



# BRAND PERFORMANCE CHECK GUIDE

Assessment Period:  
Member financial years starting from 2016

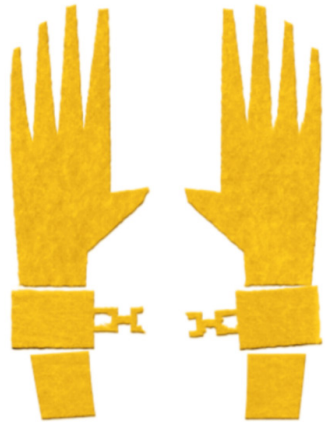
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**1** Employment is freely chosen



**2** Freedom of association and the right to collective bargaining



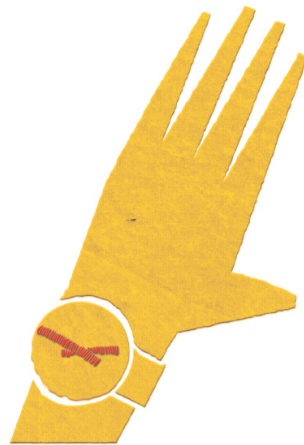
**3** No discrimination in employment



**4** No exploitation of child labour



**5** Payment of a living wage



**6** Reasonable hours of work



**7** Safe and healthy working conditions



**8** A legally binding employment relationship

Fair Wear Foundation

Code of Labour Practices

# INTRODUCTION TO BRAND PERFORMANCE CHECK REPORTS

Fair Wear Foundation (FWF) believes that improving conditions for apparel factory workers requires change at multiple levels. Traditional efforts to improve conditions focus primarily on the factory. FWF, however, believes that the management decisions of clothing brands have an enormous influence for good or ill on factory conditions. In other words, factory conditions cannot be separated from the purchasing practices of brands.

FWF's Brand Performance Check is a tool to evaluate and report on the activities of FWF's member companies. The checks examine and publicly report on how the management practices of member companies support the FWF Code of Labour Practices (CoLP) at apparel factories engaged in activities that take place after the production of fabric.

Most brands source products from many factories which they do not own. At the same time, most factories supply many different brands. This means that in most cases FWF member companies have influence, but no direct control over working conditions.

As a result, the Brand Performance Checks focus primarily on verifying the efforts of member companies. Outcomes at the factory level are assessed via audits and complaint reports; however the complexity of the supply chains means that even the best efforts of FWF member companies cannot guarantee results.

Even if outcomes at the factory level cannot be guaranteed, the importance of good management practices by member companies cannot be understated. Even one concerned customer at a factory can have significant positive impact on a range of issues like health and safety

conditions or freedom of association. When FWF members can demonstrate that improvements are possible, other factory 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 and this Performance Check Guide demonstrates the changes that are possible.

The system is designed with enough flexibility to accommodate the variety of business models and clothing markets represented in FWF's membership.

The Performance Check system provides several benefits. It:

- *Strengthens FWF member companies' accountability & transparency*
- *Clearly communicates member successes*
- *Explains progress and needs to colleagues at clothing brands (i.e. buyers, production managers) and stakeholders*
- *Provides targeted feedback to companies on how to improve*
- *Provides a clear improvement or exit path for underperforming members*
- *Provides a tool for consumers to find information about FWF member companies.*

# PERFORMANCE BENCHMARKING CATEGORIES

FWF's approach evaluates brand performance against a set of performance indicators during the annual Brand Performance Checks. The indicators, developed by FWF and its stakeholders, address aspects of brand practices that impact working conditions in a garment factory. Based on its final score, each member company is assigned into a performance benchmarking category.

**Leader:** This category is for member companies who are doing exceptionally well, and are operating at an advanced level. *Leaders* are continuously monitoring their entire supply chain, and have demonstrated remediation at the factory 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 (CoLP) – the vast majority of FWF member companies – are 'doing good' and their efforts deserve to be recognised 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. Most member companies will receive a *Good* rating.

**Needs Improvement:** Member companies are most likely to find themselves in this category when problems arise that prevent them from implementing steps required to fulfil FWF membership, or if they have not been able to demonstrate sufficient evidence of improvement during a Performance Check. Member companies can only be in this category for one year after which they should earn a *Good* rating, or they will be moved to *Suspended*.

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

The existence of these last two categories is essential to protecting FWF's legitimacy and to preventing 'greenwashing' or 'free-riding' by a small number of member companies who underperform. The categories provide a clear improve-or-exit path for member companies.

It should be stressed that FWF never certifies brands, factories or garments as '100% Fair.' Apparel supply chains are too complex to be 'certified fair' and even among *Leader*-rated brands, there is still no such thing as a perfect supply chain.

# SCOPE OF FWF REQUIREMENTS

By joining Fair Wear Foundation and signing the FWF Code of Labour Practices, FWF member companies commit to monitoring all of their suppliers over time. FWF primarily focuses on the stages in the manufacturing process that are both labour intensive and where FWF member companies have direct leverage.

Included in the scope of monitoring are:

*All production locations engaged in the production of finished garments, footwear, accessories, home textiles and other textile or leather products.*

In the information provided to FWF, member companies should include:

*All production locations involved in the steps of manufacturing after fabric production, be it contracted or subcontracted. This includes cutting, sewing, embroidery, printing, washing, ironing, knitting, finishing and any other related processes. See guidance below for further details.*

In the textile industry the term 'supplier' can imply different things (a buying office, main production house, an intermediary, a factory etc.) Whenever FWF uses the term supplier, we mean the actual location where garments are produced.

## Subcontractors and homeworkers

FWF requires its members to audit all Cut Make & Trim (CMT) factories producing for the FWF member company (directly or indirectly) and those production locations (including non-sewing) where the company has a direct business relationship.

FWF advises member companies to conduct proper due diligence and assess possible risks for the subcontractors. Where additional risks are foreseen, FWF recommends to conduct an audit (for instance in the case of washing of denim). Whenever a complaint is received, the member company will be required to include this location in their monitoring system, regardless of whether it is a direct supplier or subcontractor.

Homework that is used in the process of producing sewn goods falls under the manufacturing supply chain, and has to be monitored by FWF member companies. However, given the different process of auditing homeworker locations, requirements are different. See the separate [Guidance on home-based work](#) for detailed requirements.

## Own production vs external production

FWF's scope primarily lies with own production: all goods commissioned by the FWF member, directly or through an agent or other intermediary, for all brands owned or managed by the member. Members have direct responsibility for the working conditions at sites making 'own production' goods.

'Own production' includes:

- *Any production bearing the name or mark of a brand owned or managed by the affiliate.*
- *Any unbranded product designed for resale to another (apparel) brand.*
- *Any so-called 'Private Label' items.*
- *Any product rebranded for an end consumer (e.g. promotional wear or corporate/government end users).*

External production describes other finished goods which are bought by member companies from other brands for resale in a retail or wholesale (web)shop owned by the member. Only two indicators in the Brand Performance Check are related to external production (see indicator 2.11 and 2.12).

## BASIC MEMBERSHIP REQUIREMENTS

All FWF member companies must meet certain Basic Membership Requirements. Without them no member can be effective in improving its supply chain.

Failure to meet these requirements means that a Brand Performance Check cannot be conducted. This will therefore lead to Suspended status, and can eventually also lead to termination of FWF membership.

Please see the [FWF Procedure for terminating membership](#) for more information on termination proceedings.

### **1. Workplan and projected production location data for upcoming financial year have been submitted.**

The *workplan* is a core requirement developed annually by each member and submitted to FWF two months before the start of a new financial year. This plan is necessary to ensure that adequate time and resources are committed towards the implementation of the [FWF Code of Labour Practices](#) (CoLP).

A *projected production data list* should be prepared together with the workplan. FWF uses a web-based information system for managing production location data. Member companies are expected to update their list of production locations by indicating current and new production locations.

FWF encourages members to keep production location information as updated as possible throughout the year. This lowers the risk of unexpected issues and helps FWF to offer guidance on possible risks. The information is also used by FWF to plan audits.



## 2. Definitive production location data for previous financial year has been submitted.

After the end of each financial year, members must confirm their list of production locations and provide relevant financial data *for the closed financial year*. This includes a complete and accurate list of all factories which have been involved in the production of finished garments for brands owned or managed by the member, including subcontractors.

Supplier information must include the actual locations where garments are produced. Contact information for intermediaries or agents is important, but member companies are expected to know and report the actual locations where their goods are made.

Each production location record must contain:

- *Factory name, address and contact information*
- *Value of production (ex. FOB figures)*
- *Year business relationship began*
- *Number of workers*
- *Percentage of factory's production capacity used by member (i.e. estimated leverage).*

FWF compares the list of production locations to the members' financial records to determine the percentage of the supply chain that is being monitored. Minimum targets are defined in the [monitoring threshold](#) (see section *How Performance Benchmarking Categories are assigned*).

Each external production record must contain:

- *Brand name and address*
- *Whether the brand is affiliated to FWF or the Fair Labour Association (FLA)*

## 3. Membership fee has been paid.

FWF member companies pay an annual membership fee based on their turnover levels, which pays for a percentage of FWF's work. At the same time, FWF needs to be financially independent so that it may speak honestly about brand performance and terminate memberships if necessary.

FWF's strategy is to ensure a balance between budget derived from member companies and other sources. Details on FWF's funding and governance are provided in FWF's annual reports.



# HOW PERFORMANCE BENCHMARKING CATEGORIES ARE ASSIGNED

The Performance Benchmarking Category for each member is based on two things:

## Part 1: Monitoring threshold

FWF member companies commit to monitoring all of their suppliers over time. Member companies are required to achieve monitoring targets in incremental steps, year on year: the monitoring threshold.

This monitoring threshold can be achieved in different ways:

1. Audits by FWF teams
  2. Audits by others if the following applies:
    - *The member company assesses the quality of the report by using the FWF quality assessment tool and is able to share the conclusions of that assessment, and*
    - *The member company can demonstrate evidence of follow up and remediation during the performance check.*
  3. Own audits by members that meet the quality requirements (see performance indicator 2.2).
- To be counted towards the threshold, all audits should be undertaken at least once every three years.
4. Auditing in low risk countries is not required. Production in low risk countries is counted towards the threshold, provided it meets the low-risk requirements (see performance indicator 2.9).

The thresholds companies are required to meet are different for the first, second and subsequent years of membership:



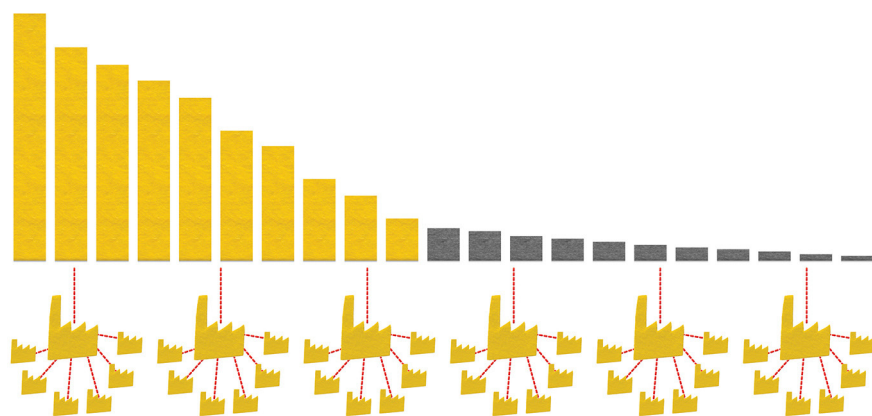
## Year 1 and 2

1. After the first year of membership, the required percentage is 40% or more of FOB volume.
2. After the second year of membership, the required percentage is 60% or more of FOB volume.

## After three or more years of membership

After three years of membership the member company is required to monitor its full supply chain.

Most garment supply chains have a 'tail'—that is: garment companies source a relatively large volume from a relatively small number of production locations, and have a tail of suppliers where they only source small orders.



a supply chain with tail and subcontractors

FWF encourages a short 'tail' and a stable, consolidated supply chain. Both of these criteria are also assessed in the Brand Performance Check (see indicators 1.1a, 1.1b and 1.2). Yet FWF's monitoring thresholds also reflect the business reality that, in some cases, the burden of auditing these very small production locations is very high relative to the potential for change.

For factories within the bandwidth of the last 20% of total FOB (i.e. 80% is being monitored under regular requirements), the initial monitoring requirements are lighter:

1. All factories must be visited by brand staff at least once every 3 years
2. During factory visits, labour conditions and the use of subcontractors must be discussed, outcomes of the discussion must be documented, and the FWF Health and Safety Guide must be completed and filed for FWF to assess during a Brand Performance Check.

At production locations that fall in the tail of the supply chain (i.e. in the last 20% of the company's total FOB), FWF audits are required in the following cases:

- At production locations where member companies buy more than 10% of the supplier's overall production capacity
- At production locations that produce more than 2% of the brand's total FOB (important to the member company)
- At production locations in specific high-risk areas where FWF requires an enhanced programme as stipulated in the Brand Performance Check Guide or other policy documents (see indicator 2.7)
- At production locations where a complaint has been submitted – required follow-up steps are discussed in cooperation with FWF

When full FWF audits are not conducted at the abovementioned production locations, a requirement will be included in the Brand Performance Check, and its implementation will be checked during the following Performance Check.

By also conducting FWF audits at production locations that fall in the tail of the supply chain (i.e. in the last 20% of the company's total FOB), member companies can obtain bonus points. This is assessed in indicator 2.10.

## Part 2: Minimum benchmarking scores

The Brand Performance Check will result in scores for the performance indicators. Companies are assessed on the indicators that are relevant for them, which means each company has an own maximum possible score. The individual indicator scores are added up to create an overall Benchmarking Score.

To acknowledge the learning curve of FWF membership, the minimum Performance Benchmarking score needed to reach each performance category (*Leader*, *Good*, *Needs Improvement*, or *Suspended*) is also based on the length of membership. This means that a company that has been a member for three years should be performing better than another that has only been a member for one year. This also reflects the fact that joining FWF is not a seal of approval; it is the beginning of a process of continuous improvement.

# MINIMUM THRESHOLDS FOR PERFORMANCE BENCHMARKING CATEGORIES

	Leader	Good	Needs Improvement
First year	-	-	-
After 1 <sup>st</sup> performance check	Score 75+ AND Monitoring 90%+	Score 30-74 AND Monitoring 40%+	Score 0-29 AND/OR Monitoring <40%
After 2 <sup>nd</sup> performance check	Score 75+ AND Monitoring 90%+	Score 40-74 AND Monitoring 60%+	Score 0-39 AND/OR Monitoring <60%
After 3 <sup>rd</sup> performance check	Score 75+ AND Monitoring 90%+	Score 50-74 AND Monitoring 80-100%	Score 0-49 AND/OR Monitoring <80%*

**First year:** The member has not yet had a Brand Performance Check. Generally, the first check will be held after the end of the first financial year following the start of membership.

To reach the *Good* or *Leader* category, member companies must meet the minimum monitoring percentage AND the minimum benchmarking score.

\* If the company's monitoring system covers at least 50% (2nd Check) or 70% (3rd Check) of the production location base and the performance score is well above the minimum required to achieve the Good category, the FWF verification staff may move the company to the Good category at its discretion.

*Leader* status can only be achieved by member companies who are monitoring all production locations representing  $\geq 2\%$  of their total FOB and in the aggregate at least 90% of the total.

*Leaders* who fall back to between 80 and 90% have a grace period of one year to allow for minor fluctuations in production location base.

## BRAND PERFORMANCE CHECK TIMELINE AND DEADLINES

FWF aligns Brand Performance Checks with the financial years of individual member brands. This means that FWF's processes will mirror the financial and reporting cycles of each member and all assessments will be done over 12-month periods

The following cycle applies to all member companies:

### Minimum 60 days before end of financial year:

Workplan and projected production location information for upcoming financial year due at FWF.

### Maximum 90 days after end of financial year:

Actual production location information, financial documents and social report for closed financial year due at FWF.

### 90-120 days after end of financial year:

Brand Performance Check is carried out.

## INTEGRATION WITH COMMUNICATIONS POLICY

Member companies who wish to have on-garment communication are required to first achieve *Leader* status. On-garment communication includes any mention of FWF affiliation on packaging and other on-garment materials (hangtags, inseam labels, etc.) or the FWF name or logo next to products on websites or catalogues.

A special version of the FWF logo for on-garment communication is provided to member companies with *Leader* status. This version of the logo must be used for any on-garment communication.

Any member who loses *Leader* status will have a one-year grace period to return to *Leader* status. During this time it may continue to use on-garment communication. If the member fails to regain *Leader* status at the following Performance Check, all on-garment communication must stop.

Starting in 2016, any member who uses on-garment communications without having *Leader* status will receive an automatic *Needs Improvement* rating (see indicator 6.1).

Member companies who enter *Suspended* status will have severely limited communications options.

Members may communicate their status once the most recent Brand Performance Check report has been finalised and published on [www.fairwear.org](http://www.fairwear.org).

Please see the [FWF Communications Guide](#) and [FWF Communications Policy](#) and [FWF Procedure for terminating membership](#) for more information.

## HOW TO READ THE INDICATOR GUIDE

Each indicator is numbered, referring to the corresponding section in the reporting template.

Each indicator comes with a table that shows:

- The range of possible answers
- The scores for each answer
- The maximum and minimum scores available for each indicator

### Relevance of indicator:

An explanation of why the indicator is important, what it represents and examples of good practices.

### N/A (Not Applicable) conditions:

Member companies may receive a 'Not Applicable' score for some indicators if they are not relevant to the member. The specific conditions are explained if N/A is an option.

These indicators will be removed from that member's score calculations. N/A indicators will neither harm nor improve a member's overall score.

### Documentation:

The types of information that FWF will consider when evaluating the member on the indicator. In some cases the documentation is very specific; in others FWF is flexible regarding the types of documentation it will accept to support the evaluation.

Furthermore, each performance check report contains *Requirements*, *Recommendations*, and *Comments* specific to the individual member.

**Requirements** are steps which the member is required to take during the following year, generally to remediate a problem. Follow up, or failure to address requirements will be evaluated in the following year's Brand Performance Check (see Indicator 7.2).

**Recommendations** are suggestions made by FWF to support the member's efforts.

**Comments** include additional information that helps explain how the given rating was achieved, or explains additional or unusual situations or developments.

# THE INDICATOR GUIDE

## Section 1: Purchasing Practices

1.1a Percentage of production volume from production locations where member company buys at least 10% of production capacity.

Max				Min
4	3	2	1	0
75-100%	50-74%	25-49%	1-24%	0%

Relevance of indicator:

Most clothing brands outsource production to factories they do not own. This means that brands have influence, but not direct control over working conditions. Member companies with a larger share of production at a specific location will have more leverage with factory managers to influence working conditions. Member companies are advised to look for consolidation.

Documentation:

Production location information as provided to FWF.

1.1b Percentage of production volume from production locations where member company buys less than 2% of its total FOB.

Max			Min
4	3	2	0
0%	1-10%	11-20%	>21%

Relevance of indicator:

Often clothing brands produce some garments with relatively low production volumes and/or FOB values at various production locations (e.g. socks or other accessories). This is known as the 'tail end' of the production value chain. Due to the low volume and/or FOB values, the member's leverage to really make an impact on working conditions is relatively limited. This also raises the question whether or not a full audit is an efficient use of capital and remediation efforts. FWF recognises the practical limitations related to social compliance at the 'tail end' of the production value chain, and has therefore lowered the monitoring requirements for these production locations.

At the same time, even though a 'tail end' is unavoidable for some clothing brands, the length of the tail (i.e. the number of production locations) is not. The more production locations at the tail end, the more social compliance risks clothing brands are exposed to. For this reason, FWF incentivises clothing brands to consolidate its supplier base, especially at the tail end, as much as possible, and rewards those members who have a small tail end.

Documentation:

Production location information as provided to FWF.



## 1.2 Percentage of production volume from production locations where a business relationship has existed for at least five years.

Max				Min
4	3	2	1	0
75-100%	50-74%	25-49%	1-24%	0%

### Relevance of indicator:

Stable business relationships underpin the implementation of the Code of Labour Practices and give factories a reason to invest in improving working conditions.

For member companies in business for less than five years, long term business relationships are considered from the start date of business.

### Documentation:

Production location information as provided to FWF.

## 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.

Max	Min	N/A
2	0	
Yes	No	No new production locations added in past financial year.

### Relevance of indicator:

The Code of Labour Practices (CoLP) is the foundation for all work between factories and brands, and the first step in developing a commitment to improvement.

Upon becoming a FWF member, member companies are required to inform all production locations about their FWF membership and send the questionnaire with the Code of Labour Practices.

FWF is in the process of developing a 'Factory Guide' that will provide a more in-depth and interactive way to share the CoLP with production locations. More information on the system will be forthcoming.

### N/A (Not Applicable) conditions:

Only allowed if no new production locations were added during the previous financial year.

### Documentation:

Signed CoLPs on file.

## 1.4 Member company conducts human rights due diligence at all new production locations before placing orders.

Max		Min	N/A
4	2	0	
Advanced	Intermediate	Insufficient	No new production locations added in past financial year.

### Relevance of indicator:

Human rights due diligence processes are necessary to identify and mitigate potential human rights risks in supply chains. As with financial due diligence, human rights due diligence requires companies to undertake reasonable steps to know the circumstances of potential business partners and be aware of specific risks.

The specific tools used to conduct due diligence depend on the context, but the process requires a company to be aware of common risks. Generally, conducting business in areas at higher risks for human rights abuses requires more stringent levels of due diligence. The approach should be systematically applied to all new production locations. FWF country studies, policy documents and input from local stakeholders provide good basic sources of information on issues to consider. An important element of due diligence is checking, for example, whether the potential production location has a (legally required) anti-harassment committee, a functional workers representative committee, whether there are risks regarding [abrasive blasting](#), [child labour](#), [homeworkers](#), or regarding restrictions of movement as in the [Indian Sumangali system](#), or issues in Turkey related to [Syrian refugees](#), or issues on gender inequality. Please refer to the specific FWF documents for more background.

The [UN Framework on Business and Human Rights](#) provides more background on the concept of human rights due diligence, and is recommended reading for all member companies.

### N/A (Not Applicable) conditions:

Only allowed if no new production locations were added during the previous financial year.

### Documentation:

Documentation of human rights due diligence includes: Audits conducted by the brand, recent audits by other brands, documentation of site visits, completed production location questionnaires, wage ladder assessments, specific FWF policies shared with the factory or other relevant efforts to ascertain the human rights situation at a production location and/or mitigate risks. Evidence should also be provided of a systemic approach to assessing new production locations.

Broad human rights concerns cover issues such as child labour, trafficking, violence and harassment at work as well as buildings and fire safety.

1.5 Production location compliance with Code of Labour Practices is evaluated in a systematic manner.

Max		Min
2	1	0
Yes, and leads to production decisions	Yes	No

Relevance of indicator:

A systematic approach to evaluating production location performance is required to integrate social compliance into normal business processes, and support good decision-making. *Systematic* in this case means that supplier evaluation is managed in a consistent manner and includes all production locations. Sharing supplier evaluation with the factory improves transparency and contributes to a systematic approach.

The specific design of the system needs to make sense within the member’s business structure, so there is no ‘one-size fits all’ solution. Whatever the system’s design, it needs to allow the member to consistently evaluate the entire production location base and to incorporate information into decision-making procedures.

A production site’s performance may be rewarded with longer-term commitments, additional orders, or other similar mechanisms. Compliance should also be taken into consideration in cases where, for example, production volume decreases and production locations need to be phased out. If this is the case, a responsible exit strategy should be implemented. This is especially important where member production is a significant part of the factory’s total production. This can take the form of a timely announcement of production decisions, a gradual decrease in orders, etc.

Documentation:

Documentation of a systematic approach includes: rating systems, checklists, databases, written exit strategy, etc.

## 1.6 The member company's production planning systems support reasonable working hours.

Max		Min
4	2	0
<p>Strong, integrated systems in place</p> <p><i>Instruments are demonstrably used to support progress towards reasonable working hours</i></p> <p>or</p> <p><i>purchasing decisions practically eliminate the occurrence of excessive overtime.</i></p>	<p>General or ad-hoc system</p> <p><i>Instruments are in place to effectively monitor the production process in cooperation with the supplier.</i></p>	<p>Inadequate systems in place</p>

### Relevance of indicator:

Member production planning systems can have a significant impact on the levels of excessive overtime at factories. Poor production planning can lead to pressure on factories to deliver following unreasonable timelines. Production planning should be a shared process between member companies and production locations, and should enable proper scheduling based on realistic assessments of production capacity.

In essence, this indicator assesses a member's efforts to prevent practices at the member level that are likely to lead to excessive overtime.

Good production systems should prevent late design or quantity changes, as well as help to limit the effects of peaks in demand. All departments that have influence over production calendars (e.g. de-

sign, sales, brand management, etc.) should be involved in the design and management of planning systems.

Sourcing in low risk countries or countries where excessive overtime is not a documented risk means the purchasing countries or member companies already eliminate excessive overtime from a member's supply chain. It should be noted that unpredictable working hours or excessive overtime has a particular adverse impact on women workers, who usually have domestic responsibilities. Night work as a result of excessive overtime also increased women's risk to sexual harassment at work or taking transportation to work.

### Documentation:

Documentation of robust planning systems includes: planning systems shared with production locations, production capacity knowledge integrated in planning, timely approval of samples, management oversight in place to prevent late production changes, etc.

### 1.7 Degree to which member company mitigates root causes of excessive overtime.

Max		Min	
6	3	0	N/A
<p>Advanced efforts</p> <p><i>Member took specific actions that eliminated root causes of excessive overtime and demonstrably led to reducing excessive overtime.</i></p>	<p>Intermediate efforts</p> <p><i>Member knows root cause of production delays that could lead to excessive overtime. Member has actively promoted transparency regarding working hours.</i></p>	<p>Insufficient Efforts</p> <p><i>Inadequate actions taken or in case incomplete information on working hours is found, member does not take action to encourage transparency.</i></p>	<p>No production problems /delays have been documented</p>

**Relevance of indicator:** While good production planning can eliminate many reasons for excessive overtime, production problems and delays are not always entirely avoidable. No production planning system is perfect, and external factors (e.g. late delivery of fabric, late change requests from retailers, etc.) can still lead to excessive overtime.

Whereas indicator 1.6 assesses member efforts to *prevent* conditions that lead to excessive overtime, this indicator assesses how member companies *respond* to the occurrence of excessive overtime, using strategies that help to reduce (the risk of) excessive overtime.

Intermediate efforts mean that member companies identify the source of excessive overtime: those caused by the internal processes of member companies should be identified and prevented in the future. An assessment should also be made of ways to reduce the risk of external delays.

Advanced efforts mean that, based on the root-cause analysis, member companies have taken specific steps to prevent excessive overtime from re-occurring.

In an attempt to reduce the risk of excessive overtime needed to complete the order in case of production delays, member companies should apply strategies to avoid putting pressure on the factory, including accepting late shipments, split deliveries, use of air freight, use of alternative materials, etc.

**N/A (Not Applicable) conditions:** Only if no production problems or delays have been documented and reported to FWF in the previous financial year.

**Documentation:**

This indicator rewards self-identification of efforts to prevent excessive overtime. Member companies may present a wide range of evidence of production delays and how the risk of excessive overtime was addressed, such as: reports, correspondence with factories, etc.

## 1.8 Member company's pricing policy allows for payment of at least the legal minimum wages in production countries.

Max		Min
4	2	0
<p>Style-level pricing</p> <p>Member can demonstrate at a style level that pricing allows enough to pay minimum wages for each product.</p> <p><i>Cost of labour is known for each product style. Supplier has specified working minutes per piece (or alternative method).</i></p>	<p>Country-level policy</p> <p>Member can demonstrate a pricing policy based on country-level data. Minimum wage levels are known by member in all production countries.</p> <p><i>General, estimated or unverified labour costs are known about products. Macro-level policies are used, e.g. when legal minimum wages increase, member adjusts prices to compensate.</i></p>	<p>No policy in place</p>

### Relevance of indicator:

The first step towards ensuring the payment of minimum wages – and towards the implementation of living wages – is to know the labour costs of garments.

A mature pricing system allows the member to know labour costs at a style level. Knowing real costs – commonly a calculation of *cost per minutes X minutes per piece* – allows member companies to ensure

that enough is being paid to the production location to at least cover minimum wage payments. This information also forms the basis for discussion on movement towards living wages.

An intermediate step is knowledge of wage levels at a macro or estimated level.

No knowledge of labour costs – e.g. 'lump sum' costing of styles, with no awareness of minimum wage levels-makes the meaningful assessment of minimum wage payments impossible.

### Documentation:

Formal systems to calculate labour costs on per-product or country/region level.

## 1.9 Member company actively responds if production locations fail to pay legal minimum wages.

Max		Min	
2	1	-2	N/A
No minimum wage problems reported	Yes	No	No data available
<i>No failures by suppliers to pay minimum wage were reported during the past year during audits or via FWF worker helplines.</i>	<i>The member acts in a constructive way to mitigate payments below minimum wage when found.</i>	<i>The member did not act when wages below minimum wage were found during FWF audits.</i>	No FWF audits conducted in past year.

### Relevance of indicator:

Pricing policy of member companies should allow for payment of at least the legal minimum wages in production countries. If a supplier fails to pay the minimum wage, FWF member companies are expected to hold the management at the production location accountable for respecting local labour law.

### N/A (Not Applicable) conditions:

Only if no data is available or no FWF audits were conducted at production locations.

### Documentation:

Documentation on the payment of minimum legal wages includes: Complaint reports, CAPs, additional emails, FWF Audit Reports or other documents that show minimum wage issue is reported/resolved.

## 1.10 Evidence of late payments to suppliers by member company.

Max	Min
0	-1
No	Yes

### Relevance of indicator:

Late payments to suppliers can have a negative impact on factories and their ability to pay workers on time. Most garment workers have minimal savings, and even a brief delay in payments can cause serious problems.

Member companies are expected to pay suppliers on time as a matter of standard business practice for this would ensure, as far as it is possible, that factory management can pay workers in full and on time.

### Documentation:

Documentation on late payments is based on complaint or Audit Reports; review of factory and member financial documents.



1.11 Degree to which member company assesses root causes of wages lower than living wages with production locations, and takes steps towards the implementation of living wages.

Max				Min
8	6	4	2	0
Advanced approach	Supply chain approach	Factory-level approach	Basic approach	No efforts shown
Member can demonstrate sustained, systematic progress towards living wages beyond required minimum wage increases.	Member has fundamentally revised pricing and policies to support movement towards living wages.	Member supports movement towards living wages through changes at the supplier level; e.g. supports supplier cost reductions to create capacity for increasing wages.	Member discusses wage ladders with suppliers as part of the CAP follow up process (required minimum action following an audit).	

Relevance of indicator:

Sustained progress towards living wages requires adjustments to member companies’ policies. Member companies need to be able to compare actual wages to living wage estimates, and begin working with production locations, and unions wherever possible, to move towards living wages.

Increases measured under this indicator are those beyond any legally-required minimum wage increases.

Documentation:

Documentation on the implementation of living wages includes: creation of wage ladders for factories, correspondence with production locations and commitment of member resources for assessment of wage situation. Involvement in an FWF project on living wages counts towards a Factory-level approach. The maximum score requires evidence of wage increases from consecutive audits at factories and evidence of pricing policy.

1.12 Percentage of production volume from factories owned by the member company (bonus indicator).

Max		Min
2	1	N/A
50%+	1-49%	None

Relevance of indicator:

Owning 50% or more of a production location provides clear accountability for and direct influence over working conditions. It reduces the risk of unexpected CoLP violations.

There are legitimate business reasons for outsourcing production, however doing so reduces control over working conditions and increases the risk of CoLP violations. While outsourcing provides economic benefits, it also increases the need for monitoring and remediation mechanisms.

Certain markets and business models make direct ownership of suppliers a viable option, and FWF supports direct ownership under these circumstances.

**Special Scoring:** Member companies who own factories can receive bonus points. The indicator does not count towards the total possible score, so member companies who do not own factories are not penalised.

Documentation:

Production location information as provided to FWF.

Section 2:  
Monitoring & Remediation

In addition to the indicators, the following basic information is reported about each member company:

- % of production under standard monitoring (excluding low-risk countries)
  - % of production in low risk production countries where FWF's Low Risk policy has been implemented
  - % of own member audits that meet FWF quality standards (where applicable)
  - % of other audits that meet FWF quality standards (where applicable)
- = Total of own production under monitoring

FWF has defined criteria for auditing production locations that fall within the bandwidth of the last 20% of total FOB. When these criteria are not met, a requirement will be included and its implementation will be checked during the following performance check.

See the monitoring threshold on pages 21-22.

## 2.1 Specific staff person is designated to follow up on problems identified by monitoring system.

Max	Min
2	-2
Yes	No

### Relevance of indicator:

A specific staff person should be designated to follow up on problems in the monitoring systems. The designated individual should have adequate authority, staff support and resources to implement necessary changes.

Follow up is an important component of FWF membership, and cannot be successfully managed on an ad-hoc basis.

### Documentation:

Documentation includes: Manuals, emails, etc., demonstrating who the designated staff person is.

## 2.2 Quality of own auditing system meets FWF standards.

Max	Min	
0	-1	N/A
Yes	No	Member makes use of FWF audits and/or external audits only

### Relevance of indicator:

In countries where FWF is not active, or in case the number of production locations does not allow for the exclusive use of FWF teams, member companies might opt to use their own auditing system. In those cases, the member company needs to invest additional efforts to ensure the quality of the audit methodology meets the following requirements:

- *Includes local stakeholder information,*
- *includes (offsite interviews) with female and male workers, and appreciates the cultural importance where women may need to speak without men being present*Includes management interviews,
- *Includes a document check,*
- *Includes a visual and document check for occupational health and safety (OHS) issues, including specific issues for women workers,*
- *Covers the FWF Code of Labour Practices.*

Own audit teams can be trained by FWF staff when requested by member companies. FWF will evaluate a sample of Audit Reports during the performance check.

### Documentation:

Information on audit methodology includes: local stakeholder information, worker interviews, code coverage, Audit Reports and Corrective Action Plans, emails, findings of follow-up audits, brand representative present during audit exit meeting.

### N/A (Not Applicable) conditions:

Member company makes use of FWF audits or external audits that are approved by FWF to count towards the monitoring threshold.

## 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.

Max	Min	
2	-1	N/A
Yes	No	No Corrective Action Plans were active during the previous year

### Relevance of indicator:

Realising improvements after an audit is a shared responsibility between factory and brand. The Audit Report and Corrective Action Plan should be sent and discussed as a starting point for the improvement process. Timely sharing of information and agreement on corrective action. FWF encourages member companies to take care that women and their needs are included in the make-up of worker representation. To receive the maximum points for this indicator, member companies must ensure that:

Audits are shared and discussed with production locations within two months of audit receipt.

### AND

A reasonable time frame is specified for resolving issues found. Findings that require urgent remediation should be prioritised.

Where applicable, worker representation is also informed on audit findings and involved in agreeing on corrective actions.

### Documentation:

Documentation includes: Corrective Action Plans, emails, findings of follow-up audits, brand representative present during audit exit meeting, etc.

## 2.4 Degree of progress towards resolution of existing Corrective Action Plans and remediation of identified problems.

Max			Min	
8	6	4	-2	N/A
<b>Advanced</b> <i>An in-depth effort has been made to remediate most or all CAPs. Factory and brand-level root cause analysis has been conducted involving worker representation where applicable; documentation of meaningful efforts to facilitate resolving similar problems in the rest of the supply chain.</i>	<b>Intermediate</b> <i>Serious efforts have been made to address CAPs in an active dialogue between member and factory agreeing on shared responsibilities.</i>	<b>Basic</b> <i>Factories asked to provide follow up on CAPs, primarily focusing on factory-level issues.</i>	<b>Insufficient</b> <i>Inadequate or no efforts made to address CAPs.</i>	<b>No CAPs active</b>

### Relevance of indicator:

Corrective Action Plans (CAPs) are set up between member companies and suppliers when problems are found at a production location. FWF considers efforts to resolve CAPs and to discuss known problems to be one of the most important actions that member companies can undertake towards improving working conditions. As member companies have

influence but no direct control over production locations, FWF places considerable weight on efforts, in addition to considering outcomes. Member companies need to not only require information on CAP status, but be actively involved in (a dialogue on) remediation. In some cases, member companies may have a major role to play in the root cause of an identified problem. FWF expects member companies to examine and remediate any problems to which they are contributing.

FWF provides specific guidance on the remediation of child labour, violence and harassment in the factory, dormitories and company transport, the use of abrasive blasting, homeworkers, and geographically specific issues like young girls found to be restricted in their movement (Sumangali) in India and Syrian refugees in Turkey.

Successful and sustained responses to CAPs require internal systems that can coordinate efforts between the different departments (sourcing, marketing, sales, design, etc.) that have influence over supply chain conditions.

If there is local staff in production countries visiting the production locations, they should also have a role in monitoring and remediation, and particularly in managing risks in terms of subcontracting (including homeworking). The company should set up a system to document and use that information.

#### **N/A (Not Applicable) conditions:**

Only if no Corrective Action Plans were active during the past financial year.

#### **Documentation:**

CAP-related documentation including status of findings, documentation of remediation and follow up actions taken by member. Evidence of understanding of relevant issues from, for example, FWF country studies, local stakeholder networks, etc.

## **2.5 Percentage of production volume from production locations that have been visited by the member company in the previous financial year.**

Max				Min
4	3	2	1	0
75-100%	50-74%	25-49%	1-24%	0%

#### **Relevance of indicator:**

An important part of FWF's monitoring requirements are formal, high-quality factory audits. Each Cut, Make & Trim (CMT) factory in a member's supply chain must be audited at least once every three years. Formal audits count towards FWF's monitoring threshold.

These formal audits should be complemented by annual visits by member staff or local representatives.

Annual visits should be made to all own production sites (including subcontractors and production in low-risk countries).

Regular factory visits are important for several reasons:

- *Human rights due diligence is impossible without knowing where garments are actually produced*
- *Visits reinforce to factory managers that member companies are serious about implementing the Code of Labour Practices, and provide opportunities to discuss problems and solutions with managers*
- *Visits also provide an opportunity to identify problems between formal audits*
- *They can help to identify unauthorised subcontracting*

Visits may be specifically for checking on labour conditions, but they may also be to review samples, discuss production issues, etc. FWF has developed a Health & Safety Guide, and a more basic Health & Safety Guide for employees without CSR training, which can be used during these visits. The Health & Safety Guide can help to identify some obvious problems which can be identified during a simple walkthrough of the factory.

**Documentation:**

Member companies should document all factory visits with at least the date and name of the visitor. While violence and harassment is unlikely to be identified during a visit, a discussion of the issue of women safety and conditions of work should take place during the visit.

2.6 Existing Audit Reports from other sources are collected.

Max			Min	
3	2	1	0	N/A
Yes, quality assessed + corrective actions implemented  <i>Assessment should be done using the FWF Audit Quality Tool. Corrective actions implemented based on Audit Reports.</i>	Yes and quality assessed  <i>Assessment should be done using the FWF Audit Quality Tool.</i>	Yes	No	No existing reports  <i>There are no existing Audit Reports for the member's suppliers or all the brand's suppliers have been audited by FWF teams.</i>

**Relevance of indicator:**

Existing Audit Reports form a basis for understanding the issues and strengths of a production location, and reduce duplicative work. The quality of existing audits must be considered when evaluating condition at suppliers.

The quality of all audits is not equal. Many commercial audits are brief, conducted by a single person, and cannot be relied upon to provide a honest assessment of factory conditions. Therefore, member companies are expected to assess the quality of collected audits, and consider whether more in-depth audits are required at the supplier or production location.



In case the member can show evidence of assessing the quality of the report and show evidence of follow up, it can count towards the member companies' monitoring threshold.

**N/A (Not Applicable) conditions:**

Only if there are no existing Audit Reports for the member's suppliers.

**Documentation:**

Audit reports (not just certifications) are on file; evidence of follow up on prior CAPs.

## 2.7 Compliance with FWF risk policies.

**Relevance of indicator:**

FWF regularly creates and revises policies on situations that pose high risks for workers as research becomes available and as situations develop. Such policies require member companies to take additional steps to address and remediate the specific risks. These can be found in the policy documents (see below).

This indicator assesses member implementation of these policy requirements. It captures 1) whether a given policy is relevant within a given member's supply chain and 2) FWF's assessment of member implementation of relevant policies as advanced, intermediate or insufficient.

This indicator serves to consolidate the assessment of member implementation of these various FWF policy requirements (some may recognise this as a cluster indicator).

Performance for all applicable policies will lead to one overall scoring for this indicator, with a maximum score of 6 ('advanced' for all applicable policies), and a minimal score of -2 ('insufficient performance' for all applicable policies). Each specific policy is weighed equally and the average score for implementation of all relevant policies is rounded up.

Any new policies including additional requirements for member companies will first be reviewed by FWF's Committee of Experts and approved by the FWF Board. They will be subsequently communicated to members before being included in this indicator.

	Applicable, if yes tick the box	Advanced 6	Intermediate 3	Insufficient -2
		Members' monitoring system has implemented <u>most or all</u> additional steps to address and remediate specific high risk issues in the supply chain, as stipulated in policy.	Members' monitoring system has <u>partially</u> implemented additional steps to address and remediate specific high risk issues in the supply chain, as stipulated in policy.	Member has not taken adequate steps to address or remediate specific high risk issues in the supply chain as stipulated in policy.
Compliance with FWF enhanced monitoring programme Bangladesh				
Compliance with FWF Myanmar policy				
Compliance with FWF guidance on abrasive blasting				
Compliance with risks related to Turkish garment factories employing Syrian refugees				
Other issues specific to the member's supply chain and addressed by its monitoring system				

Max	-	Min	
6	5/4/3/2 or 1	-2	N/A
Advanced result on all relevant policies.	Average score depending on the number of applicable policies and results.	Insufficient result on all relevant policies.	None of the specific risk policies apply

#### N/A (Not Applicable) conditions:

Only in case the specific policies are not relevant to the company's supply chain.

#### Documentation:

For this indicator, documentation includes relevant documents that demonstrate additional action has been taken and remediation took place. These can be 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.

## 2.8 Member company cooperates with other FWF member companies in resolving corrective actions at shared suppliers.

Max	Min	
2	-1	N/A
Active cooperation  <i>Member cooperates with other customers to resolve CAPs.</i>	No Cooperation  <i>Member refuses requests to cooperate with other FWF customers on corrective action plans at shared production locations.</i>	No CAPs active, no shared production locations or refusal of other company to cooperate

### Relevance of indicator:

Most factories produce garments for multiple clothing companies. 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.

### N/A (Not Applicable) conditions:

Only if no Corrective Action Plans were active during the past year or none of the Corrective Action Plans occurred at factories with multiple customers.

### Documentation:

Documentation for this indicator includes: Shared CAPs, evidence of cooperation with other FWF member companies, sourcing from the same factory (both FWF member companies and other companies).

## 2.9 Percentage of production volume where monitoring requirements for low-risk countries are fulfilled.

Bonus		Min	
2	1	0	N/A
Member undertakes additional activities to monitor suppliers	50-100%	0-49%	No production in low-risk countries

### Relevance of indicator:

All production sites in low-risk countries must:

- *Be visited regularly by member representatives*
- *Be informed of FWF membership and return the completed CoLP questionnaire before production orders are placed*
- *Be aware of specific risks identified by FWF*
- *Have the FWF Worker Information Sheet posted in local languages and languages of migrants where applicable.*

Low-risk countries are determined by the presence and effective functioning of institutions such as trade unions, worker committees, labour legislation and labour inspection, which can guarantee compliance with national and international standards and laws.

FWF considers all present member states of the European Union and the European Free Trade Association to be low-risk countries, *except for* Bulgaria and Romania.

The percentage of production locations in low risk countries that are monitored will count towards the member's monitoring threshold.

**N/A (Not Applicable) conditions:**

No production in low-risk countries.

**Documentation:**

Documentation includes: documentation of visits, notification of suppliers of FWF membership; posting of worker information sheets, completed questionnaires.

**2.10 Extra bonus indicator: in case FWF member company conducts full audits above the minimum required monitoring threshold.**

Max	Min	
3	1	N/A
>90%+	80-90%	None

**Relevance of indicator:**

The monitoring threshold for each clothing brand can be different, depending on:

- *The number of production locations in the tail end*
- *Whether leverage at the production location(s) is below 10% of production capacity*
- *Whether the production location(s) produces less than 2% of total FOB*
- *Whether the production location(s) is in areas where additional policy requirements are developed*

However, the tail end can still present FWF member companies with significant social compliance risks. For this reason, FWF encourages all of its members to audit the tail end as well and rewards those members who conduct full audits above the minimum required monitoring threshold.

**Documentation:**

Production location information as provided to FWF, recent Audit Reports.

## 2.11 Questionnaire is sent and information is collected from external brands resold by the member company

Max		Min	
2	1	0	N/A
Yes, and member has collected necessary information	Yes	No	No external brands resold

### Relevance of indicator:

Some member companies resell products made by other (external) brands. This is referred to by FWF as 'External Production.' Commonly this happens in stores owned by member companies which sell a mix of their own brands and products made by other companies.

'External' brands are those which the member does not own or otherwise control.

Member companies generally have limited influence over the sourcing behaviour of external brands. However, FWF believes it is important for member companies that have a retail or 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. Such information should help guide the choice of which brands the member resells.

### N/A (Not Applicable) conditions:

Only if the member does not resell any external brands.

### Documentation:

Questionnaires are on file.

## 2.12 External brands resold by member companies that are members of another credible initiative (% of external sales volume).

Max			Min	
3	2	1	0	N/A
60%+	30-59%	1-29	0	No external brands resold

### Relevance of indicator:

Some member companies resell products made by other (external) brands. This is referred to by FWF as 'External Production.' This commonly happens in stores owned by member companies which sell a mix of their own brands and products made by other companies.

FWF believes member companies who resell products should be rewarded for choosing to stock external brands who also take their supply chain responsibilities seriously.

Credit can be earned towards this indicator by reselling products manufactured by FWF or Fair Labour Association (FLA) members. Currently, these are the only two affiliations which meet the requirements for this indicator.

### N/A (Not Applicable) conditions:

Only if the member does not resell any external brands.

### Documentation:

Documentation on this indicator includes: External production data in FWF's information management system, documentation of sales volumes of products made by FWF or FLA members.

2.13 Questionnaire is sent and information is collected from licensees.

Max	Min	
1	0	N/A
Yes, and member has information of production locations	No	No licensees

Relevance of indicator:

Some member companies have licensees that produce and sell under member's logo for certain agreed markets or subsidiaries that purchase apparel and other sewn articles direct from factories. Those licensees operate independently through own production and distribution channels.

Member companies generally have limited influence over the sourcing behaviour of licensees. However, 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. For this purpose the member should send a questionnaire to their licensees to collect the necessary information, including details of the production locations used by the licensee.

N/A (Not Applicable) conditions:

Only if the member does not have licensees.

Documentation:

Questionnaires are on file. Contracts with licensees.

Section 3:  
Complaints Handling

**Basic Complaints Handling Statistics**

In addition to the Indicators, the following basic statistics are reported about each member:

- Number of worker complaints received since last Brand Performance Check
- Number of worker complaints in process of being resolved
- Number of worker complaints resolved since last Brand Performance Check

A high number of worker complaints is not necessarily an indication of poor working conditions; in many cases it means the member’s efforts to publicise worker helplines are being successful, and workers are beginning to report problems.

**3.1 A specific employee has been designated to address worker complaints.**

Max	Min
1	-1
Yes	No

**Relevance of indicator:**

A specific member staff person should be designated and available to address any complaints filed by factory workers. Follow up is a serious part of FWF membership, and cannot be successfully managed on an ad-hoc basis. It is essential that this member of staff understand the nature of violence and harassment at work and the particular process for addressing complaints of sexual harassment and violence.

**Documentation:**

Documentation regarding the establishment of a contact person includes: Manuals, emails, etc., demonstrating who the designated staff person is.



3.2 System is in place to check that the Worker Information Sheet is posted in factories.

Max	Min
2	0
Yes	No

Relevance of indicator:

The Worker Information Sheet is a key first step in alerting workers to their rights. A system should be in place to check that the sheet has been posted in factories. It is vital that account is taken of where men and women work in the factory. Worker information sheets should be posted in places where workers feel secure reading it away from management. In view of the sensitivity around mixed sex environments it is strongly suggested that notices are placed in the separate areas where men and women work, spend time or pass by without embarrassment.

The Worker Information Sheet outlines the basic labour and human rights which should be respected in the factory. In case of problems, it encourages workers to use the factory’s grievance procedures, or to seek support from local institutions and trade unions. It also provides contact information for the FWF Worker Helplines, which serve as a backup system when factory-level complaint mechanisms do not function and/or trade unions are not present. The helplines also provide advice and allow workers and their representatives to file a complaint with FWF about working conditions. When unions are present, FWF’s complaint mechanism can also support the work of unions and managers in resolving complaints.

Documentation:

Photos by company staff, Audit Reports, checklists from factory visits, etc.

3.3 Percentage of FWF-audited factories where at least half of interviewed workers are aware of the FWF worker helpline.

Max			Min	
4	3	2	1	N/A
75-100%	50-74%	25-49%	0-24%	No audits conducted or production in countries without FWF helplines or WEP

Relevance of indicator:

The FWF complaints procedure is a crucial element of verification. If factory-based complaint systems do not exist or do not work, the FWF worker helpline allows workers to ask questions about their rights and file complaints about working conditions in the time period between formal factory audits.

In many production countries, only a small number of workers and/or factories are unionised, functional complaint systems are rare, and many workers are unfamiliar with the concept. While the main responsibility for informing workers of their rights and the existence of the helpline lies with factory managers, member companies have an important role to play in encouraging education on this topic.

Posting the worker information sheet is the first step towards raising awareness. FWF is developing more robust methods through the Workplace Education Programme (WEP) and a Factory Guide which is under development. WEP trainings carried out count towards this indicator.

**N/A (Not Applicable) conditions:**

No FWF factory audits were conducted or all production is in countries without FWF worker helplines or WEP.

**Documentation:**

For this indicator, documentation includes: Percentage of FWF audited factories where at least 50% of interviewed workers indicate awareness of the FWF complaints mechanism OR workers have attended a WEP training in the past 3 financial years.

**3.4 All complaints received from factory workers are addressed in accordance with the FWF Complaints Procedure.**

Max		Min	
6	3	-2	N/A
Yes + preventive steps taken <i>Appropriate action has been taken. A CAP has been agreed upon with FWF, the management and, where applicable, worker representative. Remediation is in process or complete. Advanced steps are taken to uncover root causes of problem and prevent them from recurring. When appropriate, analysis includes incidents at other factories.</i>	Yes <i>Appropriate action has been taken. A CAP has been agreed upon with FWF, management and where applicable worker representation . * Remediation is in process or complete.</i>	No <i>Complaints received and no or insufficient actions taken.</i>	No complaints received

**Relevance of indicator:**

Involvement by the FWF member is crucial in resolving a complaint at a supplier.

Traditional factory audit processes usually consist of discussions with brands and managers, with little input from workers themselves. The FWF complaints mechanism is one way to ensure workers have input on discussions about working conditions, as are the worker interviews conducted during FWF audits. Please see the [FWF Complaints Procedure](#) for full details on how to resolve complaints and guidelines for involving workers in the process.

In addition FWF recommends that member companies review the [Gender-based violence in global supply chains: resource kit](#) to prevent and remedy gender sensitive issues in their supply chain.

**N/A (Not Applicable) conditions:**

Only if no complaints were received during the past year.

**Documentation:**

Documentation for this indicator includes any document showing that member has completed all required steps in the complaints handling process.

### 3.5 Cooperation with other customers in addressing worker complaints at shared suppliers.

Max	Min	
2	0	N/A
Active cooperation <i>Company cooperates with other customers to resolve complaints.</i>	No cooperation <i>Company does not cooperate with other customers on complaints at shared suppliers.</i>	No complaints or cooperation not possible/necessary

**Relevance of indicator:**

Because most factories supply several customers with products, FWF member involvement of other customers (including non-FWF members) can be critical in resolving a complaint at a supplier.

Cooperation is required between FWF members sourcing from the same factory. Refusal to cooperate with other FWF members will result in an automatic 'No Cooperation.'

**N/A (Not Applicable) conditions:**

Only if no complaints were received during the past financial year, no other customers were active at factory, other customers refused to co-operate or cooperation was not necessary to solve the complaint.

**Documentation:**

Documentation of joint efforts includes: emails, sharing of complaint data, etc., and/or efforts to resolve complaint when cooperation is impossible.

## Section 4: Training & Capacity Building

### 4.1 All staff at member company are made aware of FWF membership.

Max	Min
1	0
Yes	No

#### Relevance of indicator:

Making all staff aware of FWF membership helps to support cross-departmental collaboration when needed.

#### Documentation:

Documentation on awareness of FWF membership includes: emails, trainings, presentations, newsletters.

#### 4.2 All staff in direct contact with suppliers are informed of FWF requirements.

Max	Min
2	-1
Yes	No

##### Relevance of indicator:

Nearly all jobs in an apparel brand affect supply chain working conditions: senior management, sourcing, purchasing, sales, marketing, product design and Corporate Social Responsibility. All should understand their role in implementing FWF requirements. Preventing and remediating problems often requires the involvement of many different departments. Sourcing, purchasing, design and Corporate Social Responsibility (CSR) staff at a minimum should possess the knowledge necessary to implement FWF requirements and advocate for change within their organisations.

##### Documentation:

Documentation on information to staff includes: FWF Seminars or equivalent trainings, FWF Annual Conference and other training events are attended, evidence of internal presentations, etc. Relevant training provided by other organisations may count towards this requirement if it supports elements of the FWF Code. If staff remains unchanged, trainings in previous years can count.

#### 4.3 All sourcing contractors/agents are informed about FWF's Code of Labour Practices.

Max		Min	
2	1	0	N/A
Yes + contractors/agents support CoLP implementation  <i>Agents actively support CoLP implementation.</i>	Yes  <i>Agents/contractors are informed about the requirements of the CoLP, and inform suppliers about CoLP requirements.</i>	No  <i>Member has not sufficiently informed agents to support the implementation of the CoLP.</i>	Member does not use agents/contractors

##### Relevance of indicator:

Many brands work with a range of external agents and intermediaries who work on their behalf in sourcing functions. Any external agents, intermediaries or other contractors working on behalf of the member should have the same knowledge and commitment to supporting the Code of Labour Practices as individuals directly employed by the brand.

Intermediaries have the potential to either support or disrupt CoLP implementation. It is the responsibility of member to ensure agents actively support the implementation of the CoLP.

##### N/A (Not Applicable) conditions:

Only if the member does not use agents.

##### Documentation:

Documentation on sufficient information about the CoLP among sourcing contractors and agents includes: Correspondence with agents, trainings for agents, FWF audit findings, etc.

#### 4.4 Factory participation in Workplace Education Programme (where WEP is offered; by production volume).

Max				Min	
6	4	2	1	0	N/A
50%+	25-49%	10-24%	1-9%	0	No production in WEP areas

##### Relevance of indicator:

Lack of knowledge on best practices related to labour standards is a common issue in factories. Good quality training of workers and managers is a key step towards sustainable improvements and the development of social dialogue in factories.

See more about FWF's Workplace Education Programme (WEP) for information on trainings.

Because the WEP is only currently offered in specific countries or regions, this indicator is measured against the total production volume from factories in areas where the WEP is offered (Bangladesh, China, India, Macedonia, Romania, Tunisia, Turkey and Vietnam).

##### N/A (Not Applicable) conditions:

Only if the member company has no production in areas where WEP is offered. WEP trainings are not required at suppliers where FOB is less than 2% of total as long as the monitoring threshold is more than 90%.

##### Documentation:

Documentation related to factory participation on WEP includes: training reports, FWF's data on factories enrolled in WEP.

For this indicator, a training session is only considered valid for three years. After that period, a new training should be held to compensate for worker turnover.

#### 4.5 Factory participation in trainings (where WEP is not offered; by production volume).

Max				Min	
4	3	2	1	0	N/A
50%+	25-49%	10-24%	1-9%	0	All production is in WEP areas or in low risk countries

##### Relevance of indicator:

Lack of knowledge on best practices related to labour standards is a common issue in factories. Good quality training of workers and managers is a key step towards sustainable improvements the development of social dialogue in factories.

In areas where the Workplace Education Programme is not yet offered, member companies may arrange trainings on their own or with other initiatives (e.g. ILO Better Work, Ethical Trading Initiative, or trainings offered by local stakeholders, including trade unions). Trainings must meet FWF quality standards to receive credit for this indicator; member companies should contact FWF regarding standards before beginning training.

##### N/A (Not Applicable) conditions:

Only if the member has all production in areas where the WEP is offered or produces solely in low risk countries. Factory trainings are not required at suppliers where FOB is less than 2% of total as long as the monitoring threshold is more than 90%.

##### Documentation:

Documentation on factory participation in trainings includes: Curriculum, other documentation of training content, participation and outcomes.

## Section 5: Information Management

### 5.1 Level of effort to identify all production locations.

Max		Min
6	3	-2
Advanced	Intermediate	Insufficient

#### Relevance of indicator:

Brands need to know where their products are actually made before they are able to assess human rights risks or support improvements. This indicator measures the level of effort taken to ensure that production locations of both first-tier suppliers and their subcontractors are known.

**Advanced:** No evidence of missing information; strong systems in place to reduce risk of unknown suppliers entering supply chain. (Local) staff is available to manage the risk of subcontracting. If applicable, all data is collected for home-based work as defined in FWF's [Guidance on home-based work](#).

**Intermediate:** Member makes efforts to identify production locations, but approach is not systematic; a small number of first-tier production locations may be missing; there is evidence of missing subcontractor locations.

**Insufficient:** A significant percentage of first-tier production locations are missing; agent or intermediary information is reported instead of production locations; known product types are not accounted for in the supplier list; member company works with intermediaries who refuse to provide production locations; inconsistency between listed suppliers and overviews; or no documented efforts to identify unknown production locations.

**Documentation:**

Documentation on efforts to identify all production locations includes: Production location information as provided to FWF, financial records of previous financial year, evidence of member systems and efforts to identify all production locations (e.g. interviews with factory managers, factory audit data, webshop and catalogue products, etc.). Data collected for home-based work.

**5.2 CSR and other relevant staff actively share information with each other about working conditions at production locations.**

Max	Min
1	-1
Yes	No

**Relevance of indicator:**

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.

**Documentation:**

Documentation on internal information sharing includes: Internal information system, status CAPs, reports of meetings of purchasing/ CSR staff, systematic manner of storing information.



## Section 6: Transparency

### 6.1 Degree of member company compliance with FWF Communications Policy.

Max				Min
2	0	-2	-3	Automatic 'Needs improvement'
Minimum communications requirements are met AND no significant problems found	Significant problems found, but appropriately remediated	Severe problems found, but remediated appropriately	Problems not remediated appropriately	On-garment communications by brand that is not Leader

FWF's communications policy exists to ensure transparency for consumers and stakeholders, and to ensure that member communications about FWF are accurate.

Third party retailers, resellers or customers who have business relationships with FWF members may mention Fair Wear Foundation in their communications. However members are responsible for ensuring that any 3rd-party communications follow FWF policy. **Members will be held accountable for the communications behaviour of 3rd-party retailers, resellers and customers as part of their Brand Performance Check.**

Please consult the FWF Communications Policy and FWF Communications Guide for more details.

### Minimum Requirements:

1. FWF membership must be clearly stated on the member's website. At a minimum, *[brandname] is a member of Fair Wear Foundation.*
2. For members with multiple brands covered by FWF membership, the statement must be included on each brand's website.
3. The member and all brands covered by membership must be included on the 'brands' page on [www.fairwear.org](http://www.fairwear.org). Details are provided in the communications policy, but the rule of thumb is any identity used on the back neck label of a garment should be listed on the website.

### Policy violations:

FWF members are responsible for ensuring that they and their 3<sup>rd</sup>-party resellers, retailers or consumers do not engage in any of the violations listed here. Any violations need to be remediated upon notification by FWF.

Significant violations of FWF's communications policy include the following:

- *Any communications that imply that products, factories or brands are 'certified' or 'fair.' Language referring to 'FWF-audited' factories implies certification and must be avoided*
- *Use of FWF logo without the statement '[brandname] is a member of Fair Wear Foundation' and a link to the website or the text 'www.fairwear.org.'*

Severe violations of FWF's communications policy include the following:

- *Any reference to FWF membership in catalogues or websites near product (when not a Leader)*
- *Failure of a Leader to use correct logo for on-garment communications*
- *For Leaders: Production of on-garment communication materials without formal FWF approval*

- *For Leaders: Any on-garment communication mentioning FWF added by a 3<sup>rd</sup>-party*
- *In cases where garments produced by FWF members are resold by 3<sup>rd</sup> parties under a different brand name (e.g. blanks and promotional wear): any communication that implies that the 3<sup>rd</sup>-party brand is a member of or approved by FWF*
- *In cases where members' own brands are not covered by FWF membership, those additional brands may not under any circumstances imply they are FWF members*

### On-garment communications by brand that is not *Leader*:

On-garment communications includes hangtag, garment labels, and any product packaging. Such communication is restricted to brands that have achieved Leader status. Under no circumstances may 3<sup>rd</sup> parties (retailers, customers, etc.) add on-garment communications that mentions FWF.

Any mention of FWF in on-garment communications by a member that is not a Leader (whether created by a member or by a 3<sup>rd</sup>-party) will result in an automatic *Needs Improvement* rating at the next Brand Performance Check.

Brands that move from *Leader* status to *Good* or *Needs Improvement* have a one-year grace period during which they may continue to use on-garment communications while working to regain *Leader* status.

6.2 Member company engages in advanced reporting activities.

Max		Min
2	1	0
Production locations are disclosed to the public	Published Brand Performance Checks, Audits Reports, and/or other efforts lead to increased transparency	No

Relevance of indicator:

Good reporting by members helps to ensure the transparency of FWF's work and shares best practices with the industry.

Documentation:

Documentation related to advanced reporting activities includes: Brand Performance Check, Audit Reports, disclosed production location list.

6.3 Social Report is submitted to FWF and is published on member company's website.

Max		Min	
2	1	-1	N/A
Complete and accurate report published on member's website	Complete and accurate report submitted to FWF	Inaccurate or not done	For new member companies

Relevance of indicator:

The Social Report is an important tool for member companies to transparently share their efforts with stakeholders. Therefore, member companies should not make any claims that do not correspond with FWF's communications policy.

Documentation:

Report adheres to FWF [Guidelines for Social Report](#) content.

N/A (Not Applicable) conditions:

In case a member joins in the last half year of its financial year, the social report may be written the following year. Or in cases where the deadline for submitting the social report falls after the Performance Check.

## Section 7: Evaluation

### 7.1 Systematic annual evaluation of FWF membership is conducted with involvement of top management.

Max	Min
2	0
Yes	No

#### Relevance of indicator:

An annual evaluation involving top management ensures that FWF policies are integrated into the structure of the company. Evaluation can include input from relevant external stakeholders and feedback from suppliers.

#### Documentation:

Documentation on top management involvement in systematic annual evaluation includes: Meeting minutes, verbal reporting, PowerPoint presentations, etc.

## 7.2 Level of action/progress made on required changes from previous Brand Performance Check implemented by member company.

Max		Min	
4	2	-2	N/A
50-100%	1-49%	0%	No requirements were included in previous performance check

### Relevance of indicator:

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.

### Documentation:

Member should show documentation related to the specific requirements made in the previous Brand Performance Check.

## GLOSSARY

**Code of Labour Practices** Also known as The Code, or CoLP, the Code of Labour Practices is FWF's version of a Code of Conduct. It's the core of our work. At the heart of our Code are the eight labour standards. But the Code is more: it's the agreement between FWF and its member brands, our common goal. The Code lists the things your company has agreed to work towards. The CoLP elements are:

1. Employment is freely chosen
2. Freedom of association and the right to collective bargaining
3. No discrimination in employment
4. No exploitation of child labour
5. Payment of a living wage
6. Reasonable hours of work
7. Safe and healthy working conditions
8. A legally binding employment relationship

### Coherent system for monitoring and remediation

A critical first step towards improving working conditions for brands is knowing where products are made, and establishing a system to monitor conditions and remediate problems when they are found. FWF's process approach acknowledges that establishing good quality systems requires time and has a learning curve for most organisations. FWF member companies have three years to set up their 'coherent system'. By the end of their third year of membership, all of their suppliers should be covered by this monitoring system.

**Complaints procedure** Ideally, grievances about working conditions would be resolved at the factory level, with formal worker representation embedded in social dialogue processes. In practice, however, factory workers often lack access to fair and effective complaints channels at the local level. And that is why FWF has set up a complaints procedure. FWF's complaints procedure serves as a safety net. It is designed to ensure workers in member companies' supply chains always have access to remedy in instances of noncompliance – but only in instances where workers are not able to access local complaint systems. When a complaint is filed and found admissible, FWF conducts an investigation and requires the affiliate to implement corrective actions with the supplier. Whenever possible, local workers' representatives (e.g. trade unions or NGOs) are involved in the investigation and remediation process. Except for low-risk countries, where other resources are available to workers, FWF has a local complaints handler in the countries where it is active. This ensures that workers making products for FWF member companies can safely and fairly seek redress for violations of the Code of Labour Practices.

**Due diligence** In human rights compliance, as in finance, a certain degree of investigation and evaluation should be undertaken before entering into a business relationship and during the continuation of that relationship. FWF expects member companies to conduct adequate human rights due diligence with suppliers before and during business relationships. Due diligence requires an understanding of national/regional risks, product-specific risks, and, significantly, the ways in which brand management choices either reduce or increase those risks.

**External production** Describes finished goods which are bought by member companies from other brands for resale in a retail or wholesale (web)shop owned by the affiliate. Typically, member companies will manufacture the majority of the goods they sell but may also resell other brands' products as part of their retail/wholesale assortment. (See 'Own production' for details). FWF encourages member companies to resell goods from another FWF member, or a member of Fair Labour Association.

**Factory member/partner** FWF currently offers factory membership to a small number of factories. From 2016 onwards, these factories will be part of FWF's Factory Partnership Programme.

**FOB** An acronym for 'Freight on Board' or 'Free on Board' indicating the price a brand pays for a garment once it has loaded on a ship for export. This is a common payment arrangement for the apparel industry, and is one type of documentation used by FWF in assessing monitoring systems.

**Member** FWF membership is open to companies that produce their own sewn goods: clothing, bags, footwear, home textiles etc.

By becoming an FWF member, a company commits itself to implementing the [Code of Labour Practices](#) throughout its supply chain. Each member company uses FWF guidance to identify areas where the changes they make can have the greatest impact. Subsequent steps build up from there. This process approach leads to real and lasting improvements in workplaces throughout supply chains.

**Multi-Stakeholder Initiative (MSI)** Fair Wear Foundation was founded by three stakeholder groups: trade unions, business associations and NGOs. These three groups are represented on the board and play a substantial part in FWF's finances and operations. The Multi-Stakeholder character of FWF ensures independence, balance and credibility across a range of stakeholder groups.

**Own production** 'Own production' goods are commissioned from a factory by the FWF members, directly or through an agent or other intermediary, normally to the design of the FWF affiliate. Member companies have a direct responsibility for the working conditions at site making 'own production' goods.

'Own production' includes:

- *Any production bearing the name or mark of a brand owned or controlled by the affiliate.*
- *Any unbranded product designed for resale to another (apparel) brand.*
- *Any so-called 'Private Label' items.*
- *Any product rebranded for an end consumer (e.g. promotional wear or corporate/government end users).*

See also *External production*

**Performance Benchmarking** Performance Benchmarking In the past FWF's Brand Performance Checks were qualitative in nature. In 2014, FWF launched the Performance Benchmarking system based on the set of indicators listed in this guide. Benchmarking member companies allows for categorising FWF member companies based on the level of progress measured through the performance check, which enables clear comparison between companies.

**Process approach** FWF realises that certain improvements cannot be made overnight and that there is no one-size-fits-all approach. FWF's process approach meets companies where they are. Whether a CSR leader or newcomer, each company uses FWF guidance to identify areas where the changes they make can have the greatest impact. Subsequent steps build from there. This step-by-step process leads to real and lasting improvements in workplaces throughout supply chains.

Providing the guarantee that every stage of production of a particular product has been overseen and verified as 'ILO proof' is nearly impossible. The truth is that most garments and sewn products are not (yet) made in fully compliant conditions. For this reason, FWF does not claim that its members' products are produced in full compliance with labour standards, as certification implies. FWF does, however, verify that members are working hard, step-by-step, in this direction.

**Stakeholder** FWF's stakeholders are all parties who have a direct interest (stake) in FWF's work: workers, consumers, businesses and all organisations who represent them, like unions, governments and business associations, and consumer organisations.

**Supplier/production location** FWF considers the term 'supplier' to cover a range of businesses involved in the creation of garments, shoes and other textile/leather goods. FWF expects all steps in the supply chain that are involved in turning fabric into garments to be included as a supplier. This includes Cut, Make & Trim facilities, Readymade Garment facilities, and any subcontractors where sewing, embroidering, screenprinting, ironing, marking, stitching, packing, or other preparation of products occurs. FWF expects member companies to know and monitor the actual production locations where goods are made, even if they are sourced through an agent or other intermediary.

**WEP (Workplace Education Programme)** FWF's Workplace Education programme combines training on rights and responsibilities for workers and managers with support for the development of social dialogue and grievance mechanisms, backed up by FWF's complaints mechanism. The specific topics and design of the WEP vary depending on the situation in different countries, and helps to address the frequent underlying lack of information and dialogue between managers and workers.

**Worker helplines** In situations where workers do not have access to advice or help from unions or local organisations, they can use FWF's workers helplines. Helplines provide a backup system to provide information about rights, and include the possibility to file a grievance via the FWF [Complaints Procedure](#).

**Worker representation** Wherever the term 'worker representation/representatives' is used in this guide this is taken to mean trade unions or other democratically elected representatives of functioning worker committees. In situations where freedom of association and the right to collective bargaining are not (yet) fully guaranteed, companies are nonetheless bound to include the best available forms of worker representation in their monitoring and remediation efforts.



