



BRAND PERFORMANCE CHECK

DW-Shop GmbH

PUBLICATION DATE: MARCH 2016

this report covers the evaluation period 01-07-2014 to 30-06-2015

ABOUT THE BRAND PERFORMANCE CHECK

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

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

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

Even if outcomes at the factory level cannot be guaranteed, the importance of good management practices by affiliates cannot be understated. Even one concerned customer at a factory can have significant positive impacts on a range of issues like health and safety conditions or freedom of association. And if one customer at a factory can demonstrate that improvements are possible, other customers no longer have an excuse not to act. The development and sharing of these types of best practices has long been a core part of FWF's work.

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

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

BRAND PERFORMANCE CHECK OVERVIEW

DW-Shop GmbH

Evaluation Period: 01-07-2014 to 30-06-2015

AFFILIATE INFORMATION	
Headquarters:	Königswinter, Germany
Member since:	01-02-2012
Product types:	Fashion, Bags & Accessories
Production in countries where FWF is active:	China, India, Turkey
Production in other countries:	Bolivia, Plurinational State of, Indonesia, Peru, United Kingdom
BASIC REQUIREMENTS	
Workplan and projected production location data for upcoming year have been submitted?	Yes
Actual production location data for evaluation period was submitted?	Yes
Membership fee has been paid?	Yes
All suppliers have been notified of FWF membership?	Yes
SCORING OVERVIEW	
% of own production under monitoring	56%
Benchmarking score	51
Category	Needs improvement

Summary:

DW-Shop has shown insufficient progress in implementing FWFs management system requirements. It has monitored 56% of its purchasing volume, which is below the requirement of 90% at the third brand performance check. Though a large percentage of its production comes from homemaker suppliers (around 22%), for which FWF adopted a monitoring policy after this financial year, DW-Shop should have been able to reach a higher monitoring threshold. After this financial year DW Shop has started to implement the FWF homemaker policy, adopted at the end of 2015. DW-Shop just scored enough on Performance Benchmarking Categories.

Historically, DWS has had long-term relationships with many suppliers, or has purchased a large percentage of a supplier's production, leading to significant influence with the factory. However, DWS is changing its supplier base to meet changing market demands. DW-Shop also has many small suppliers of which it buys small quantities, and operates in countries and areas with specific risks on social compliance issues. Therefore DW-Shop should evaluate the risks of labour right violations in the production areas it is operating and do human rights due diligence at all new suppliers before placing orders, considering the new sourcing strategy.

FWF recommends DW-Shop to pro-actively discuss with suppliers its improved production planning system, the purpose of improved planning on DW-Shop side, as well as the supplier side, to limit excessive overtime, and discuss root causes of excessive overtime with suppliers where this takes place, especially where DW-Shop has high leverage. The new production planning system also needs to include consideration of the production capacity of the factory for regular working hours.

FWF advises DW-Shop furthermore to intensify visits to suppliers and pro-actively discuss with them social standard issues, amongst which the need to pay at least the Legal Minimum Wage and inform DW-Shop of all production locations. More emphasis should be placed on making both suppliers' management and workers aware of the FWF CoLP basic requirements, seek commitment of suppliers to step by step improvements and check this during visits of actual production locations. Promoting suppliers to participate in the Workplace Education Programme can contribute positively. For this, amongst others increased capacity is needed for traveling staff, local staff and agents, to actively liaise with suppliers.

PERFORMANCE CATEGORY OVERVIEW

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

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

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

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

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

1. PURCHASING PRACTICES

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
1.1 Percentage of production volume from suppliers where affiliate buys at least 10% of production capacity	66%	Affiliates with less than 10% of a factories' production capacity generally have limited influence on factory managers to make changes.	Supplier information provided by affiliate.	3	4	0

Recommendation: Since DWS is in the process of evaluating its long-term supplier base, DWS is recommended to develop a responsible exit strategy when it plans to stop with certain long-term suppliers, especially when it has large leverage. FWF recommends DWS to use its high leverage at main supplier(s) to effectively request improvements of working conditions.

Comment: This percentage has gone up 5% since last year. DWS has 16% of its FOB produced at 3 suppliers in India where it has 100% leverage, of which one was audited this financial year. With another supplier, where DWS has 100% leverage, DWS will stop sourcing in the next financial year. At the same time DWS has many small suppliers of which it buys small quantities, in countries and areas with specific risks on social standards.

1.2 Percentage of production volume from suppliers where a business relationship has existed for at least five years	67%	Stable business relationships support most aspects of the Code of Labour Practices, and give factories a reason to invest in improving working conditions.	Supplier information provided by affiliate.	3	4	0
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Comment: DWS has long-term relationships with about two third of its suppliers, the majority over 8 years. However, since last financial year the supplier base of DWS is changing. At some long-term suppliers DWS stopped ordering, because of quality or need for different styles. Hence this percentage went down from 81% last year to 67% this year. Instead of having many small suppliers with limited style(s), DWS is looking for new (larger) suppliers which can produce different styles.

1.3 All new suppliers are required to sign and return the Code of Labour Practices before first orders are placed.	Yes	The CoLP is the foundation of all work between factories and brands, and the first step in developing a commitment to improvements.	Signed CoLPs are on file.	2	2	0
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Comment: One supplier, of the 7 who were audited this year, claimed not to have received the FWF CoLP. During the Brand Performance Check DWS could show all three new suppliers had returned signed questionnaires, as well the one audited supplier which claimed not to have received the FWF CoLP.

1.4 Company conducts human rights due diligence at all new suppliers before placing orders.	No	Due diligence helps to identify, prevent and mitigate potential human rights problems at new suppliers.	Documentation may include pre-audits, existing audits, other types of risk assessments.	0	4	0
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Recommendation: A formal process should exist to evaluate the risks of labour right violations in the production area where new suppliers are located, and at the production locations of new suppliers themselves. For this evaluation, the actual new production locations should be visited before placing first orders and FWF information and tools (country studies, risk guidances, the OHS checklist) used to make a first assessment. DWS should discuss social standards with new suppliers and assess their level of commitment to work on related improvements. This evaluation should influence the decision on whether to place orders, how to prevent and mitigate risks, and what remediation steps may be necessary.

It is especially important for DWS to do human rights due diligence at ALL new suppliers before placing orders, since DWS is currently seeking new suppliers.

Comment: Chief buyers, in co-operation with the Managing Director Purchasing, select new factories. Main criteria for choosing a new supplier is range of products and its quality. Human rights and country studies are considered. Buyers discuss social compliance issues during the introduction, but no not always visit actual production locations before starting with a new supplier. At the beginning of co-operation, before first orders are given, FWF CoLP is sent and signed by suppliers.

With a new supplier in India, an FWF audit was done after production started. The new supplier showed a serious non-disclosure attitude and had coached workers on the day of the audit. In general local staff in India visits new suppliers. However, the new audited supplier, which was only a small supplier to DW-Shop, was not visited by local staff before first orders.

DWS has made plans for the next financial year so not only purchasers but also CSR staff will visit new production locations before first orders, especially the new projected suppliers in China. Purchasers will be given more travel time to visit suppliers at actual production locations.

1.5 Supplier compliance with Code of Labour Practices is evaluated in a systematic manner.	Yes	A systemic approach is required to integrate social compliance into normal business processes, and supports good decisionmaking.	Documentation of systemic approach: rating systems, checklists, databases, etc.	1	2	0
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Recommendation: DW-Shop is encouraged to develop an evaluation/grading system for suppliers where compliance with labour standards is a criterion for future order placement. Part of the system can be to create an incentive for rewarding suppliers for realized improvements in working conditions.

Comment: DW-Shop is evaluating supplier compliance to a certain level and has intentions to reward them for performance improvement. This is however not done in a systematic manner. DW-Shop does keep an excel file per supplier with photo of worker info sheet. This register is open for all DW-Shop traveling staff from Germany. The buyers' experience from visits at suppliers' offices and factories are made a note of in these documents.

1.6 The affiliate's production planning systems support reasonable working hours.	Strong, integrated systems in place.	Affiliate production planning systems can have a significant impact on the levels of excessive overtime at factories.	Documentation of robust planning systems.	4	4	0
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Recommendation: FWF recommends DW-Shop to pro-actively discuss with suppliers the improved production planning system and its purposes. This should not only focus on the supplier meeting delivery times, but also on limiting excessive overtime. Therefore the new production planning system of DW-Shop also needs to include consideration of the production capacity of the factory (for regular working hours) when determining the size and planning of orders. DW-Shop is recommended to integrate pro-actively overtime issues in regular production planning discussions with suppliers. Actual visits to suppliers may help in improving communication, check and discuss the planning and production capacity of the producer.

DW-Shop is furthermore recommended to evaluate the new production planning system's impact on limiting overtime.

Comment: DW-Shop produces three collections every year with about a 65:35 summer-winter ratio. Production planning on the supplier side is usually six to eight months and a new time frame was implemented at the start of 2014 in order to avoid any overtime (at least four weeks, sometimes eight weeks are planned as a buffer between agreed shipping date and real shipment).

The new production planning system was installed with a systematic way of planning, reducing transportation costs with less part-shipments and fuller container loads (FCL). It is expected to decrease production planning and delivery problems, and related overtime. DW-Shop accepts late shipments, split deliveries and pays air freight if needed for re-orders, which can help to reduce the risk of excessive overtime.

In reality, audits done this year have not (yet) been able to verify the impact of the new system on excessive overtime (OT). Of all audits done in the last year, 5/7 audits found excessive OT took place, in the other two audits working hours records were not transparent, so working hours could not be verified and are likely to also exceed working hour limits.

The new planning system was developed after discussing realistic time frames with several suppliers. For those suppliers with high excessive OT audit findings, the new system is expected to make a difference, because it enables the supplier to better plan production. A wider time frame of two weeks is planned in between delivery date and shipment, in which goods are collected in a warehouse in Delhi before shipment. This means it is still possible to ship in time even if suppliers don't make original delivery dates because of unforeseen problems. This wider time frame is not shared with suppliers because of the risk that suppliers when knowing this wider time frame will use this time to plan extra orders and still be late and/or produce with excessive overtime.

DW-Shop started using new planning software to have an overview of the production planning of the whole collection with all suppliers. It is meant to improve order planning and delivery dates, and to enable follow up on production planning per supplier. Per week each supplier receives an update on planning and suppliers can provide feedback if problems arise. In practice, this needs more active follow-up by the buying department.

The new system has led to improved delivery times. For the first time all goods were in-house when the Winter catalog was published.

1.7 Degree to which affiliate mitigates root causes of excessive overtime.	Intermediate efforts	Some production delays are outside of the control of affiliates; however there are a number of steps that can be taken to address production delays without resorting to excessive overtime.	Documentation of root cause analysis and positive steps taken to manage production delays or improve factory processes.	3	6	0
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Requirement: DW-Shop should investigate to what extent its current buying practices has an effect on the working hours at supplier level. A root cause analysis of excessive overtime should be done to investigate which steps can be most effective to reduce overtime. Special attention should be given to piloting advanced work with those factories from which DW-Shop buys a large percentage of the production volume.

Recommendation: FWF recommends DW-Shop to discuss with factory management on the causes of excessive overtime and provide support to manage overtime. If necessary, DW-Shop could hire local experts to analyse root causes of excessive overtime in cooperation with the supplier.

Comment: DWS accepts late shipments, split deliveries and pays air freight if needed for re-orders. However, 5 out of 7 audits found excessive overtime took place, whereas in the other 2 audits working hours records were not transparent so working hours could not be verified and most likely exceed working hour limits.

With one audited supplier the DW-Shop purchaser followed up on the root cause, which was found to be weather conditions and its impact on fabric and work flow.

1.8 Affiliate's pricing policy allows for payment of at least the legal minimum wages in production countries.	No policy in place	The first step towards ensuring the payment of minimum wages - and towards implementation of living wages - is to know the labour costs of garments.	Formal systems to calculate labour costs on per-product or country/city level.	0	4	0
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Requirement: DW-Shop needs to develop a pricing policy where DWS knows the labour cost of garments and which allows the payment of at least legal minimum wages in production countries.

Recommendation: DW-Shop is recommended to start integrating labour cost in price discussions with all suppliers and get to know country wages. DW-Shop is advised to select one (high leverage) supplier to advance efforts on improving wages.

Comment: The buying process of DW-Shop includes sourcing styles offered by the supplier as well as proposing designs to the supplier. Styles and material/quality are selected, prices are discussed, orders are sent with detailed work sheets. Style, quality and workmanship are re-checked via the sample sent by the factory and approved by buyer/technician.

DW-Shop includes experience with the supplier, previous prices and market development in its price. Labour costs are not systematically collected and discussed. DWS started keeping track on minimum wages this year.

DW-Shop claims to pay a higher price than other companies. From the 7 suppliers audited in this financial year, 3 agreed that DW-Shop pays enough to pay living wage (though the same audits found these suppliers to pay (some) workers not even the legal minimum wage) and 4 mentioned that according to them DW-Shop does not pay enough to support paying living wage to workers, including a supplier where DW-Shop buys 100% of the production volume.

1.9 Affiliate actively responds if suppliers fail to pay legal minimum wages.	Yes	If a supplier fails to pay minimum wage, FWF affiliates are expected to hold management of the supplier accountable for respecting local labour law.	Complaint reports, CAPs, additional emails, FWF audit reports or other documents that show minimum wage issue is reported/resolved.	1	2	-2
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Recommendation: FWF recommends DW-Shop to pro-actively discuss with suppliers the need to pay at least the Legal Minimum Wage.

Comment: Out of 7 audits done by FWF in this financial year, all 5 audits done in India found that suppliers paid wages below the Legal Minimum Wage (LMW), including a supplier where DW-Shop buys 100% of the production volume and can be expected to be more effective in requesting improvements of working conditions. Of the 2 audits done in China, in one audit it could be verified that minimum wage was paid, though not all social security or insurance fees.

DWS started keeping track on minimum wages this year. When audit shows payment below the legal minimum wage (LMW), DWS asks for pay-slips as proof that supplier started paying the LMW.

1.10 Evidence of late payments to suppliers by affiliate.	No	Late payments to suppliers can have a negative impact on factories and their ability to pay workers on time. Most garment workers have minimal savings, and even a brief delay in payments can cause serious problems.	Based on a complaint or audit report; review of factory and affiliate financial documents.	0	0	-1
1.11 Degree to which affiliate assesses root causes of wages lower than living wages with suppliers and takes steps towards the implementation of living wages.	Basic approach	Sustained progress towards living wages requires adjustments to affiliates' policies.	Documentation of policy assessments and/or concrete progress towards living wages.	2	8	0

Requirement: DW-Shop has to take adequate steps to move towards living wages as estimated by local stakeholders. DW-Shop is held more accountable for implementing adequate steps at the suppliers where DWS buys exclusively.

DW-Shop is expected to take an active role in discussing living wages with its suppliers, before and after audits, of all workers (all departments and including temporary piece-rate workers). After audits, the FWF wage ladder can be used as a tool to implement living wages. Most relevant wage estimates, such as local minimum wage, Asia Floor Wage, collective bargaining wage and industrial best practice wages are provided in the wage ladder. The wage ladder is included in FWF's audit reports. It demonstrates the gaps between workers' wages at a factory and living wages demanded by major stakeholders. The wage ladder can be used to document, monitor, negotiate and evaluate the improvements at its suppliers.

Recommendation: FWF encourages DWS to assess the hypothetical cost effects of increasing wages towards benchmarks that are included in the wage ladder and discuss these with suppliers about possibilities to work towards higher benchmarks.

Comment: None of the audit reports showed that what is estimated as a living wage is paid to the workers. Almost all production sites even paid (some) workers below the legal minimum wage.

Even when suppliers agreed in audits (3 out of 7 audited suppliers) that DW-Shop pays the supplier enough to pay living wage, these same suppliers were found to pay (some) workers not even the legal minimum wage, including a supplier where DW-shop is only customer. Four audited suppliers state that according to them, DW-Shop does not pay enough to support paying living wage to workers.

1.12 Affiliate sources from an FWF factory member.	No	When possible, FWF encourages affiliates to source from FWF factory members. On account of the small number of factories this is a 'bonus' indicator. Extra points are possible, but the indicator will not negatively affect an affiliate's score.	Supplier information provided by affiliate.	N/A	1	0
1.13 Percentage of production volume from factories owned by the affiliate.	None	Owning a supplier increases the accountability and reduces the risk of unexpected CoLP violations. Given these advantages, this is a bonus indicator. Extra points are possible, but the indicator will not negatively affect an affiliate's score.	Supplier information provided by affiliate.	N/A	2	0

Comment: Although none of the production sites is owned by DWS, the FWF affiliate sources partly at production sites which are special in ownership, e.g. cooperatives in India. At 3 suppliers in India, together delivering 16% of its FOB, DWS has 100% leverage (last year this was 23% of all FOB at 4 suppliers in India).

PURCHASING PRACTICES

Possible Points: 40

Earned Points: 19

2. MONITORING AND REMEDIATION

BASIC MEASUREMENTS	RESULT	COMMENTS
% of own production under standard monitoring (excluding low-risk countries)	55%	
% of own production in low risk production countries where FWF's Low Risk policy has been implemented	1%	FWF low risk policy should be implemented. 0 = policy is not implemented correctly. N/A = no production in low risk countries.
Total of own production under monitoring	56%	Minimums: 1 year: 40%; 2 years 60%; 3 years+: 90% Measured as a percentage of turnover.

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
2.1 Specific staff person is designated to follow up on problems identified by monitoring system	Yes	Followup is a serious part of FWF membership, and cannot be successfully managed on an ad-hoc basis.	Manuals, emails, etc., demonstrating who the designated staff person is.	2	2	-2
2.2 Degree of progress towards resolution of existing Corrective Action Plans	Intermediate	FWF considers efforts to resolve CAPs to be one of the most important things that affiliates can do towards improving working conditions.	Documentation of remediation and followup actions taken by affiliate.	4	8	-2

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

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

DW-Shop is expected to follow-up on audit findings, also with suppliers from which DW-Shop sources only a small part of its production volume and where DW-Shop has lower leverage.

FWF recommends DW-Shop to increase capacity of local staff and purchasers to follow-up on Corrective Action Plans during visits to suppliers.

Comment: At DW-Shop different staff is involved in following-up CAP's. The audits in the past financial year were followed up by the CSR staff person in direct email contact with the factory. The buyers who travel to the audited supplier get instruction from the CSR staff person what to check with suppliers in general. However, this year, the audited suppliers and their production locations were mostly not visited.

See also indicators 2.3 and 4.2.

2.3 Percentage of production volume from suppliers that have been visited by the affiliate in the past financial year	56%	Formal audits should be augmented by annual visits by affiliate staff or local representatives. They reinforce to factory managers that affiliates are serious about implementing the Code of Labour Practices.	Affiliates should document all factory visits with at least the date and name of the visitor.	3	4	0
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Recommendation: Annual visits should be made for production sites (including subcontractors and production locations in low-risk countries). Regular visits provide the opportunities to discuss problems and corrective actions in the time period between formal audits. In case of a supplier visit, the company representative can check whether the worker info sheet is posted.

Comment: Of the 7 audited suppliers (where DW-Shop leverage varies from 2 to 100%), 4 have been visited by German DW-Shop staff in the concerned financial year. Buyers often have very limited time to visit suppliers, hence do not always visit actual production locations. Most India suppliers were mostly met at fairs or in offices, not at production locations. Local staff visited some suppliers in India after the audits.

2.4 Existing audit reports from other sources are collected.	Yes and quality assessed	Existing reports form a basis for understanding the issues and strengths of a supplier, and reduces duplicative work.	Audit reports are on file; evidence of followup on prior CAPs. Reports of quality assessments.	2	3	0
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Recommendation: Existing reports form a basis for understanding the issues and strengths of a supplier, and reduces double work. Existing audits can be counted towards the monitoring threshold if the quality of the report is assessed using the FWF audit quality tool and corrective actions are implemented.

Comment: One collected BSCI report was not of sufficient quality and too outdated.

2.5 Audit Report and Corrective Action Plan (CAP) findings are shared with factory. Improvement timelines are established in a timely manner	Yes	2 part indicator: FWF audit reports were shared and discussed with suppliers within two months of audit receipt AND a reasonable time frame was specified for resolving findings.	Corrective Action Plans, emails; findings of followup audits; brand representative present during audit exit meeting, etc.	2	2	-1
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Comment: DWS shares CAP with the factory and in general uses its local staff to also follow-up, and re-check if improvements did take place as reported. However, this is not done systematically. See 4.3.

2.6 High risk issues specific to the affiliate's supply chain are identified and addressed by the monitoring system.	Insufficient Capacity	Different countries and products have different risks associated with them; monitoring systems should be adapted to allow appropriate human rights due diligence for the specific risks in each affiliates' supply chain.	Documentation may take many forms; additional research, specific FWF project participation; extra monitoring activities, extra mitigation activities, etc.	0	6	0
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Requirement: DW-Shop's monitoring system should identify and address high risk issues that are specific to DW-Shop's sourcing practices. FWF provides policies and country-specific requirements to affiliates. Priorities in remediation efforts are guided by these policies.

Recommendation: Knowing the country specific risks facilitates the starting point for discussing this with suppliers. Affiliates can agree on additional commitments that are required to mitigate risks. DW-Shop can provide additional measures for support and integrate that in the monitoring system. For instance: integrated risk for the textile industry is gender discrimination and violence against women especially in India and Bangladesh.

FWF offers training programs which help raise awareness for gender based violence with workers and management, and establish internal complaints committees for workers to enable workers to address problems.

Comment: DW-Shop did not promote their suppliers to participate in the Workplace Education Program with trainings against workforce harassment, which runs in India.

All 5 audited India suppliers could benefit from WEP, sustained by audit findings. With only one supplier a WEP is planned after the audit. No WEP's were requested by DW-Shop at any other India supplier.

DW-Shop has many small suppliers of which it buys small quantities, in countries and areas with specific risks on social compliance issues. FWF experienced more obstacles in planning and implementing audits at suppliers where DWS has small leverage, especially in India.

Both in India and Turkey, DW-Shop has a supplier base which is more likely to subcontract (part of) production, leading to higher risks of non-compliance. This is confirmed by the audits done in India. The monitoring system of DW-Shop does not actively address this issue.

The DW-Shop agent in Turkey actively followed up with suppliers on the FWF February 2015 guidance note on risks around Syrian refugee workers in Turkey (though supplier in an audit under the next financial year is found to be using a subcontractor for DW-Shop production, which was unauthorised by and unknown to DW-Shop).

2.6a High risk issues specific to Bangladesh are identified and addressed by the monitoring system and remediation activities.	Not sourcing in Bangladesh	Affiliates sourcing in Bangladesh should take additional action to address both building and fire safety and the prevention of violence against women.	Building, electrical and fire safety inspection reports, evidence of cooperation with other customers sourcing at the same factories (Accord signatories and/or FWF affiliates), etc.	N/A	3	0
2.6b High risk issues specific to Myanmar are identified and addressed by the monitoring system and remediation activities.	Not sourcing in Myanmar	Myanmar is still in the process of establishing the legal and civil society infrastructure needed to ensure compliance with labour rights. Extra care must be taken when doing business in Myanmar.	Shared CAPs, Wage Ladders per factory.	N/A	3	0
2.7 Affiliate cooperates with other customers in resolving corrective actions at shared suppliers	Active cooperation	Cooperation between customers increases leverage and chances of successful outcomes. Cooperation also reduces the changes of a factory having to conduct multiple Corrective Action Plans about the same issue with multiple customers.	Shared CAPs, evidence of cooperation with other customers.	2	2	-1
2.8 Monitoring requirements are fulfilled for production in low-risk countries	Yes	Low risk countries are determined by the presence and proper functioning of institutions which can guarantee compliance with basic standards.	Documentation of visits, notification of suppliers of FWF membership; posting of worker information sheets, completed questionnaires.	2	2	0

2.9 External brands resold by the affiliate who have completed and returned the external brand questionnaire. (% of external sales volume)	No external brands resold	FWF believes it is important for affiliates that have a retail/wholesale arm to at least know if the brands they resell are members of FWF or a similar organisation, and in which countries those brands produce goods.	Questionnaires are on file.	N/A	3	0
2.10 External brands resold by affiliates that are members of another credible initiative. (% of external sales volume)	No external brands resold	FWF believes affiliates who resell products should be rewarded for choosing to stock external brands who also take their supply chain responsibilities seriously.	External production data in FWF's information management system. Documentation of sales volumes of products made by FWF or FLA members.	N/A	3	0

MONITORING AND REMEDIATION

Possible Points: 29

Earned Points: 17

3. COMPLAINTS HANDLING

BASIC MEASUREMENTS	RESULT	COMMENTS
Number of worker complaints received since last check	1	At this point, FWF considers a high number of complaints as a positive indicator, as it shows that workers are aware of and making use of the complaints system.
Number of worker complaints in process of being resolved	0	
Number of worker complaints resolved since last check	1	

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
3.1 A specific employee has been designated to address worker complaints	Yes	Followup is a serious part of FWF membership, and cannot be successfully managed on an ad-hoc basis.	Manuals, emails, etc., demonstrating who the designated staff person is.	1	1	-1
3.2 System exists to check that the Worker Information Sheet is posted in factories	Yes	The Worker Information Sheet is a key first step in alerting workers to their rights.	Photos by company staff, audit reports, checklists from factory visits, etc.	2	2	0

Recommendation: DW-Shop must ensure that the Code of Labour Practices, including contact information of the local complaints handler of FWF, is posted in factories in a location that is accessible to workers. DW-Shop should check by means of a visit whether the CoLP is posted in the factories.

Comment: DW-Shop does keep an excel file per supplier with photo of worker info sheet. This register is open for all DW-Shop traveling staff from Germany. The buyers' experience from visits at suppliers' offices and factories are made a note of in these documents. Local staff as well as traveling staff from the head office check the posting of the FWF CoLP, take pictures as evidence and check whether the complaints handler number is correctly posted.

However, DW-Shop purchasers do not always visit production locations and discuss FWF CoLP with suppliers. Of the seven suppliers audited last year, only 1 has been visited by German staff of DW-Shop. According to 2 out of the 7 audited suppliers, DW-Shop had not checked if the FWF CoLP was posted on the wall. In at least one the code was not posted. Another supplier claimed not to have received the FWF CoLP. DW-Shop could show during the Performance Check it did send the 3 concerned suppliers the FWF CoLP and could show a picture of the code on the wall.

Last year some FWF audit reports also showed that the Worker Information Sheet had not been posted at the factory premises and workers had not been informed accordingly.

3.3 Percentage of FWF-audited factories where at least half of workers are aware of the FWF worker helpline.	20%	The FWF complaints procedure is a crucial element of verification. If factory-based complaint systems do not exist or do not work, the FWF worker helpline allows workers to ask questions about their rights and file complaints. Factory participation in the Workplace Education Programme also count towards this indicator.	Percentage of audited factories where at least 50% of interviewed workers indicate awareness of the FWF complaints mechanism + percentage of factories in WEP programme.	1	4	-2
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Comment: In only 1 out of 7 factories which were audited, workers were aware of the FWF CoLP. One supplier claimed not to have received the FWF CoLP, though DW-Shop could show it had sent it. Last year, in 2 out of 4 factories which were audited, workers were aware of the FWF CoLP.

3.4 All complaints received from factory workers are addressed in accordance with the FWF Complaints Procedure	Yes	Providing access to remedy when problems arise is a key element of responsible supply chain management. Affiliate involvement is often essential to resolving issues.	Documentation that affiliate has completed all required steps in the complaints handling process.	3	6	-2
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Comment: One complaint received was addressed by DW-Shop. Even though production for DW-Shop had already stopped at supplier, DW-Shop followed up on the complaint.

3.5 Cooperation with other customers in addressing worker complaints at shared suppliers	No complaints or cooperation not possible / necessary.	Because most factories supply several customers with products, involvement of other customers by the FWF affiliate can be critical in resolving a complaint at a supplier.	Documentation of joint efforts, e.g. emails, sharing of complaint data, etc.	N/A	2	-2
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COMPLAINTS HANDLING

Possible Points: 13

Earned Points: 7

4. TRAINING AND CAPACITY BUILDING

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
4.1 All staff is made aware of FWF membership requirements	Yes	Preventing and remediating problems often requires the involvement of many different departments; making all staff aware of FWF membership requirements helps to support cross-departmental collaboration when needed.	Emails, trainings, presentation, newsletters, etc.	1	1	-1

Comment: All employers are informed by an internal Newsletter.

4.2 Ongoing training in support of FWF requirements is provided to staff in direct contact with suppliers.	Yes	Sourcing, purchasing and CSR staff at a minimum should possess the knowledge necessary to implement FWF requirements and advocate for change within their organisations.	FWF Seminars or equivalent trainings provided; presentations, curricula, etc.	2	2	0
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Requirement: Sourcing, purchasing and CSR staff at a minimum should possess the knowledge necessary to implement FWF requirements.

Recommendation: FWF recommends DW-Shop to develop and provide ongoing internal training of existing and new purchasers, as well as local staff in China and India and its agents in Turkey and Indonesia. For this, tools need to be provided, such as checklists for Occupational Health and Safety (the FWF OHS checklist). Besides tools, staff in direct contact with suppliers overall need to be given clear instruction, time (to be able to spend time visiting suppliers at actual production locations) and capacity (such as training and guidance on CAP follow-up).

Comment: All staff members involved in the execution of monitoring activities were briefed by CSR representative about general issues of social compliance and the detailed requirements for successfully fulfilling FWF membership. Audit results as well as details of German and international stakeholder meetings are communicated. In general, during visits factories are checked by using the FWF OHS checklist. Further follow-up is done by CSR staff.

Local staff in India has been informed about FWF membership requirements during a training in New Delhi beginning of 2014 and support implementation and coordination in the production countries. DW-Shop purchasers have been trained in January 2014 by FWF on FWF membership requirements and how to monitor and re-mediate social standards at production sites. Only, there has been some turnover of purchasers. The purchasers are also expected to integrate social compliance issues in their activities.

However, in reality this could be done more systematically. DW-Shop purchasers do not always visit production locations and discuss FWF CoLP with suppliers. Of the seven suppliers audited last year, only 1 has been visited by DW-Shop, at which the audit found wires hanging loose from the wall, suggesting the OHS checklist was not used.

The head of purchasing of DW-Shop plans to set up a regular meeting between CSR staff and the buying team, to discuss social issues at suppliers, follow-up on audit findings, share information etc. DW-Shop is aware that purchasing staff needs to have enough time during country visits and further guidance to include tasks on implementation of the FWF CoLP and discuss CAP follow-up with suppliers.

See also 1.4 systematic evaluation of suppliers; 5.2.

4.3 All sourcing contractors/agents are informed about FWF's Code of Labour Practices.	Yes	Agents have the potential to either support or disrupt CoLP implementation. It is the responsibility of affiliate to ensure agents actively support the implementation of the CoLP.	Correspondence with agents, trainings for agents, FWF audit findings.	1	2	-2
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Requirement: DW-Shop needs to ensure local staff and agents are aware of FWF requirements and actively support the implementation of the FWF CoLP.

Recommendation: FWF recommends DW-Shop to instruct its local staff and agents to visit and actively check the actual production locations (using the FWF OHS checklist) and help build awareness with suppliers on the usefulness of the FWF approach, audit procedures and trainings and discuss specific risks.

Comment: DW-Shop maintains an office in India and China and works with agents in Turkey, Bali and Java which are responsible for quality assurance. Local staff and quality assurance personnel in general check health and safety standards and checks if corrective measures from CAPs are followed up. All were informed about FWF membership in writing and in person by the respective buyer. Staff in the Delhi office was trained by FWF early 2014.

Nevertheless, 2 of the 5 audited suppliers in India were found to have hired external consultants to prepare for audits and as a result documents were forged for the audit. Also in several audits in India production hardly or not at all took place at the production location known to DW-Shop, but at subcontractors, of which one used homeworkers, including the supplier visited by local staff. Moreover, in at least 2 audits, very poor and critical OHS issues were found. Of the 7 audited factories, only 1 was visited by German staff and one by local staff. At the supplier visited by local staff, the supplier in the audit stated that DW-Shop had not checked the posting of the code on the wall. None of the two Chinese audited suppliers were visited this financial year.

4.4 Factory participation in Workplace Education Programme (where WEP is offered; by production volume)	0%	Lack of knowledge and skills on best practices related to labour standards is a common issue in factories. Good quality training of workers and managers is a key step towards sustainable improvements.	Documentation of relevant trainings; participation in Workplace Education Programme.	0	6	0
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Requirement: Manufacturers and their workers should be systematically informed about FWF and the implementation of the Code of Labour Practices. All factory management and workers should be informed and aware about the relevant labour standards and grievance mechanisms.

Recommendation: In order to ensure awareness and enhance understanding of the relevant labour standards, grievance mechanisms and the importance of a good mechanism for communication between employers and workers in the workplace, FWF developed the Workplace Education Programme. DW-Shop should motivate its main supplier(s) to join WEP trainings.

Comment: Local and purchasing staff check posting of the FWF Code of Labour Practices, however audits suggest not enough workers are aware of their rights. 5 out of 7 Corrective Action Plans following audits this year, suggested WEP training as follow-up and remediation of findings. The findings showed all 7 suppliers could benefit from WEP training. Following these recommendations, DW-Shop requested 1 WEP training, which will be implemented in the next financial year.

Last year, DW-Shop also had not initiated WEP training at suppliers.

4.5 Factory participation in trainings (where WEP is not offered; by production volume)	0%	In areas where the Workplace Education Programme is not yet offered, affiliates may arrange trainings on their own or work with other training-partners. Trainings must meet FWF quality standards to receive credit for this indicator.	Curricula, other documentation of training content, participation and outcomes.	0	4	0
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Recommendation: Whenever DW-Shop contacts a new supplier, this new supplier must be informed on the implications of FWF membership. All factory workers should be informed about the labour standards and the process of monitoring and remediation. In order to further communication between employers and workers in the workplace FWF recommends DW-Shop to ensure suppliers participate in trainings. Trainings must meet FWF quality standards to receive credit for this indicator: top management, supervisors and workers should be included in the trainings, separately. Workplace standards and dispute handling should be included in the training. At least 10-20% of the workforce must be trained, depending on the size of the factory. Worker participation should be balanced and representative.

TRAINING AND CAPACITY BUILDING

Possible Points: 15

Earned Points: 4

5. INFORMATION MANAGEMENT

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

Requirement: After the end of each financial year, affiliates must confirm their list of suppliers and provide relevant financial data. A complete suppliers list means ALL suppliers are included.

Recommendation: DW-Shop is advised to develop a systematic approach to complete the supplier list. Part of the approach can be:

- 1) automatically include information from audit reports and complaints
- 2) Business relationships with agents include transparency of production locations.
- 3) Agreements with factories on the use of subcontractors stating clearly that when subcontractors are used, they are included in the monitoring system and information is shared on the subcontracted production process.

Comment: According to DW-Shop buyers talk about production location and subcontractors with suppliers, try to check production locations (including subcontractors) during visits; and local staffs and quality assurance personnel inform DW-Shop in case they notice any irregularity concerning production locations/subcontractors.

However, 3 out of 5 audits done in India in the last financial year did find unauthorized subcontracting (likely) to take place. In one case most to all production was outsourced (incl. to homeworkers, whereas DW-Shop had informed FWF it no longer had India suppliers working with homeworkers). In a third case there was an indication of undisclosed production locations (the audit team was not allowed to visit another production location of the same owner at the same premises).

See also indicators 4.2 and 4.3

5.2 A system exists to allow purchasing, CSR and other relevant staff to share information with each other about working conditions at suppliers	Yes	CSR, purchasing and other staff who interact with suppliers need to be able to share information in order to establish a coherent and effective strategy for improvements.	Internal information system; status CAPs, reports of meetings of purchasing/CSR; systematic way of storing information.	1	1	-1
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Comment: All employees have access on the company's server to look up the status of social standards at each production site. Staff in direct contact are regularly informed about the status of compliance. OHS checklist is used by purchasers. Most India suppliers however this year were mostly met at fairs or in offices, not at production locations.

INFORMATION MANAGEMENT

Possible Points: 7

Earned Points: 4

6. TRANSPARENCY

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
6.1 Communication about FWF membership adheres to the FWF communications policy	Yes	FWF membership should be communicated in a clear and accurate manner. FWF guidelines are designed to prevent misleading claims.	Logo is placed on website; other communications in line with policy. Affiliates may lose points if there is evidence that they did not comply with the communications policy.	1	1	-2

Comment: DWS is communicating responsibly and according to FWF communications policy on FWF membership.

FWF membership is a central theme of DW-Shop corporate website. It was also the topic of two articles in the blog section. See <http://www.dw-shop.de/soziale-verantwortung-fair-wear-foundation> and <http://www.dw-shop.de/aktuelles>.

The new website was launched this year and now customers are able to reach information about FWF within two clicks from almost every site on the DW-Shop website. This will positively impact the communication efforts about FWF membership.

Furthermore membership itself is communicated with the FWF logo in the service section of each catalogue. DW-Shop is considering how to improve information about FWF in shops. Annual social reports are published online.

DW-Shop communication staff consulted FWF on the use of the FWF logo.

6.2 Affiliate engages in advanced reporting activities	No	Good reporting by members helps to ensure the transparency of FWF's work and shares best practices with the industry.	Affiliate publishes one or more of the following on their website: Brand Performance Check, Audit Reports, Supplier List.	0	1	0
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Recommendation: FWF recommends DW_Shop to publish one or more of the following reports on its website: brand performance check, audit reports, supplier information. Good reporting by members helps to ensure the transparency of the affiliate and FWF's work.

6.3 Social Report is submitted to FWF and is published on affiliate's website	Published on affiliate's website	The Social Report is an important tool for affiliates to transparently share their efforts with stakeholders.	Report adheres to FWF guidelines for Social Report content.	2	2	-2
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Comment: DW-Shop has submitted its social report to FWF and published it on its website: <http://www.dw-shop.de/soziale-verantwortung-fair-wear-foundation>

TRANSPARENCY

Possible Points: 4

Earned Points: 3

7. EVALUATION

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
7.1 Systemic annual evaluation of FWF membership is conducted with involvement of top management	Yes	An annual evaluation involving top management ensures that FWF policies are integrated into the structure of the company.	Meeting minutes, verbal reporting, Powerpoints, etc.	2	2	0
7.2 Changes from previous Brand Performance Check implemented by affiliate	27%	In each Brand Performance Check report, FWF may include requirements for changes to management practices. Progress on achieving these requirements is an important part of FWF membership and its process approach.	Affiliate should show documentation related to the specific requirements made in the previous Brand Performance Check.	2	4	-2

Comment: DW-Shop has shown some progress this financial year on requirements made last year, however not enough.

On 5 requirements DW-Shop was expected to have increased its efforts more than it has done. These concern: 1.8; 1.9; 1.11; 2.6; 4.4

EVALUATION

Possible Points: 6

Earned Points: 4

RECOMMENDATIONS TO FWF

-Provide trainings for CSR staff and purchasers on how to talk to suppliers

SCORING OVERVIEW

CATEGORY	EARNED	POSSIBLE
Purchasing Practices	19	40
Monitoring and Remediation	17	29
Complaints Handling	7	13
Training and Capacity Building	4	15
Information Management	4	7
Transparency	3	4
Evaluation	4	6
Totals:	58	114

BENCHMARKING SCORE (EARNED POINTS DIVIDED BY POSSIBLE POINTS)

51

PERFORMANCE BENCHMARKING CATEGORY

Needs improvement

BRAND PERFORMANCE CHECK DETAILS

Date of Brand Performance Check:

20-08-2015

Conducted by:

Ruth Vermeulen

Interviews with:

Mrs Daniela Bunea (management)
Mrs. Petra Rieble-Hübner (sourcing)
Mr. Jörg Fauck (communication)
Ms Irene Hanak (sales).

Audit Summary:

Publication of the audit summary section previously included in Brand Performance Checks has been suspended while Fair Wear Foundation develops a new information system to manage and summarize the data.