



## BRAND PERFORMANCE CHECK

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Blutsgeschwister GmbH

PUBLICATION DATE: OCTOBER 2015

this report covers the evaluation period 01-01-2014 to 31-12-2014

## 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](http://www.fairwear.org). The online [Brand Performance Check Guide](#) provides more information about the indicators.

## BRAND PERFORMANCE CHECK OVERVIEW

Blutsgeschwister GmbH

Evaluation Period: 01-01-2014 to 31-12-2014

AFFILIATE INFORMATION	
Headquarters:	Stuttgart, Germany
Member since:	01-07-2013
Product types:	Fashion, Bags & Accessories
Production in countries where FWF is active:	China, India, Turkey
Production in other countries:	Germany
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	86%
Benchmarking score	72
Category	Good.

## Summary:

Blutsgeschwister meets most of FWFs management system requirements to implement the Code of Labour Practices and goes beyond. It has monitored 86% of its total purchasing volume, which is beyond the requirement of 60% in the 2nd year of membership and scored relatively high on indicators in the Brand Performance Check. This is notable as this Brand Performance Check measures the efforts of Blutsgeschwister after having been FWF member only for one and a half year.

Blutsgeschwister supported suppliers in China project-wise with consultant advice on how to improve their management systems, productivity and compliance with the FWF Code of Labour Practices (CoLP). The main suppliers in China participated also in the Workplace Education Program to raise awareness on the FWF CoLP of both workers and management. FWF advises Blutsgeschwister to expand these special efforts to other suppliers in other countries.

In 2014 Blutsgeschwister continued improving its planning and production process with a shared forecasting system with suppliers. Blutsgeschwister extended several lead times, limited the amount of colors per style, and changed the decision-making process on collections (so no changes will take place from sampling on). These changes are meant to decrease production planning problems and related overtime. FWF recommends Blutsgeschwister in the future to evaluate the impact of these revisions on excessive overtime.

FWF encourages Blutsgeschwister to further develop a pricing policy where the affiliate knows the labour cost of garments, to assess the impact of its prices on living wages and include this in price discussions with suppliers. It is encouraged to do further analysis on the root causes of excessive overtime also at supplier level and mitigate them. At the same time FWF advises Blutsgeschwister to further develop procedures on other risks characteristic to its supply-chain, recognizing the start made to address risks around outsourcing.

## 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	63%	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
1.2 Percentage of production volume from suppliers where a business relationship has existed for at least five years	35%	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.	2	4	0

**Recommendation:** FWF recommends Blutsgeschwister to keep building up stable business relationships with suppliers. Long term relationships support most aspects of the Code of Labour Practices, and give factories a reason to invest in improving working conditions.

**Comment:** Blutsgeschwister has a fixed number of long term suppliers and focuses on building long term business relations with less suppliers than before, who can deliver more styles, in stead of many smaller suppliers doing few 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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**Recommendation:**

**Comment:** In general, new suppliers are informed of the FWF CoLP before sample orders are done, via the Supplier Manual of Blutsgeschwister and separately by email.

After production requirements are clear and meet expectations, general aspects are checked: a.o. the respect of labour and environmental standards; lead times, price etc. and possibility to begin a long term relationship with this supplier.

The supplier has to sign a letter and to commit to cooperate when problems are found.

1.4 Company conducts human rights due diligence at all new suppliers before placing orders.	Yes	Due diligence helps to identify, prevent and mitigate potential human rights problems at new suppliers.	Documentation may include pre-audits, existing audits, other types of risk assessments.	4	4	0
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**Recommendation:** Conducting pre-audits or analyzing existing audit reports can be a way to assess the level of working conditions before deciding to start the business relationship.

**Comment:** Before the first order, suppliers are visited by production, quality assurance or sample staff, who also uses the OHS checklist.

In 2014 Blutsgeschwister issued a new internal routine on risk assessment and monitoring suppliers. Risk assessment is now more integrated in its internal system. The roadmap lays down how to approach new suppliers and how to monitor existing suppliers (when is an audit needed, progress on Corrective Action Plans etc.). how to monitor and deal with country specific risks is included, like for example Sumangali Scheme in India, Migrant Workers in China and Syrian Refugee Workers in Turkey. For a potential new supplier in Italy, Blutsgeschwister will first visit and investigate the risks for Chinese migrant workers.

1.5 Supplier compliance with Code of Labour Practices is evaluated in a systematic manner.	Yes, and performance improvement is rewarded	A systemic approach is required to integrate social compliance into normal business processes, and supports good decisionmaking.	Documentation of systemic approach: rating systems, checklists, databases, etc.	2	2	0
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**Comment:** In 2013 Blutsgeschwister started to work with a supplier rating system wherein besides quality, reliability in terms of deliveries, communication and price level, the willingness to work on improving labour conditions in the factories is included as 'FWF activities'. Participation in workplace training, complaint and CAP follow-up is included. The weigh of the score on social compliance is maximum 10% of the total. The willingness to work on the FWF Code of Labour is just as relevant for Blutsgeschwister as a good performance on the Code itself. Bad scores are discussed case by case basis with the supplier.

In case a supplier will not improve and cooperate on the Corrective Action Plan, the relation will stop. At the moment BG is considering stopping a relation with a supplier that scores well on all other ratings, but so far has not showed willingness to adjust to social standards terms / risk management needed and limit the use of subcontractors.

In 2014 Blutsgeschwister offered two long-term Chinese focus suppliers two assessment days with a Chinese CSR professional. Of one good performing Chinese supplier Blutsgeschwister could show that the order volume was increased because of good performance. This trend is expected to continue in 2015.

Main suppliers are defined based on the evaluation of:

- Order volume in recent years
- Commitment to the FWF process
- Company structure like clear ownership structure
- Formal experience in the cooperation with BG
- Quality and price aspects in cooperation.

The new overall information system BG is working on aims to make the evaluation and work on audit findings more easier by CSR staff and other travelling staff.

1.6 The affiliate's production planning systems support reasonable working hours.	General or ad-hoc system.	Affiliate production planning systems can have a significant impact on the levels of excessive overtime at factories.	Documentation of robust planning systems.	2	4	0
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**Recommendation:** Blutsgeschwister is recommended to continue on its path of remodeling the planning and production process and system to support reasonable working hours. FWF recommends BG to evaluate at a later point in time the impact of the revised process and system on excessive overtime at suppliers.



**Comment:** In 2014 Blutsgeschwister continued improving its planning and production process. It is working on a shared forecasting system with suppliers, which intends to decrease production planning problems and related overtime. It extended several lead times, limited the amount of colors per style, and changed the decision-making process on collections (so no changes will take place from sampling on). It also started the development of one internal overall data and planning system. At the same time Blutsgeschwister is planning to reduce the amount of collections (7>6) and have four types of product groups from 2016 on, which are designed in such a way that the majority of the production will be less complex.

Blutsgeschwister now has seven collections a year, four in winter season and three in summer season with one delivery date each collection. Orders are planned with suppliers, based on the production time they need, in relation to the complicated nature, capacity of the factory and local holidays, like Diwali in India. The lead time is extended from 10 to more than 12 months from design to bulk delivery. The pre-Fall and Summer collections have a somewhat tighter schedule.

Most of Blutsgeschwister's deliveries are shipped by sea, except often the 1st delivery of a collection (this is air freight which allows for 3 more weeks of production time). After the final quantities are set, head of buying and product management plan the delivery dates with logistic department. In case the supplier already mentioned concerns about the delivery schedule, Blutsgeschwister tries to reschedule the delivery date or split the delivery to provide suppliers the necessary lead time.

The major changes Blutsgeschwister made, compared to 2-3 years ago are (some already implemented, some to be implemented from end of 2015 on):

1) Styles, colors etc. are not changed after sample orders. This is a major change with before. At the early stage of the development process, a team meets to discuss the designs, sketches, etc., before sample production. This meeting is the last moment changes can be made to the collection. The team is also enlarged to consist of the CEO, head of design, purchasing, director of product development and own retail and commercial agent selling to retail. Since planning this team meeting before sample production, it has no longer occurred that changes were made to the collection after sample production. Also delays are less occurring in the 2nd and 3rd delivery per collection.

2) Trend has been to work with less suppliers, overall have less articles and reduced amount of colors per collection with the same overall quantity. This makes the planning and production much more controllable.

3) The Summer collection has now 4 more weeks of lead time. Orders are sent two weeks earlier and deliveries to retail are 2 weeks extended. This is planned for 2015.

4) From Fall 2015 onwards, forecasting will be more detailed and much more time beforehand. Forecast will be done every half year before the orders are placed, so supplier can better plan production.

5) At selected suppliers Blutsgeschwister now ordered similar styles and fabrics with the same supplier to build routine. This has impacted positively on the increase of quality and ability to catch delivery dates.

6) Blutsgeschwister plans to work with 4 product groups from 2016 onwards and will reduce from 7 to 6 collections. The 4 product groups (logo line, coordinates, fashion, best-off collection) are designed in such a way that the majority of the production is less complex. There will be fewer styles and less frequent changes in styles (more changes in fabric/print) to have a positive influence on lead times and reducing excessive overtime (and logistic costs).

The production planning changes are aimed to have a positive effect on reducing excessive overtime for workers in the future. This would need to be evaluated.

Price estimation and negotiations are also done before sampling. This means no delay afterwards. If price is not OK for supplier, BG adjusts the design and style to be less complicated.

Overall, the head of product development comments that FWF membership has led to different way of thinking from the start of the design process. Blutsgeschwister states that despite the still existing challenges, FWF membership has helped Blutsgeschwister to improve its planning and production process with a win-win situation for both Blutsgeschwister and suppliers and hopefully also for workers by limiting excessive overtime.

1.7 Degree to which affiliate mitigates root causes of excessive overtime.	Advanced 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.	6	6	0
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**Recommendation:** FWF advises BG to use the outcomes of the root cause analysis done at two Chinese suppliers to identify strategies that minimizes excessive overtime at other suppliers and production countries. Along this line, FWF recommends BG to have CSR staff follow-up with suppliers on excessive overtime findings in audits and discuss how to improve the production planning system of the supplier (including lessons learnt from the assessments at two main Chinese suppliers).

Affiliate can further develop instruments or policies to deal with possible delays to avoid excessive overtime. Those instruments could include what is partially already done or on the agenda for consideration: being flexible with delivery dates, prioritizing orders, offer support/flexibility for material delivery, ordering in low season etc.

**Comment:** In 2014 in all 5 FWF audits, Excessive Overtime (OT) issues were found. In 2 audits excessive OT was found, in the other 3 audits the factory was not transparent regarding OT records. OT premium was not always paid.

Most suppliers state that the excessive OT is not related to BG orders, but due to the production planning system of the supplier.

In 2013 Blutsgeschwister started looking into the root cause of production delays that could lead to excessive overtime. In China Blutsgeschwister hired a consultant to do assessments of the root causes at two main suppliers and also helped make them aware through training how to improve the factory system and operations to prevent/mitigate excessive overtime. At one of the two suppliers in 2014 the overtime was found to be reduced and no longer excessive. At the other supplier at least records are now kept and management is more aware of the need to do proper internal production scheduling.

The development of a shared production planning system with suppliers intends to decrease production planning problems and related overtime.

1.8 Affiliate's pricing policy allows for payment of at least the legal minimum wages in production countries.	Country-level policy	The first step towards ensuring the payment of minimum wages - and towards implementation of living wages - is to know the labour costs of garments.	Formal systems to calculate labour costs on per-product or country/city level.	2	4	0
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**Requirement:** Blutsgeschwister needs to develop a pricing policy where they know the labour cost of garments and which allows the payment of at least legal minimum wages in production countries.

**Recommendation:** BG is recommended to further advance its efforts done at main suppliers in China. Increased transparency in costing and productivity gives insight in the labour costs per product / working minute.

Blutsgeschwister is recommended to include labour cost in the price discussions with suppliers. Knowing the labour cost per working minute / product forms the basis for ensuring enough is paid to cover at least minimum wage and for making steps towards living wages.

Blutsgeschwister is furthermore recommended to use FWF tools (wage calculation sheets etc.) in its planned project in India and China (project aims to provide suppliers with consultant support and investment to help improve labour standards and productivity).

**Comment:** According to 4 out of 5 audited suppliers in 2014 the price they receive from BG is not enough to pay for living wages. According to its social report in 2014 the buying department started to collect more detailed information on the price composition, to have a clear overview how the final price is built.

In 2014 BG developed a Living Wage Data Sheet and started discussing costing with several main suppliers (3 in China, 2/3 in India). BG found it depends a lot on the transparency of suppliers and willingness to share financial data. One supplier was not willing to share this data.

BG runs an externally funded project in India and China which aims to provide suppliers with consultant support and investment to help improve labour standards and productivity. At a Chinese supplier, with the help of an external consultant, BG made an effort to assist supplier not only with a productivity training but also a calculation method for both the supplier and BG to get more insight into costing and wages (see 1.9).

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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**Comment:** In 2014 of the 5 audits done by FWF, in one audit the local minimum wage status could not be verified, due to falsification, and three other suppliers were not transparent regarding wage records. None of the 5 audited factories had followed the law on payment of additional benefits such as social security, OT premium etc.

BG followed-up on findings actively and found not all suppliers had proper internal management systems and one supplier was not willing to share data. During a visit at the audited supplier in India it was discussed and agreed supplier needs to set up a proper payment register system. This will need to be verified in future. At a Chinese supplier an external consultant hired by BG found that payments to workers were order based and not paid per hour or piece, hence it could not be assessed at first if supplier paid legal minimum wages or not. The order price was not related to a piece-rate. Consultant advised factory to set up a different calculation and payment system. To get insight into hourly wage and whether or not minimum wage was paid, piece-rate calculations were done based on order payments, which were then calculated into hourly wages. This way BG assisted in improvements of the internal management system of the factory, documents and records are now kept and there is more insight into level of wages and the gap to minimum wage to be closed.

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
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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.	Factory-level approach	Sustained progress towards living wages requires adjustments to affiliates' policies.	Documentation of policy assessments and/or concrete progress towards living wages.	4	8	0
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**Requirement:** Blutsgeschwister has to take adequate steps to move towards living wages as estimated by local stakeholders. Blutsgeschwister is expected to take an active role in discussing living wages with its suppliers. The FWF wage ladder can be used as a tool to implement living wages. The wage ladder can be used to document, monitor, negotiate and evaluate the improvements at all its suppliers.

**Recommendation:** FWF encourages Blutsgeschwister to discuss with suppliers about possibilities to work towards higher benchmarks.

FWF advises companies to avoid the concept of a one-time charitable contribution, and strongly recommends affiliates commit to a long term process that leads to sustainable implementation of living wages.

**Comment:** In 2014 the buying department started to collect more detailed information in the price composition, to have a clear overview how the final price is built. This has not yet led to a different pricing policy of BG. BG commented that the Euro crisis negatively affected the space to adjust pricing policy for suppliers in India and China.

BG developed a living wage sheet with data of main suppliers and defined next steps. This is the basis for making it possible to move further and adjust policies and pricing itself.

The re-design of the collections (see 1.6) will take out the complexity of the designs. It is foreseen this will make it easier to get information on wages per style, e.g. how much work time is needed for each style and cost, incl. wages.

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
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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
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## PURCHASING PRACTICES

Possible Points: 40

Earned Points: 28

## 2. MONITORING AND REMEDIATION

BASIC MEASUREMENTS	RESULT	COMMENTS
% of own production under standard monitoring (excluding low-risk countries)	85%	
% of own production in low risk production countries where FWF's Low Risk policy has been implemented	0%	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	86%	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

Comment: Blutsgeschwister has a designated staff person on CSR, who is leading on sustainability and Fair Wear Foundation membership requirements. Another staff person shares large responsibility. She is also head of product development, hence has the necessary expertise when it comes to production details. The production team visits the producers once a year.

2.2 Degree of progress towards resolution of existing Corrective Action Plans	Advanced	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.	8	8	-2
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Comment: After audits BG discusses Corrective Action Plans (CAPs) with suppliers, as much as possible during follow up visits. BG has a system to check and follow CAP implementation. It first sends full Corrective Action Plan to suppliers, then sends a working CAP with a selection of prioritized issues to work on, which are a mixture of 'easy' and more complex issues to work on. Then comments from suppliers and documents sent are kept in an excel file with documents – points dealt with are green. The done points are planned to be checked by a re-audit and/or travelling staff.



BG could show it followed up on CAP's in 2014, some in-depth. BG facilitated remediation at selected suppliers by hiring a local consultant in China to assist two suppliers in developing an action plan and to assist factory management in investigating root causes, provided factory training and financial support for implementing improvements.

In 2014 Blutsgeschwister promoted with its suppliers the setting up of systems and keeping working hour and personnel files, especially in China. The consultant reported both focus suppliers to have improved their internal transparency containing proper monitoring of the working hours, payslips and completed the worker information documents like working contracts and age proofs. They have organised a workers committee democratically. Additionally they have set up an internal grievance committee and mechanism.

At two suppliers in China follow-up by suppliers was more difficult to realise. One did not accept some findings of the audit as true, another supplier on an earlier audit did not seem willing to work on the FWF CoLP, which is why BG stopped producing there.

The sample and production team members are planned to be active in following up on CAP's in general and during the visits to their suppliers. This will start in 2015. The new overall information system BG is working on aims to make the evaluation and work on CAP more easier by CSR staff and other travelling staff.

2.3 Percentage of production volume from suppliers that have been visited by the affiliate in the past financial year	73%	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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**Comment:** The FWF Code of Labour Practice is a standard topic during all visits of sourcing staff to factories. Production department checks general safety facts and gets an impression of working conditions during visits. They report this to the CSR staff person who registers in a file with the supplier rating system, which is accessible to all staff.

In 2014 a new system is introduced wherein 2 persons are assigned per country, and suppliers in the specific country have to be visited at least once a year. Will be implemented in 2015.

2.4 Existing audit reports from other sources are collected.	No existing reports/all audits by FWF or FWF affiliate	Existing reports form a basis for understanding the issues and strengths of a supplier, and reduces duplicative work.	Audit reports are on file; evidence of followup on prior CAPs. Reports of quality assessments.	N/A	3	0
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

**Recommendation:** A reasonable time frame should be specified for resolving findings. To be able to do this, findings need to be accepted by suppliers and they need to be willing to work on the findings. BG plans for its travelling staff to discuss more CAP follow up during visits. They could play a role in the dialogue with the suppliers in explaining and getting further commitment from suppliers if needed.

**Comment:** All CAPs were discussed, though one supplier did not accept part of findings and requires more dialogue to get to an improvement timeline. The CAP status is included in the supplier rating overview. CSR staff keeps this register up to date with input from production staff as well. The CAP is used as a controlling instrument between Blutsgeschwister and the manufacturer. The designated FWF staff monitors the CAP and discusses the results with the supplier.

2.6 High risk issues specific to the affiliate's supply chain are identified and addressed by the monitoring system.	Intermediate 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.	3	6	0
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**Requirement:** BG is required to continue identifying high risks specific to the characteristics of its supply chain, e.g. the risk of Sumangali schemes in Tiripur in India and Migrant workers China and further develop routines to address these.

**Comment:** In the design process BG makes sure sandblasting is not needed. In 2014 BG started working on country specific risks and routines for BG. End of 2014 started a structured approach on the use of subcontracting, being a specific risk overall and in certain countries specifically. BG defined a routine on subcontracting (which is now systematic part of the contract with suppliers to inform BG of the use of subcons). When selecting new suppliers and evaluating existing suppliers, BG now addresses risks around subcontracting. No procedures on other risks were in place in 2014, though BG has started working on it.

2.6a High risk issues specific to Bangladesh are identified and adressed 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
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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
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## MONITORING AND REMEDIATION

Possible Points: 26

Earned Points: 22

### Additional comments on Monitoring and Remediation:

The monitoring threshold is all together 86% (85.5% monitored in risk countries; 0.5% policy followed on low risk countries).

### 3. COMPLAINTS HANDLING

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

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
3.1 A specific employee has been designated to address worker complaints	Yes	Followup is a serious part of FWF membership, and cannot be successfully managed on an ad-hoc basis.	Manuals, emails, etc., demonstrating who the designated staff person is.	1	1	-1
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

Comment: In 2014 BG followed up on last year's recommendation for travelling staff to check if the code is still posted on the wall as indicated on the obtained photo and keep track of this in the Blutsgeschwister Supplier Rating System. Travelling staff are now instructed to check during visits, take pictures, which are included in the supplier overview.

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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**Recommendation:** Blutsgeschwister can stimulate its suppliers to participate in WEP trainings, to raise awareness about the existence and the functioning of FWF's worker hotline, and to stimulate management to he worker information sheet, affiliates can use the worker information cards available for download on FWF's website. Blutsgeschwister can stimulate suppliers to include worker info cards in payslips.

**Comment:** In 2014 in 4 out of 5 audits found that workers are not aware of the FWF worker helpline.

3.4 All complaints received from factory workers are addressed in accordance with the FWF Complaints Procedure	No complaints received	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.	N/A	6	-2
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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: 7

Earned Points: 4

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## 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: Blutsgeschwister started in 2013 to train internal staff by giving an internal seminar.

In 2014 all store managers, sales agents and 'flagship store' staff got informed in a workshop at every location about the FWF membership and how to communicate to customers.

Overall staff is regularly updated and trained on the basis of an internal seminar on FWF requirements, called "Social Compliance in the supply Chain".

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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Recommendation: It is recommended to train staff in direct contact with suppliers to use the FWF checklist on Occupational Health and Safety and train them to check the posting of the worker info sheet in the factories. FWF recommends BG to provide further training to sample and production team members who will be active in following up on CAP's during the visits to their suppliers.

**Comment:** CSR staff of Blutsgeschwister has been actively participating in training activities FWF offers. This trained staff provided in-house training to staff in direct contact with suppliers, who are also updated on a monthly basis about the FWF progress. In visits to suppliers general safety is checked and impressions on working conditions gathered. This is addressed in the training given and info kept in supplier rating system. From end of 2015 BG plans a more active role for production staff to follow up on general CAP issues while visiting suppliers. Therefore more specific training will be planned with FWF to the traveling staff. The dialogue with suppliers on complicated issues would still need to be done by the CSR staff and/or head of production and head of purchasing.

4.3 All sourcing contractors/agents are informed about FWF's Code of Labour Practices.	Yes + actively support COLP	Agents have the potential to either support or disrupt CoLP implementation. It is the responsibility of affiliate to ensure agents actively support the implementation of the CoLP.	Correspondence with agents, trainings for agents, FWF audit findings.	2	2	-2
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**Recommendation:** Where WEP trainings are given, agents are recommended to observe the training of management, especially where factory management needs to build up more awareness and support of the FWF CoLP.

**Comment:** Agents of Blutsgeschwister share responsibility in monitoring the FWF CoLP. Chinese agents have been informed and trained on CoLP by affiliate in 2013. Agent involvement could be verified on the basis of email correspondence on planning and follow-up of CAP's. One agent joined the Workplace Education Program of a suppliers' management and sent pics of code on wall. Another agent played an active role on informing and convincing an Indian supplier on the purpose of worker-management dialogue and to take away the suppliers concerns to organise a Workplace Education Program.

4.4 Factory participation in Workplace Education Programme (where WEP is offered; by production volume)	41%	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.	4	6	0
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Recommendation: BG should continue to motivate its supplier(s) to join WEP trainings, in all supplier countries.

Comment: All suppliers are promoted to take part in WEP. BG managed within one year to go from 0% to 41% of production volume where suppliers did take part in the Workplace Education Programme. In 2014 3 main suppliers in China participated.

4.5 Factory participation in trainings (where WEP is not offered; by production volume)	All production is in WEP areas.	In areas where the Workplace Education Programme is not yet offered, 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.	N/A	4	0
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Comment: All garment production is in WEP offered countries or low-risk countries.

## TRAINING AND CAPACITY BUILDING

Possible Points: 11

Earned Points: 9

## 5. INFORMATION MANAGEMENT

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
5.1 Level of effort to identify all production locations	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

**Recommendation:** Blutsgeschwister is advised to develop a systematic approach to complete the supplier list and have checks done by travelling staff.

Part of the approach can be:

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

**Comment:** Because of its product specifications, printing and embroidery, BG has a number of suppliers working with subcontractors, and also to do CMT (cut, make, trim). Five audits showed suppliers (India, Turkey) had not informed subcontractors of the FWF CoLP and/or not informed BG on the use of subcontractors. After subcontractors became known, at the end of the financial year BG put all subcontractors in its supplier list.

After these findings, BG identified the use of subcontractors as a special risk and developed a special routine. It is now especially addressed in contracts with suppliers and more awareness built in discussion with suppliers on the risks. BG documented now most suppliers shared the FWF CoLP with their subcontractors and sent codes on the wall. Those who did not will be followed up on.

BG redefined an 'A-tier supplier' to cover all CMT suppliers, even if they are subcontractors. BG plans to visit all A-tier suppliers also if they are subcontractors and BG normally is not in direct communication with them.

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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**Recommendation:** Especially now BG plans to increase the role of travelling staff in CAP follow-up, FWF advises BG to make relevant staff aware of the available tools FWF offers, such as the Health and Safety checklist, monitoring CAP documents, access to FWF's online information system. Purchasing staff is recommended to share reports from factory visits that include a status update of implementing the CoLP/CAP. BG is recommended to promote travelling staff to share their experience and learnings on FWF CoLP implementation and their dialogue with suppliers.

**Comment:** Since FWF membership two internal reports were made, of which one after the first audits were done in China. Every 3 months a report is made for internal use. On general issues all staff is briefed per email. On specific issues, specialized staff is informed directly. Sourcing staff reports directly to FWF designated staff. All staff on sourcing in Berlin to the FWF designated staff from production side, and all staff in Stuttgart to the CSR staff person. The CSR staff keeps the file with supplier rating / overview up to date. All staff has access to the file and can check the status. In the supplier overview it is included when staff has traveled to the factory, if the Code was on the wall. For head of purchasing and production the supplier rating overview is important input.

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## INFORMATION MANAGEMENT

Possible Points: 7

Earned Points: 4

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## 6. TRANSPARENCY

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
6.1 Communication about FWF membership adheres to the FWF communications policy	No	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.	-2	1	-2

**Requirement:** FWF membership should be communicated according to the FWF communications policy.

**Comment:** In 2014, corrections had to be made. In two cases language was used suggesting products are 100% fair. In another case the FWF logo was used near the garments in the online shop. The use of the logo near garments is only allowed for leaders, which Blutsgeschwister was not in 2014.

In response to the needed corrections, BG straightaway installed a procedure to prevent it from happening again. Every use of the FWF logo and communication on FWF membership now needs to be approved by CSR staff, who also checks regularly with FWF.

In 2014 BG paid attention to social issues issues in Facebook postings and did a special mailing to all press contacts. It sees it an additional advantage to be able to communicate that BG works on social standards with an external party which is independently.

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 Blutsgeschwister 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.

**Comment:** BG does not at the moment publish its Brand Performance Check on its website.

In 2015 It may consider to do so, if space on website allows it. Blutsgeschwister may post it on Facebook and refer to the FWF website. in 2015 BG plans a facebook posting on 2nd yr birthday of FWF membership in June and put the video of the FWF formula on the BG youtube channel.

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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## TRANSPARENCY

Possible Points: 4

Earned Points: 0



## 7. EVALUATION

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
7.1 Systemic annual evaluation of FWF membership is conducted with involvement of top management	Yes	An annual evaluation involving top management ensures that FWF policies are integrated into the structure of the company.	Meeting minutes, verbal reporting, Powerpoints, etc.	2	2	0

**Comment:** The CEO is constantly involved on FWF issues. Work and decisions are made in cooperation with the designated staff. The integration of FWF policies into the structure, procedures and systems of the company receives considerable attention. CEO visited together with Production and CSR staff audited factories in China and India to indicate the importance Blutsgeschwister attaches to FWF membership and requirements. Feedback from suppliers is discussed straightaway.

7.2 Changes from previous Brand Performance Check implemented by affiliate	100%	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.	4	4	-2
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**Comment:** The first Brand Performance Check of Blutsgeschwister, conducted last year, contained 5 requirements. In 2014 BG actively worked and made progress on all requirements, though some more than others.

Requirements were related to:

- 1.8 Pricing policy
- 1.11 LW root cause analysis
- 2.6 Identification of high risk issues
- 3.3 Worker awareness of FWF helpline
- 4.4 WEP participation

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## EVALUATION

Possible Points: 6

Earned Points: 6

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## RECOMMENDATIONS TO FWF

Blutsgeschwister recommends FWF to:

- actively work on informing consumers in Germany. This to generate more public knowledge in Germany on FWF and awareness on how FWF works, focusing on general public, fashion consumers (more media) etc.
- provide local resource persons for support to suppliers on developing management systems, productivity assessments etc.

## SCORING OVERVIEW

CATEGORY	EARNED	POSSIBLE
Purchasing Practices	28	40
Monitoring and Remediation	22	26
Complaints Handling	4	7
Training and Capacity Building	9	11
Information Management	4	7
Transparency	0	4
Evaluation	6	6
Totals:	73	101

BENCHMARKING SCORE (EARNED POINTS DIVIDED BY POSSIBLE POINTS)

72

PERFORMANCE BENCHMARKING CATEGORY

Good.

## BRAND PERFORMANCE CHECK DETAILS

Date of Brand Performance Check:

13-05-2015

Conducted by:

Ruth Vermeulen

Interviews with:

Stephan Künz (Managing Director)

Anja Heyckendorf (Head of Sustainability)

Stefanie Rebernig-Staiger (Quality Assurance)

Frederieke Kübler (Leading Buyer & Product Management)

Sandra Feisst (Director of Product Development)

Lisa-Marie Speisser (Communication)

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.