



Brand Performance Check

Vaude Sport

August 2013

This report covers the period
January 2012 to December 2012

About the Brand Performance Check

Fair Wear Foundation believes that improving conditions for apparel factory workers requires change at multiple levels. Traditional efforts to improve conditions focus primarily on the factory. FWF, however, believes that the management decisions of the 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.

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.

Improvement of supply chains is a step-by-step process, through which affiliates must address many different issues. FWF affiliates vary greatly in management structures, and have different strengths. The Performance Benchmarking system is designed to reflect these differences, and the many different ways that a company can support better working conditions.

During the Brand Performance Check, FWF staff speak to various employees at the affiliate who have important roles to play in the management of supply chains. FWF verifies the actions of affiliates based on several sources including documentation of activities, financial records, the affiliate's supplier register and staff interviews. Following the Brand Performance Check, FWF summarizes findings in this report, which is made public via www.fairwear.org. The FWF Performance Benchmarking Guide provides more information about the indicators and is available for download.

Brand Performance Check Details

Date of Brand Performance Check	21 February 2013	
Conducted by:	Ivo Spauwen Stefanie Santila Karl	
Interviews With:	Antje von Dewitz Jan Lorch Susanne Medesi Hilke Patzwall Julia Bauer	CEO General Manager Head of production management & CSR Manager external communication CSR Communication

Scoring

Affiliate Benchmarking scores and Performance Benchmarking categories will be published starting in 2014. During 2013, FWF will be testing out the new system and evaluating the appropriate threshold levels for Benchmarking categories.

Vaude Sport (hereafter Vaude)

2013 Brand Performance Check

Affiliate Information	
Headquarters:	Tett nang Germany
Member Since:	November 2010
Product Types:	Outdoor
Production countries:	FWF Active Countries: China, Vietnam, Bulgaria, Tunisia, Lithuania Other countries: Myanmar, Germany, Austria, Croatia, Taiwan, South Korea
Basic Requirements	
Workplan for this evaluation period was submitted?	Yes Must be submitted before start of evaluation period
Projected supplier register for this evaluation was submitted?	Yes Must be submitted before start of evaluation period
Actual supplier register for this evaluation period has been submitted?	Yes Must be submitted after the end of the evaluation period.
Membership fee has been paid?	Yes
All suppliers have been notified of FWF membership?	Yes
Scoring Overview	
% of suppliers under monitoring	56%
Summary	Vaude does not meet FWF membership requirements as the company does not meet 60% suppliers under monitoring which is required by FWF in the second year of membership. FWF recommends Vaude to concentrate in 2013 on core suppliers only to meet FWF requirements in the third year affiliation to FWF. In 2012, Vaude has participated in a FWF study together with other outdoor companies to assess the impact of hypothetical increases towards living wage benchmarks.

Purchasing Practices

Basic Measures		Comments
% of production in low-risk countries	1.17%	Countries with relatively low risk of labour violations as defined by FWF.

Performance Indicators	Result	Relevance of Indicator	Documentation
1.1 Percentage of production volume from suppliers where affiliate buys at least 10% of production capacity.	87%	Affiliates with less than 10% of a factories' production capacity generally have limited influence on factory managers to make changes.	Supplier register provided by affiliate.
Comment: In 2012 Vaude is consolidating its supplier base: in 2013 the bulk of production will be produced by less suppliers.			
1.2 Percentage of production volume from suppliers where a business relationship has existed for at least five years.	85%	Stable business relationships support most aspects of the Code of Labour Practices, and give factories a reason to invest in improving working conditions.	Supplier register provided by affiliate.
Comment: In 2012 Vaude shifted a greater share of total production to long term suppliers.			
1.3 Labour conditions are considered when selecting new suppliers.	Yes	Including labour conditions considerations in selecting suppliers supports responsible business practices.	Documentation of decisionmaking process; e.g. checklists for buyers, emails, etc.
Comment: Labour conditions are considered when selecting new suppliers. However, no documentation exists. Recommendation: Ensure documentation of consideration of labour conditions when selecting new suppliers.			
1.4 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.
Comment: All new suppliers have signed and returned the CoLP. However, it was not signed by 3 subcontractors. Requirement: Vaude is required to see to it that this happens.			

1.5 Company conducts audits at all new suppliers before placing orders.	No	An important due diligence step. Before placing production orders, affiliates should conduct an audit at all new suppliers to assess risks for CoLP violations.	Audit documentation; must meet FWF audit quality standards.
Comment: No pre-audits are done. The selection process for new suppliers includes a checklist on social standards.			
1.6 Affiliate sources from an FWF factory member.	No	When possible, FWF encourages affiliates to source from FWF factory members. The small number of factories in the programme means sourcing from FWF factory members cannot be a requirement.	Supplier register provided by affiliate.
1.7 Percentage of production volume from factories owned by the affiliate.	35%	Owning a supplier provides clear accountability for and direct influence over working conditions. It reduces the risk of unexpected CoLP violations.	Supplier register provided by affiliate.
Comment: Vaude owns 2 factories where backpacks are made; 1 in China, 1 in Vietnam.			
1.8 Supplier compliance with Code of Labour Practices is evaluated in a systemic manner.	No	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.
Comment: Vaude is committed to continuing to work with existing suppliers.			
1.9 The affiliate's production planning systems support reasonable working hours.	General System	Affiliate production planning systems can have a significant impact on the levels of excessive overtime at factories.	Documentation of robust planning systems.
Comment: If overtime takes place this is usually raised by Vaude's internal QC staff who often visit the factories. Generally Vaude addresses the root cause of excessive overtime with suppliers. Most often excessive overtime is because of fabric delay.			
1.10 Percentage of production volume from suppliers where excessive overtime is found by FWF.	63%	Excessive overtime is one of the most common labour rights violations in high-risk production countries. It is often caused by poor production planning by brands.	Audits conducted by FWF auditors; Complaints filed via the FWF worker helpline.
Comment: At 5 out of 8 factories that were audited by FWF teams since the previous performance check excessive overtime was found. Requirement: The affiliate has to take adequate steps to ensure reasonable working hours at the production sites.			

1.11 Degree to which affiliate analyses and mitigates root causes of excessive overtime, if found.	Reactive approach	Affiliate production planning systems can have a significant impact on the levels of excessive overtime at factories.	Examples of root cause analyses and resulting changes in production planning/policy.
Requirement: Vaude is required to assess how its purchasing practices can be further improved to support suppliers to reduce			
1.12 Affiliate's pricing policy allows for payment of at least the legal minimum wages in production countries.	Affiliate can demonstrate at a style level that pricing allows enough to pay minimum wages for each product.	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.
Comment: In product pricing the local minimum wage is taken into account. The company has a formal costing system per style to take minimum wages into account.			
1.13 Affiliate actively responds if suppliers fail to pay legal minimum wages.	No	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.
Comment: During several audits it was found that minimum wages were not paid to at least a few workers in the factory. Vaude has insufficient evidence on file to demonstrate that these issues have been resolved. Requirement: Vaude has to investigate further how to ensure that at least legal minimum wages are paid at the production sites. Requirement: Vaude has to ensure that actions taken by the company are documented.			
1.14 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.
Comment: Vaude has a workflow to pay suppliers right after the final report from local quality control staff.			
1.15 Degree to which affiliate assesses root causes of wages lower than living wages with suppliers.	Supply chain approach	Sustained progress towards living wages requires adjustments to affiliates' policies.	Wage ladders, correspondance with supplier, other relevant documentation.

<p>Comment: The head of purchasing at Vaude compares wage ladders from various factories, which are regarded as useful information to understand how suppliers are placed pricewise.</p> <p>Vaude participates in FWF's project with various outdoor companies to assess the impact of hypothetical increases towards living wage benchmarks. Through this engagement, the company shows that it is committed to working towards implementation of living wages.</p> <p>Requirement: Sustained progress towards living wages requires adjustments to affiliates' policies.</p>
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Purchasing Practices Comments:

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Monitoring & Remediation

Basic Measures		Comments
% of own production under monitoring	55.64%	Measured as a percentage of turnover.
Minimum monitoring threshold based on years of membership:	60% (does not meet threshold)	1 year: 40%; 2 years 60%; 3 years+: 90%

Performance Indicators	Result	Relevance of Indicator	Documentation
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.
	Comment: Vaude works with FWF trained audit teams to monitor working conditions in factories. The company has a designated person to coordinate the CAP follow up process. This person also oversees supplier relations. Vaude has staff frequently visiting production locations.		
2.2 Degree of progress towards resolution of existing Corrective Action Plans.	Moderate efforts have been made to address most CAPs.	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
	Comment: Findings have been discussed at factories which are owned by Vaude. Local staff has also addresses CAPs with factory management. However the system is neither systemized nor is there clear documentation of the follow up process. Requirement: Resolving and remediating Corrective Action Plans is one of the most important criteria FWF affiliates can do towards improving working conditions. FWF expects affiliates to examine and remediate any problem that they are contributing to. Coordinated efforts between different departments are required to ensure sustained responses to CAPs.		
2.3 Percentage of production volume from suppliers that have been visited by the affiliate in the past financial year.	75%	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.
	Comment: Production sites are visited each year several times by Vaude staff. This counts especially for all production sites in China, Vietnam and Burma.		

2.4 Existing audit reports are collected.	Yes	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.
<p>Comment: Vaude collects available audit reports from suppliers, but does not follow up on them in an active manner. FWFs quality checklist is not always used.</p> <p>Recommendation: Use the FWF Audit Quality Assessment Tool to verify the quality of existing audit reports. Existing audit reports in good quality can be used for implementation of findings rather than auditing the factory again.</p>			
2.5 Audit Report and Corrective Action Plan (CAP) findings are shared with factory. Improvement timelines are established in a timely manner.	Yes	FWF audit reports should be shared and discussed with suppliers within two months of audit receipt. Timely sharing of information and agreement on corrective actions is essential for improvement. A reasonable time frame should be specified for resolving findings.	Corrective Action Plans, emails; findings of followup audits; brand representative present during audit exit meeting, etc.
2.6 A structured approach is used to address issues that occur at multiple suppliers.	No	Issues that occur in multiple factories often need to be addressed in a systemic manner, especially when the root causes are located in brand management choices.	Documentation of a systemic approach: root cause analyses, productivity assessments, guidance documents, internal system changes, etc.
<p>Comment: Vaude does not have a workflow to address general trends in issues that need to be improved in a systematic manner.</p> <p>Recommendation: Once Vaude has findings from FWF audits, it should investigate whether these findings can be of issue in other suppliers as well. In the same region or country, the remediation efforts may be applicable to multiple suppliers.</p>			
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.
<p>Comment: Vaude generally shares audits cost and CAPs with other customers that are FWF members. Typically one of the members takes initiative in coordinating the CAP follow up process and keeps the others informed.</p>			

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.
Comment: The amount of production sites and also the turnover at production sites in low-risk countries is below 5%.			
2.9 External brands resold by the affiliate who have completed and returned the external brand questionnaire. (% of external sales volume)	Not applicable	FWF believes it is important for affiliates that have a retail/wholesale arm to at least know if the brands they resell are members of FWF or a similar organisation, and in which countries those brands produce goods.	Questionnaires are on file.
2.10 External brands resold by affiliates that are members of another credible initiative. (% of external sales volume)	Not applicable	FWF believes affiliates who resell products should be rewarded for choosing to stock external brands who also take their supply chain responsibilities seriously.	Supplier register; Documentation of sales volumes of products made by FWF or FLA members.

Monitoring Comments:

A crucial issue for Vaude is to improve its approach to follow up on CAPs in a structured manner and to keep all CAPs up to date.

Complaints Handling

Basic Measures		Comments
Number of worker complaints received since last check.	2	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.	2	

Performance Indicators	Result	Relevance of Indicator	Documentation
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.
	Comment: The CSR responsible at Vaude is also responsible for handling complaints. The person also travels to the suppliers frequently.		
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.
	Comment: Travelling staff visiting the production sites check and picture the hung up CoLP. However, the CoLP was mainly hung up at the reception or director's desk. Requirement: Vaude needs to ensure that the CoLP is hung up in a way that workers can read the CoLP without being watched.		

3.3 Percentage of audited factories where at least half of workers are aware of the FWF worker helpline.	0%	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.	Percentage of audited factories where at least 50% of interviewed workers indicate awareness of the FWF complaints mechanism.
<p>Comment: None of the FWF audit reports show that workers were aware of the FWF worker helpline. In some factories, the CoLP was hung up but workers not informed, hence did not know about their rights.</p> <p>Recommendation: It is crucial that Vaude finds ways to ensure that the CoLP is hung up, that workers are informed about their rights and that the FWF complaints mechanism can work. A next step could be to offer the workplace education programme trainings on CoLP and grievance mechanisms.</p>			
3.4 All complaints received from factory workers are addressed in accordance with the FWF Complaints Procedure.	Yes	Involvement by the FWF affiliate is crucial in resolving a complaint at a supplier.	Documentation that affiliate has completed all required steps in the complaints handling process.
<p>Recommendation: Vaude could take extra steps and efforts to prevent the problems from recurring by investigating into root causes.</p>			
3.5 Cooperation with other customers in addressing worker complaints at shared suppliers	Not applicable	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.
<p>Comment: In this case scoring is not applicable as Vaude is the exclusively sourcing at the production site, hence cannot cooperate with other customers of the production site.</p>			

Complaints Comments

Vaude's internal workflow to handle complaints has functioned well in the last year.

Training & Capacity Building

Performance Indicators	Result	Relevance of Indicator	Documentation
4.1 Staff at affiliate 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.
4.2 Advanced training is provided to staff in direct contact with suppliers on CoLP requirements.	Yes	Sourcing, purchasing and CSR staff at a minimum should possess the knowledge necessary to implement FWF requirements and advocate for change within their organisations.	FWF Seminars or equivalent trainings provided; presentations, curricula, etc.
	Comment: FWF trained purchasing staff on the CoLP in 2011.		
4.3 Agents are informed of CoLP requirements and act to support their implementation.	Not applicable	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.
	Comment: Vaude keeps direct contact with its suppliers.		
4.4 Factory participation in Workplace Education Programme (where WEP is offered; by production volume).	0%	Lack of knowledge on best practices related to labour standards is a common issue in factories. Good quality training of workers and managers is a key step towards sustainable improvements.	Documentation of relevant trainings; participation in Workplace Education Programme.
	Recommendation: Vaude is generally recommended to encourage its suppliers to participate in FWFs Workplace Education Programme (WEP). As a first step the company could enrol its own factory in China.		

<p>4.5 Factory participation in trainings (where WEP is not offered; by production volume).</p>	<p>0%</p>	<p>In areas where the Workplace Education Programme is not yet offered, affiliates may arrange trainings on their own. Trainings must meet FWF quality standards to receive credit for this indicator.</p>	<p>Curricula, other documentation of training content, participation and outcomes.</p>

Training & Capacity Building Comments

Information Management

Performance Indicators	Result	Relevance of Indicator	Documentation
5.1 Supplier register for the previous financial year is verified as being complete and accurate.	Yes	Any improvements to supply chains require affiliates to first know all of their suppliers.	Completed supplier register; Financial records of previous financial year.
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.
	Comment: Everybody at Vaude has access to the audit reports. Information is shared explicitly with staff with contact to production sites after receipt of the audit report.		

Information Management Comments:

Transparency

Performance Indicators	Result	Relevance of Indicator	Documentation
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.
6.2 Affiliate engages in advanced reporting activities.	Yes	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.
	Comment: Vaude released wage ladders of the two factories that it owns on its website. Also, a link to the 2011 performance check by FWF is enclosed in the social report published by Vaude over 2011.		
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 brands to transparently share their efforts with stakeholders.	Report adheres to FWF guidelines for Social Report content.
	Comment: The 2011 social report of Vaude is published on Vaude's website.		

Transparency Comments:

Evaluation

Performance Indicators	Result	Relevance of Indicator	Documentation
7.1 Systemic annual evaluation of FWF membership is conducted with involvement of top management.	<p style="text-align: center;">Yes</p>	<p>An annual evaluation involving top management ensures that FWF policies are integrated into the structure of the company.</p>	<p>Meeting minutes, verbal reporting, Powerpoints, etc.</p>
<p>Comment: Vaude evaluates FWF membership as a part of the ongoing meetings of its CSR team. Recommendation: FWF suggests a yearly evaluation on FWF membership by this committee. The result of the annual performance check by FWF could be important input.</p>			
7.2 Percentage of required changes from previous Brand Performance Check implemented by affiliate.	<p style="text-align: center;">Not applicable</p>	<p>In each Brand Performance Check report, FWF may include requirements for changes to management practices. Adherence to these requirements is an important part of FWF membership.</p>	<p>Affiliate should show documentation related to the specific requirements made in the previous Brand Performance Check.</p>

Evaluation Comments:

Comments to FWF

This area provides an opportunity for affiliates to provide feedback to FWF.

The supplier register structure is complicated to fill in. An easier way (such as BSCI) is suggested to file production sites.

Appendix 1: FWF Audit Finding Summary by Country

This chart summarizes the number of time each finding was reported during an FWF Audit in each country.

	China	Vietnam
Total Number of Audits:	3	5
Standard Findings		
Sourcing practices		
According to the supplier the prices of the affiliate do not support the payment of living wages.	3	3
No areas for improvement		2
Monitoring system		
The FWF affiliate has not checked if the Code of Labour Practices is posted at a location easily accessible to workers.	1	
No areas for improvement	2	5
Other	1: Subcontractors not informed about CoLP	
Management system of factory to improve working conditions		
The factory has coached workers and / or falsified documents in preparation of the audit	1	
No areas for improvement		5
Other	3: Subcontractors have not been informed on CoLP	
Communication and consultation		
Management has not informed workers actively about the FWF Code of Labour Practices and / or relevant national or local legislation.	3	5

There is no effective internal grievance mechanism in place.	1	
There are no democratically elected workers' representatives.		1
Employment is freely chosen		
No areas for improvement	3	5
No discrimination in employment		
No areas for improvement	3	5
No exploitation of child labour		
The factory employed juvenile workers without following local regulations to protect these workers.	1	
No areas for improvement	2	5
Freedom of association and the right to collective bargaining		
There is no independent workers' organisation or union, which is run by workers without management's involvement.	3	2
No areas for improvement		2
Payment of a living wage		
Workers are paid below minimum wage.	1	2
Workers do not understand how wages are calculated	1	
The factory is not transparent regarding wage records.	1	1
Wages are below living wage level as estimated by local stakeholders.		1
The factory does not pay leaves and benefits to workers according to legal requirements.	2	1
The factory does not pay overtime premium to workers according to legal requirements.		2

No areas for improvement		1
Other	1: workers have to pay a deposit for working tools	
Reasonable hours of work		
The factory is not transparent regarding overtime records.		1
Excessive overtime was found: <i>please specify:</i>	3: too many OT hours	1: Some OT on Sundays; 1: too many OT hours
No areas for improvement		2
Safe and healthy working conditions		
Critical/minor issues regarding fire safety are found		4
Critical/minor issues regarding chemical safety are found	2	
Critical/minor issues regarding machine safety are found	2	1
Critical/minor issues regarding ergonomics are found	3	1
Cases of harassment are found		
Noise, ventilation, temperature and lightening do not comply with legal requirements.	1	1
Other		3: no trainings provided on OHS; 1: no OHS officer; 1: PPE is not in use
Legally binding employment relationship		
Not all social security or insurance fees are paid	3	
No areas for improvement		5