a more effective production line that contributes to reducing overtime.

Requirement: Although FWF recognises that DW Shop has carried out several successful root cause analyses on excessive overtime, FWF sees the need to further investigate which steps can be most effective to reduce overtime in other factories. Special attention should be given to piloting advanced work with those factories from which DW-Shop buys a large percentage of the production volume.

Recommendation: The outcomes of the root cause analysis can be used for identifying strategies that minimise the impact of its sourcing practice on working hours at other factories.

| 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. | No policy in place | 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. | 0 | 4 | 0 |

Comment: DW Shop includes experience with the supplier, previous prices and market development in its price. Labour costs are discussed but suppliers are not open to share those as they think this is confidential information. This also includes for suppliers where the company has a high leverage. The CSR staff looks at wages documents when visiting factories and also started to work on costing sheet per style to calculate the price build-up, without any implementation for now. At one of the suppliers, open cost calculation was explained but not implemented as the management didn't understand how to use it. The CSR manager is looking for a consultant to support with the implementation of the cost sheets.

At the moment quotations are collected from suppliers and if the prices are too high then the garment quality or design is changed to achieve a lower price. However, DW Shop doesn't refuse a quotation because of prices, if not satisfied they will go to another factory or cancel the order. Margins fluctuate and can be lowered if needed to achieve target retail price, as the company's turnover grew importantly in the last years. Buyers are aware of minimum wages in different countries but DW Shop doesn't know if prices paid to its suppliers allow payments of minimum wages. Actual factory audits are checked concerning legal wages and quoted supplier prices are considered to be on base of legal wages.

Requirement: DW Shop needs to develop a pricing policy where the member company knows the labour cost of garments and which allows the payment of at least legal minimum wages in production countries.

Recommendation: At a minimum, DW Shop is recommended to investigate wages levels in production countries, among others by making use of FWF's 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: DW Shop informs the production sites about legal minimum wages that should be observed at the beginning of the cooperation. In case of problems found after audits, they communicate with factory management to ask them to resolve the issue. Payment below legal minimum wage and related issues (e.g. unclear record keeping, statutory holidays were not paid for) were found in audits in last financial year. The CSR manager followed up after findings were shared and collected proof of the remediation. In some instances, DW Shop asked FWF to check the proof if it was correct. In the coming year, DW Shop plans to use monitoring visits to verify the evidence of supplier's changes.

Recommendation: FWF strongly recommends to not only ask the supplier whether legal minimum wage has been paid after such findings, but to systematically collect proofs and have these 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: DW Shop's CSR staff tracks local legal minimum wages increases and is aware of regional minimum wages. However, low leverage from the company at numerous production locations makes it difficult to discuss living wages. Where the company has higher leverage the current priority is more on production planning than wages but DW Shop commenced taking up payment of a living wage but it believes other parameters such as lead time and production should be considered in this discussion.

Recommendation: FWF encourages DW Shop 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: 17

2. MONITORING AND REMEDIATION

| BASIC MEASUREMENTS | RESULT | COMMENTS |
|---|--------|--|
| % of own production under standard monitoring (excluding low-risk countries) | 96% | |
| % of production volume where monitoring requirements for low-risk countries are fulfilled | | 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 | FWF members must meet tail-end monitoring requirements. Implementation will be assessed during next Brand Performance check. |
| Total of own production under monitoring | 96% | 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: DW Shop has one person dedicated to CSR with support of another person.

| 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: Regular communication takes place between DW Shop and its suppliers. DW Shop's CSR manager visits the suppliers regularly to discuss CAPs in person. The CSR manager (re-)organises CAPs according to urgency of findings then put these in bold and red and asks for feedback within timelines.

Recommendation: In case worker representation exists in factories, CAPs should be shared with worker representative as well as involved in setting the timeframe for realising improvements.

| 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. | Insufficient | 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. | -2 | 8 | -2 |

Comment: DW Shop discusses CAPs with its suppliers and seeks remediation on urgent issues in priority. It is acknowledged that low leverage at some factories can make remediation difficult, but even where the company has a very long relationship, serious issues still exist and should be addressed. The buyers receive instructions from CSR staff what to check with suppliers before traveling to the audited production locations. Several production sites have been visited and CAPs discussed. DW Shop also uses audit reports from other sources during the 2 years gap between FWF audits, in order to follow up on CAPs (and update those).

Many audits conducted in the past financial year continue to show severe non-compliance's towards FWF's labour standards. DW Shop has progressed slowly on issues such as legal minimum wage payments, age verification and overtime.

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

Recommendation: To facilitate remediation, DW-Shop could consider:

- Hire a local consultant to assist factory in developing an action plan and to assist factory management in investigating root causes.
- Organise supplier seminars.
- Provide financial support to the supplier for implementing improvements.

FWF recommends DWS to use its high leverage at main supplier(s) to effectively request improvements of working 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. | 90% | 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: DW Shop's CSR manager aims to visit suppliers once a year and buyers (responsible of purchase for each region, assistants and CEO in the last financial year) visit once a year. Local agents and technicians also visit suppliers.

| PERFORMANCE INDICATORS | RESULT | RELEVANCE OF INDICATOR | DOCUMENTATION | SCORE | MAX | MIN |
|--|--------------------------|---|--|-------|-----|-----|
| 2.6 Existing audit reports from other sources are collected. | Yes and quality assessed | 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. | 2 | 3 | 0 |

Comment: DW Shop's CSR manager collects external audit reports and assesses their quality by using the FWF quality assessment tool. CAPs are discussed with suppliers.

| PERFORMANCE INDICATORS | RESULT | RELEVANCE OF INDICATOR | DOCUMENTATION | SCORE | MAX | MIN |
|--|--|---|---|-------|-----|-----|
| 2.7 Compliance with FWF risk policies. | Average score depending on the number of applicable policies and results | 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. | 4 | 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 |
| Compliance with FWF guidance on risks related to Turkish garment factories employing Syrian refugees | Intermediate | | | 3 | 6 | -2 |
| Other risks specific to the member's supply chain are addressed by its monitoring system | Intermediate | | | 3 | 6 | -2 |

Comment: DW Shop doesn't source in Bangladesh or Myanmar. One jeans production location was visited by former buyer who could confirm sandblasting doesn't take place.

DW Shop and its agent for Indian factories are aware of specific risks in different regions, including related to child labour risks. The CSR staff met with the Indian agency and shared the FWF requirements. One person in the agency oversees social standards. CAP follow up in India is made together between the agent and the CSR person. The Indian agency is visited every year, and the supporting person in the agency joined responsible for audit follow up and social standards went with the CSR manager to many factories in India.

DW Shop shared FWF policy on refugees in Turkey with its Turkish suppliers but further investigation and communication is needed on this matter since not all suppliers seem to be fully aware of the risks. They visited and audited their Turkish suppliers to check on unauthorized subcontracting, although in some instances this has not always resulted in the proper follow up by their suppliers.

The company has a significant number of suppliers working with homeworkers and uses FWF Homeworkers guidance document to monitor that part of their production. It could show questionnaires of homeworkers in Indonesia and Peru that were visited by the CSR manager.

Recommendation: DW Shop should agree on additional commitments that are required to mitigate specific risks with its suppliers. The company can provide additional measures in its monitoring system.

| 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: Two suppliers are currently shared with other FWF members and remediation is collaborative effort.

| 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. | 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. | 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 |

MONITORING AND REMEDIATION

Possible Points: 27

Earned Points: 14

Additional comments on Monitoring and Remediation:

Requirement:

In the tail end of DW Shop's supplier base, FWF requires to ensure DW Shop audits all production locations that are responsible for over 2% of production and production locations where it 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 | 0 | |
| Number of worker complaints resolved since last check | 1 | |

| 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: The CSR manager is in charge of following up on complaints with the support of another person.

| 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: In case a factory has not been visited in the last 3 years, DW shop request a new photo of the WIS. DW Shop could show pictures of Worker Information Sheets at new production locations.

| 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. | 40% | 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. | 2 | 4 | 0 |

Comment: The CSR manager asks about the grievance mechanism and grievance box when visiting suppliers. DW Shop has the feeling that workers don't check the notice board. Audits conducted in the last 3 years showed that most workers are not aware of the CoLP and helpline. WEP trainings were rolled out but audits conducted at those factories showed that workers were not always aware of the workers helpline.

Recommendation: DW Shop could think about other ways to inform workers, for instance by posting the WIS sheets in bathrooms, or handing out worker information cards together with the wage slips.

| 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: DW Shop takes required steps to deal with complaints, but could not show for preventive steps.

| 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: Another FWF brand took the lead for a complaint at a factory where it has more leverage than DW Shop.

COMPLAINTS HANDLING

Possible Points: 15

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: DW Shop has an internal newsletter quarterly which is distributed to all staff together with their pay slips. The newsletter includes information about FWF requirements, DW Shop's brand performance check, factory audits, reports of CSR staff travel and supplier stories.

A presentation about CSR and FWF membership is made to all DW Shop's employees during the annual meeting of DW Shop.

| 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: Quarterly internal meetings take place between buyers, CSR staff and management - if any urgent problems are discovered, the same group will meet immediately.

New buyers are trained by the CSR manager and they also attend a more general information day that presents FWF membership. In November 2017, FWF provided a general training about FWF requirements.

| 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: In 2017-2018, homeworkers were visited and informed by the CSR manager regarding the CoLP. She also conducted interviews and filled in questionnaires. Agents are also informed about FWF CoLP and requirements and help collect data such as pictures of posted Worker Information Sheets. In 2018, the agency in India joined audits and provided quick feedback to DW Shop and the supplier about the first findings of a FWF audit so that they could already start to implement corrective actions.

| 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) | 56% | 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: In the financial year 2017/2018, one Chinese and four Indian suppliers were trained with WEPs. In addition, DW Shop also trained a Turkish production location on elections of worker representatives.

| 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) | 0% | 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. | 0 | 4 | 0 |

Recommendation: All factory workers and management should be informed about FWF, labour standards and grievance mechanisms. In order to further communication between employers and workers in the workplace FWF recommends DW Shop to ensure suppliers participate in trainings. Trainings must meet FWF quality standards to receive credit for this indicator: top management, supervisors and workers should be included in the trainings, separately. Workplace standards and dispute handling should be included in the training. At least 10-20% of the workforce must be trained, depending on the size of the factory. Worker participation should be balanced and representative.

TRAINING AND CAPACITY BUILDING

Possible Points: 15

Earned Points: 11

5. INFORMATION MANAGEMENT

| PERFORMANCE INDICATORS | RESULT | RELEVANCE OF INDICATOR | DOCUMENTATION | SCORE | MAX | MIN |
|--|--------------|---|--|-------|-----|-----|
| 5.1 Level of effort to identify all production locations | Intermediate | Any improvements to supply chains require 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. | 3 | 6 | -2 |

Comment: When visiting factories the CSR person insists she needs to know all subcontractors working with the supplier even if not used for DW Shop production. Then a second step is to know whether the subcontractor is used for the company's production. If so then the FWF questionnaire and COLP are shared with subcontractors. The Indian agency helps checking subcontractors as they visit the factories. In China, local technician do in-line inspections and inform about subcontractors but factories are often further away making it more difficult to check.

DW Shop follows the FWF guidance on home-based work; collects information through questionnaires and visits head of homeworkers groups accompanied with a translator. The company knows which tasks they do and which percentage of production it represents in relation to the main factory output.

Recommendation: FWF recommends DW Shop to periodically check with its agents whether all known production locations are still up to date and use the information coming from questionnaire to update supplier data, including subcontractors.

| 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: Audit reports and follow up CAPs are shared with all relevant staff such as CEO, purchasing department and CSR department.

Travelling personnel is asked to follow up on specific CSR issues.

INFORMATION MANAGEMENT

Possible Points: 7

Earned Points: 4

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: Communication and use of FWF logo comes back in brochures, catalogues and shops following the German communication guidance.

| 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: DW Shop's Brand Performance Check report of the previous year was published.

| 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: Social reports are shared on DW Shop's website and submitted in a timely manner to FWF.

TRANSPARENCY

Possible Points: 6

Earned Points: 5

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: DW Shop organises quarterly meetings to update the team about each supplier. The meeting involves the CSR manager, buyers and top management. Summaries on status or CAPs for each supplier are shared; tasks and deadlines for improvement are set and shared with the team.

Recommendation: FWF advises to organise a meeting with management and sourcing staff to discuss the outcomes of this brand performance check and use those to formulate future plans.

| 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. | 71% | 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: DW Shop improved on five of the seven requirements that were set during the last brand performance check. Two of the requirements remained open and still need to be addressed. Regarding some of the five improved requirements from the last Brand Performance Check, further improvements to create long-term and sustainable change.

Requirement: It is required to work towards remediation of previous requirements from the last Brand Performance Check. Further engagement needs to be taken with regard to the following requirements mentioned in the last Brand Performance Check.

EVALUATION

Possible Points: 6

Earned Points: 6

RECOMMENDATIONS TO FWF

- FWF audit reports are good and detailed, but it would be good if they would be in the local language.
- Keep deadlines as FWF, for example DW Shop has been waiting for the German website for a long time.
- Appreciation of the brand's achievements can be better in FWF's step-by-step approach.
- Exit meetings during an audit seem to be done in rushed manner sometimes. In some cases factory management didn't agree to do specific things which are mentioned in the audit.
- DW Shop appreciates the members' seminar and trainings / annual conference / and learning from other brands and brand performance check

SCORING OVERVIEW

| CATEGORY | EARNED | POSSIBLE |
|--------------------------------|--------|----------|
| Purchasing Practices | 17 | 44 |
| Monitoring and Remediation | 14 | 27 |
| Complaints Handling | 10 | 15 |
| Training and Capacity Building | 11 | 15 |
| Information Management | 4 | 7 |
| Transparency | 5 | 6 |
| Evaluation | 6 | 6 |
| Totals: | 67 | 120 |

BENCHMARKING SCORE (EARNED POINTS DIVIDED BY POSSIBLE POINTS)

56

PERFORMANCE BENCHMARKING CATEGORY

Good

BRAND PERFORMANCE CHECK DETAILS

Date of Brand Performance Check:

23-10-2018

Conducted by:

Jesse Bloemendaal

Interviews with:

Regine Henschel (CSR manager)

Maria Busch (Marketing and CSR support)

Dagmar Ebel (Buyer for garments)

Mrs. Kerstin Kemner (Buyer for garments)

Jörg Fauck (Communication)

Irene Hanak (Sales)