



Brand performance check report

hessnatur

September 2012

FWF member since:

2005

Sources of information

Interview Mr. Maximilian Lang, Managing Director

Interview Mr. Rolf Heimann, Head of Corporate Responsibility

Interview Ms. Kristin Heckmann, Manager Corporate Responsibility

Interview Mr. Helmut Schädler, Head of Purchasing

Interview Ms. Verena Kuhnert, Head of Communications

Annual report and work plan

Archived documents

Database FWF

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Index	
Introduction	3
Executive summary	4
Positive findings	5
1. Sourcing	5
2. Coherent system for monitoring and remediation	7
3. Complaints procedure	8
4. Labour conditions and improvements	9
5. Training and capacity building	11
6. Information management	12
7. Transparency	12
8. Management system evaluation and improvement	13
9. Basic requirements of FWF membership	13
10. Recommendations to FWF	13

Introduction

In September 2012 Fair Wear Foundation (FWF) conducted a brand performance check at Hess Natur Textilien GmbH (hereafter: hessnatur). The performance check is a tool for FWF to verify that hessnatur implements the management system requirements for effective implementation of the Code of Labour Practices, as specified in the FWF Charter.

Starting point for the performance check has been the work plan for 2011/2012. FWF tailored the performance check to the specifics of the management system of hessnatur in order to assess the key issues of interest. During the performance check, employees of hessnatur were interviewed and internal documents have been reviewed.

FWF developed this report on the basis of findings collected during the performance check. The report contains conclusions, requirements and recommendations. If FWF concludes that the management system or performance needs improvement to ensure effective implementation of the Code of Labour Practices, a requirement for improvement is formulated. The implementation of required improvements is mandatory under FWF membership. In addition, FWF formulates recommendations to further support hessnatur in implementing the Code of Labour Practices. The numbering of the requirements and recommendations correspond with the numbers of the conclusions.

This report focuses on those aspects of the management system of hessnatur that have been identified as key areas of interest for 2011/2012. As FWF approaches the implementation of the Code of Labour Practices as a step-by-step process, it is well possible that performance check reports of subsequent years will focus on different aspects of the management system.

FWF will publish the conclusions, requirements and recommendations of all performance checks on www.fairwear.org. FWF encourages hessnatur to include information from the performance check report in its social report.

Executive summary

hessnatur meets most of FWFs management system requirements.

The purchasing practices of the company generally support implementation of the Code of Labour Practices.

Since the previous performance check hessnatur has decreased the number of suppliers by approximately 20% (from 102 to around 80). The company would like to have more leverage at a smaller group of strategic suppliers. In order to tie the suppliers and the production sites closer to hessnatur, the ambition is to visit production sites in person more often. In 2012 hessnatur implemented changes in its order planning process that may have a positive effect on reductions in overtime in factories.

hessnatur has developed a method on how to work on monitoring their supply chain that is implemented in a systematic way. These activities include hessnatur's own audits (the hessnatur screens), audits by local FWF teams or active follow up of audit reports that refer to other standards. Audits by FWF teams are generally prioritised in the follow up process. According to the supplier register supplied by hessnatur, around 92% of the total FOB purchasing value of hessnatur is sourced from production sites in low risk countries, or from production sites that have been audited in the last 3 years. This means that hessnatur meets FWFs requirement for monitoring working conditions in factories. hessnatur has a very systematic way to keep track of corrective action plans and in following up on them.

37% of the 2011/2012 purchasing volume of hessnatur is produced in low risk countries (Austria, Czech Republic, France, Germany, Hungary, Ireland, Italy, Lithuania, Poland, Portugal, Scotland and Slovenia). 56% of the value of products is sourced from suppliers where the relation started 2007 or previous years. hessnatur actively monitors working conditions at production sites that are located in low risk countries by carrying out a hessnatur screen on site. By doing so, the company goes beyond FWFs requirements for monitoring working conditions in low risk countries.

In 2011-2012 hessnatur enrolled several of its suppliers in China and Turkey into FWFs workplace education programme (WEP).

For hessnatur, the most important improvement issue is to ensure that the translated version of FWFs Code of Labour Practices including contact information of the local complaints handler was posted in the workplace.

Positive findings

Conclusions

1. hessnatur has a very systematic way to keep track of corrective action plans and in following up on them.
2. hessnatur actively monitors working conditions at production sites that are located in low risk countries by carrying out a hessnatur screen on site. By doing so, the company goes beyond FWFs requirements for monitoring working conditions in low risk countries.
3. In February 2012 hessnatur arranged a seminar on social standards for 25 of its suppliers in Turkey with support of FWF.
4. hessnatur enrolled several of its suppliers in China and Turkey into FWFs workplace education programme (WEP). In 2011-2012 2 suppliers of hessnatur in Turkey took part in a project to strengthen dialogue between workers and management. In September 2012 a training was carried out at a Chinese supplier. This training focused on strengthening awareness of labour standards, constructive grievance handling and FWFs complaints procedure. It covered all factory workers and management staff of the production site.

1. Sourcing

Conclusions

1. hessnatur has a formal sourcing policy that describes the position of CoLP in purchasing decisions. The purchasing terms that are signed with suppliers as a contractual relationship state that social standards must be implemented by the supplier.
2. Working conditions and the willingness of suppliers to cooperate on improvements are a factor in the selection of new suppliers. After purchasing staff or one of the intermediaries has selected a new supplier, the corporate responsibility department has to approve the supplier. As part of this process the factory has to sign hessnatur's Suppliers' Guideline. This document refers to FWFs labour standards.
3. hessnatur has a rating system that takes into account the level of working conditions in production sites. The company has a systematic approach for making the rating. Suppliers with a high rating are generally given higher order volumes. This implies that the system includes an incentive for suppliers to improve working conditions.

Suppliers can be rated A, B or C (A being the highest). The grade is given by combining the grades given to the supplier by the buyers, the technicians, the persons responsible for environment, the person responsible for working condition in the supply chain and the financial department. Working conditions are given equal weight compared to the other criteria in this grading.
4. Since the previous performance check hessnatur has decreased the number of suppliers by approximately 20% (from 102 to around 80). The company would like to have more leverage at a smaller group of strategic suppliers. In order to tie the suppliers and the production sites closer to hessnatur, the ambition is to visit production sites in person more often.
5. 37% of the 2011 purchasing volume of hessnatur is produced in low risk countries (Austria, Czech Republic, France, Germany, Hungary, Ireland, Italy, Lithuania, Poland,

Portugal, Scotland and Slovenia). 56% of the value of products is sourced from suppliers where the relation started 2007 or previous years. hessnatur has substantial leverage (at least 10% of the factory production capacity) with most of its suppliers, representing 40% of its purchasing volume. hessnatur does not own production sites. None of the suppliers of hessnatur is a FWF member factory.

6. Since the previous performance check, hessnatur implemented two changes in its purchasing process that may have a positive effect on reductions in overtime in factories. First, the company has started to work with 'Never-out-of Stock' Articles, which means that suppliers will be able to plan a regular production flow. In practice this could enable suppliers to plan production of such items in low seasons. Second, the company developed a new order tracking system. This will make it easier to detect bottlenecks in the production process, which could help to avoid overtime peaks in factories.

7. hessnatur sets delivery dates around six weeks before its catalogue is released. This is due to the fact that the company must check the quality of deliveries. If delivery dates are not acceptable for suppliers, they propose another delivery date. This is then negotiated with hessnatur. If delivery dates are accepted and confirmed by the suppliers and cannot be met, the supplier will receive price deductions that are based on defined rates.

8. Regarding the issue of pricing the hessnatur Brandbook makes explicit that the company looks for a respectful relationship with suppliers. Details are specified in its Purchasing Terms and Conditions that all suppliers receive and confirm from the beginning of cooperation.

10. hessnatur calculates sales prices according to a formula that estimates that the selling price should approximately be 2.7 times as high as the buying price. According to the company this is normal within the mail-order sector.

11. During audits by FWF teams in 2011-2012 most suppliers have stated that they are satisfied with negotiations on prices and lead times. However, one supplier told that he believes that the order price of hessnatur was relatively low, and one supplier stated that the order volume was relatively small. During the audits done by FWF, excessive overtime and wages below local estimates of a living wage were found, in some cases also payments below legal minimum levels for overtime.

12. In case of one production site in China, hessnatur found out by means of an audit that workers had been paid below the minimum wage. hessnatur requested that this would immediately be corrected. After the supplier disagreed to do so, hessnatur stated to the supplier that order placements would be put on hold, and that these would only be continued if the factory would comply with local law regarding wage payments. This case illustrates that the order placement process and monitoring activities of hessnatur are properly integrated.

13. hessnatur works with three main intermediaries who coordinate communication with many production sites, which includes facilitating negotiation between hessnatur and the supplier. This purchasing model does not make implementation of Code of Labour Practices (CoLP) impossible, but it gives rise to challenges since hessnatur has to rely on agents for part of its activities to implement the CoLP. To address this challenge hessnatur is in close contact with their agencies and specially trains them on social standards.

Recommendations

11-13. FWF recommends investigating the root causes of overtime in cooperation with suppliers. Incidents of overtime, their origin and severity should be recorded to support this analysis. It is recommended that a period be defined which is representative for an entire business year for the factory to carry out this analysis. After this analysis, a step-by-step plan can be drafted by the supplier to bring the amount of working hours in production sites down to legally allowed levels. The plan should explain how and to what extent the production site can control overtime hours, and to what extent the buyer could support remediation.

11-13. It is recommended to assess how further steps towards payment of living wages for a regular working week can be made. This assessment should preferably be done together with the supplier and if possible other important buyers. In this discussion the FWF wage ladder tool can be used. One possible solution is to agree to a higher price conditioned to the increase of the regular wages for the workers. FWF expects to be able soon to share learnings from several research projects that are now underway, as a means to help develop a practical framework to improve wages.

2. Coherent system for monitoring and remediation**Conclusions**

1. hessnatur has developed a method on how to work on monitoring their supply chain that is implemented in a systematic way. These activities include hessnatur's own audits (the hessnatur screens), audits by local FWF teams or active follow up of audit reports that refer to other standards. Audits by FWF teams are generally prioritised in the follow up process.

2. hessnatur actively monitors working conditions at production sites that are located in low risk countries by carrying out a hessnatur screen on site. By doing so, the company goes beyond FWFs requirements for monitoring working conditions in low risk countries.

3. According to the supplier register provided by hessnatur, around 92% of the total FOB purchasing value of hessnatur is sourced from production sites in low risk countries, or from production sites that have been audited in the last 3 years. These include audits by FWF teams and audits under other standards that hessnatur actively followed up on. None of the remaining suppliers represents over 2% of the total FOB purchasing value of hessnatur. This means that hessnatur meets FWFs requirement for monitoring working conditions in factories.

4. The corrective action plans resulting from audits are followed up on by hessnatur by contacting the supplier every four months to get an update on progress in realising improvements. The supplier then is requested to collect this information from the production site and report back to hessnatur. Suppliers are asked to provide evidence on realised improvements by providing pictures and documents via email and / or to explain measures taken over the phone.

5. hessnatur is generally willing to cooperate with other customers of suppliers. The company decides on this case by case.

Recommendations

5. FWF recommends hessnatur to seek cooperation with other customers of suppliers. To avoid freeriding and protect business sensitive data, FWF recommends sharing corrective action plans only with companies that are active customers and committed to support the follow up process by contributing resources. FWF can facilitate cooperation and give guidance on shared follow up if needed.

3. Complaints procedure

Conclusions

1. hessnatur has a designated person to handle complaints of workers.
2. The company has a routine to assure that the information sheet for workers is posted. The production site has to tick a box and sign the production record that it has been posted. When hessnatur staffs visit the production site, they are encouraged to check if the information sheet for workers is posted. However, during 14 audits in Turkey, China and Thailand that were carried out by FWF teams since the previous performance check it was found that at 8 factories the translated version of the CoLP was not posted in a place that was accessible to workers. Also in 3 factories, the contact information of the local complaints handler was missing on the posted document.
3. In 2012 FWF received one complaint from a worker from a Turkish supplier of hessnatur. This complaint concerned non-payment of social security benefits and was found to be grounded. In cooperation with other FWF members that are working with the same supplier, hessnatur agreed on a corrective action plan with the supplier. The corrective action plan is currently being implemented. The intermediate complaints report can be found on the [FWF website](#).

Requirements

2. FWF expects hessnatur to ensure that the translated version of the CoLP, including the contact details of FWFs local complaints handler, is at all times posted in all factories where clothing is made. The CoLP should be accessible in at least one place that is freely accessible to workers.

Recommendations

2. As a way to ensure that the translated version of the CoLP including contact details of the local complaints handler is posted, hessnatur is advised to structurally take digital pictures of the posted document during each factory visit by company representatives.

4. Labour conditions and improvements

Conclusions

Since the previous performance check 14 audits were carried out by FWF teams in China, Macedonia, Romania, Thailand and Turkey.

1. Four audits were carried out at production sites in China. Three of these followed up on earlier audits, one was an audit on behalf of FWF to verify improvements.

In three factories it was found that various improvements had been realised. In those factories the percentage of workers that were enrolled in the social insurance system of the government had increased considerably after the first audit. Fire and machine safety generally improved, and they had made efforts to implement an ergonomic program. All three factories complied with Chinese labour legislation on payment of wages regular and overtime hours. No violations were found regarding forced labour, child labour and discrimination. In all three factories overtime took place on a structural basis: in two of the factories excessive overtime occurred.

In two of these factories further improvements are still needed with regard to the functioning of the factory level trade union. Also in both factories further measures could be taken with regard to workplace ergonomics.

The fourth factory was audited for the first time in 2012. In this factory the level of working conditions was relatively poor. The factory lacked a clear policy and functioning approach to implement the standards No forced labour, No child labour and No discrimination. Workers were not aware of their rights to organise and bargain collectively. A substantial amount of workers was found to receive wages that were below the local minimum wage. No pay slip was provided to workers. The factory lacked accurate working time records and overtime was found to be excessive. Many improvements were needed with regard to fire safety, emergency exits and machine safety. Only 15% of the workforce has signed labour contracts with the factory and 27% of workers were fully registered with national social insurances.

2. Four audits were carried out at production sites in Turkey. All four factories generally did not meet requirements from Turkish law regarding documentation of wages and benefits, working hours and social insurance. In general a range of improvements was needed regarding fire safety and machine safety. Factories generally did not have a proper system to record work injuries. In all factories wages for regular hours were paid according to legislation but were not properly documented, overtime was not paid according to law and workers were not given all leave benefits that are required by Turkish law. In two factories workers were not given a copy of their job contract. In one factory social security benefits were not properly paid. In one factory payslips were not given to employees. In one factory had 3 young employees (15-18 years) who were employed as regular workers and stay overtime.

3. In Macedonia, 2 factories were audited. In one factory the audit pointed out that few improvements had been realised since the previous audit (2009). Annual leave registrations were improved. The establishing of a CBA and health & safety issues were still to be realised. Salaries were above legally prescribed minimum wage but still below living wage level. No violations were found regarding forced labour, child labour, discrimination, contracts and social insurance. The initial audit in the second factory led to similar results.

4. In Rumania, 2 factories were audited. In one factory the audit pointed out that few improvements had been realised since the previous audit (2008). The establishing of a CBA and health & safety issues were still to be realised. Salaries were above legally prescribed minimum wage but still below living wage level. No violations were found regarding forced labour, child labour and discrimination. The audit in the other factory led to similar results.

5. Two initial audits were carried out at production sites in Thailand. No violations were found regarding forced labour and child labour. In both factories workers were unaware of their rights to bargain collectively. Excessive overtime occurred in both factories. Numerous improvements were needed regarding fire safety, handling of chemicals, machine safety and usage of personal protective equipment. In both factories workers had not received a copy of their employment contract. In one factory migrants workers were not given paid maternity leave. In one factory fines were imposed on workers for losing or damaging their badge.

Based on results of audits carried out by FWF teams an overview of improvements in labour conditions in factories has been drawn up. The overview is annexed to this report. Results of audits by other initiatives are not summarized.

Recommendations

1-3. In all countries, FWF found either excessive overtime or time records not good enough to assess working times properly. FWF recommends investigating the root causes of excessive overtime in cooperation with key suppliers. As part of such an analysis all incidents of overtime, their origin and severity should be recorded during a period which is representative for an entire business year. After this analysis, a step-by-step plan could be drafted by the factory to bring the amount of working hours down to legally allowed levels. As an outcome of assessing the root causes of excessive overtime, the plan should specify how and if and to what extent the factory can control overtime hours, and to what extent hessnatur or other buyers can assist. If requested FWF is in the position to make further suggestions based on experience with similar factories. FWF could also provide references of credible service providers who could facilitate an assessment on working hours in the workplace.

2. At some of the factories audited in Turkey, there was a lack of knowledge about basic legal requirements as well as absence of a systematic way of working with social compliance. FWF recommends investigating to what extent it is of added value to hire a local service provider to support factories in the process of realising improvements. FWF recommends choosing this approach if the factory has demonstrated its commitment to make improvements. According to FWFs experience with other factories of similar size, a specialised consultant can help the factory to adopt new practices that increase productivity, decrease overtime usage and improve the quality of social dialogue between workers and management. FWF can make suggestions and provide references of credible service providers on request.

5. Training and capacity building

Conclusions

1. Staff of hessnatur is informed about FWF membership and the implementation of the Code of Labour Practices regularly in several different ways (trainings, meetings, internet, internal publications), and a component on FWF is included in training of staff. During the year sales staff that is in direct contact with end consumers were trained on social standards.
2. hessnatur has 3 agents which have all been informed and received special training about their responsibilities regarding implementation of the Code of Labour Practices.
3. Suppliers are informed about FWF membership through the suppliers' guidelines that is sent out by hessnatur.
4. In February 2012 hessnatur arranged a seminar for 25 of its suppliers in Turkey with support of FWF.
5. hessnatur enrolled several of its suppliers in China and Turkey into FWFs workplace education programme (WEP). In 2011-2012 2 suppliers of hessnatur in Turkey took part in a project to strengthen dialogue between workers and management. In September 2012 a training was carried out at one of its Chinese suppliers. This training focused on strengthening awareness of labour standards, constructive grievance handling and FWFs complaints procedure. It covered all factory workers and management staff of the production site.
6. In 2012 hessnatur commissioned an intern to assess how trainings can contribute to awareness raising on social standards.

Recommendations

5. hessnatur is recommended to enrol a greater number of its suppliers in WEP. This is particularly relevant for those factories where audits have pointed out that limited awareness exists regarding labour standards and dispute handling mechanisms.

6. Information management

Conclusions

1. The supplier register of hessnatur for 2012 meets FWF requirements. The company has a functioning workflow to keep its supplier register up to date. The information management system of hessnatur is based on an access database. This database is continuously developed with more information including results from audits and hessnatur screens. Audit reports by other customers of suppliers are also registered in the database. The system enables hessnatur to manage the process to follow up on corrective action plans in a systematic manner. In practice, the amount of time that is needed to keep the information in the system up to date is the main challenge.
2. The above mentioned system is not integrated with the information system used by purchasing staff. In practice this means that the CSR manager needs arrange briefing meetings with purchasing staff to inform them about the compliance status of suppliers.

Recommendations

1. It is recommended to ensure that sufficient time is available to keep the information in the system up to date with the actual status of corrective action plans.

7. Transparency

Conclusions

1. hessnatur informs the public about its FWF membership in a very active manner. Information is distributed through its website, a corporate blog, the catalogue and in its communication with media. Information about FWF membership is posted on the website of hessnatur in correct wording. The latest developments regarding FWF membership are featured from time to time in the company newsletter that is sent to over 120.000 recipients.
2. The annual social report of 2011 has been submitted to FWF placed on the website of hessnatur. The report contains an aggregate overview of working conditions in audited factories and a detailed description of the chosen approach to monitor and improve working conditions.
3. Hessnatur arranges meetings for sales staff and consumers to inform them about its approach to improve working conditions in factories.
4. hessnatur does not make use of on product communication to inform consumers about FWF membership.
5. hessnatur does not publish CAPs resulting from audits on its website.



Recommendations

3. For future meetings to inform staff and consumers about FWF membership, it is possible to make use of FWFs animation film. English version is available on www.fairwear.org. German version will soon be released.

8. Management system evaluation and improvement

Conclusions

1. The Corporate Responsibility team at hessnatur has meetings throughout the year focusing on the performance on social compliance and the evaluation of the chosen approach to monitor and improve working conditions. A major evaluation is done once per year in the writing of the social report.

9. Basic requirements of FWF membership

Conclusions

1. The work plan and supplier register for the current year has been received by FWF.
2. Membership fees for 2011 and 2012 were paid.

10. Recommendations to FWF

Recommendations

1. hessnatur welcomes FWF to set up designated working groups with front runner member companies to explore crucial topics in further detail, such as practical implementation of living wages and the relationship between purchasing practices of brands and working conditions on factory level.

Improvement of labour conditions: summary of most important findings	Factory in China audited in September 2010 on behalf of hessnatur to monitor working conditions	Same factory in China audited in August 2012 on behalf of hessnatur to monitor improvements
Sourcing practices of hessnatur	Wages for a regular working week are below living wage estimated by local stakeholders consulted by FWF.	Wages for a regular working week are below living wage estimated by local stakeholders consulted by FWF. The factory asked for bigger orders from hessnatur to support them in the improvement process.
Monitoring system of hessnatur	This audit was the first audit on behalf of hessnatur to monitor working conditions in the factory.	After the previous audit hessnatur worked closely with the factory to coordinate follow up of the remediation plan.
Management system of factory to improve labour standards	Factory has a functioning system to implement legal regulations and to maintain proper records of wages and benefits, social insurance and working hours.	Factory has a functioning system to implement legal regulations and to maintain proper records of wages and benefits, social insurance and working hours.
Communication and consultation	Workers are not informed and consulted about FWF Code of Labour Practices.	Workers are not informed and consulted about FWF Code of Labour Practices. FWF Code of Labour Practices is posted in the administration reception office instead of in the production areas, where is not easily accessible to workers.
Employment is freely chosen	No violation found.	No violation found.
No discrimination in employment	No violation found.	No violation found.
No exploitation of child labour	No violation found.	No violation found.
Freedom of association and the right to collective bargaining	The factory had no independent union or workers committee which is run by workers without management involvement. Workers not aware of their rights to organize.	A trade union was established after the previous audit. However since union official are appointed by management instead of democratically elected, it does not yet function appropriately.
Payment of a living wage	The factory complies with Chinese labour legislation on payment of wages regular and overtime hours.	The factory complies with Chinese labour legislation on payment of wages regular and overtime hours.
Reasonable hours of work	Factory did not have a system to ensure that overtime is voluntary chosen by workers. Excessive overtime found at the factory.	Factory set up a system to ensure that overtime is voluntary. Excessive overtime found at the factory, at least at the same level as at the time of previous audit. Weekly rest day not guaranteed.
Safe and healthy working environment	Standing workers are not provided with floor mat and linking & sewing workers are not provided with chairs with back supports.	After the previous audit the factory made efforts to implement an ergonomic program. Some workers are provided with chairs with back support; yet standing workers are not provided with floor mat. Some workers were trained as first aid responders; however the valid date of their certificate had already expired meanwhile.
Legally binding employment relationship	34% of workers fully registered with national social insurances. For migrant workers who wish to not enroll for government insurance, factory provides commercial injury and medical insurance.	93% of workers fully registered with national social insurances. For migrant workers who wish to not enroll for government insurance, factory provides commercial injury and medical insurance.

Improvement of labour conditions: summary of most important findings	Factory in China audited in 2009 on behalf of hessnatur to monitor working conditions	Same factory in China audited in June 2012 on behalf of FWF to verify improvements
Sourcing practices of hessnatur	Not part of this audit.	Wages for a regular working week are below living wage estimated by local stakeholders consulted by FWF. The factory stated that hessnatur's prices are relatively low in comparison to those by other customers.
Monitoring system of hessnatur	This audit followed up on the first audit in the factory in 2007 on behalf of hessnatur.	After the previous audit hessnatur worked closely with the factory to coordinate follow up of the remediation plan.
Management system of factory to improve labour standards	Factory has a functioning system to implement legal regulations and to maintain proper records of wages and benefits, social insurance and working hours.	Factory has a functioning system to implement legal regulations and to maintain proper records of wages and benefits, social insurance and working hours.
Communication and consultation	Not part of this audit.	Factory does not keep a register of workers' complaints and of factory's response. FWFs Code of Labour Practices is posted in the factory, but it does not include the contact information of FWF local complaint handler's.
Employment is freely chosen	No violation found.	No violation found.
No discrimination in employment	No violation found.	No violation found.
No exploitation of child labour	No violation found.	No violation found.
Freedom of association and the right to collective bargaining	No violation found.	Factory union officials elected democratically by the workforce. The trade union has realised a collective bargaining agreement, which is however not going beyond existing regulation on the most critical issues.
Payment of a living wage	Paid leave benefits calculated in reference to minimum wage instead of actual wages. Regular and overtime hours are properly compensated.	Paid leave benefits is now calculated in reference to actual wages, also for piece rate workers. Regular and overtime hours are properly compensated.
Reasonable hours of work	Factory uses manual time records which found to be not accurate nor reliable. Excessive overtime occurs. Workers are generally given a weekly rest day.	Factory implemented an automated system to record working hours, which found to be accurate. Average working hours for most workers kept below the limit of 60 hours per week, few workers incidentally work over 60 hours / week. Daily working hours sometimes include 3 or more overtime hours, which is in excess of what the CoLP allows for. Weekly rest day guaranteed for all workers.
Safe and healthy working environment	Factory lacks sufficient number of fire extinguishers. Various improvements needed on chemicals handling and ergonomics.	Fire extinguishers placed in both dormitory and production areas. Factory made efforts to implement parts of the ergonomic program: workers with sitting jobs are provided with chairs with back support and cushion. No floor mat provided for standing workers yet. Factory made various improvements on handling of chemicals.
Legally binding employment relationship	72% of workers fully registered with national social insurances. For migrant workers who wish to not enroll for government insurance, factory provides commercial injury and medical insurance.	100% of workers fully registered with national social insurances.

Improvement of labour conditions: summary of most important findings	Factory in China audited in July 2012 on behalf of hessnatur to monitor working conditions
Sourcing practices of hessnatur	Wages for a regular working week are below living wage estimated by local stakeholders consulted by FWF. Factory states hessnatur's order quantity is small, while requiring a lot of workmanship. Factory would welcome hessnatur to place bigger orders, which would help them to better arrange their production schedule.
Monitoring system of hessnatur	This was the first audit on behalf of hessnatur to monitor working conditions in the factory. Although the supplier received the FWF Code of Labour Practices from hessnatur; however, it was not forwarded to the factory and therefore not posted.
Management system of factory to improve labour standards	Factory has not set up a management system to ensure that labour standards are implemented. Workers do not know who is responsible for these issues.
Communication and consultation	Factory has not yet set up a grievance procedure.
Employment is freely chosen	Factory lacks clear policy and functioning approach to implement this standard.
No discrimination in employment	Factory lacks clear policy and functioning approach to implement this standard.
No exploitation of child labour	Factory lacks clear policy and functioning approach to implement this standard.
Freedom of association and the right to collective bargaining	No trade union or paralel means for worker representation.
Payment of a living wage	A substantial amount of workers was found to receive wages that were below the local minimum wage. No pay slip provided to workers.
Reasonable hours of work	Factory lacks accurate working time records. Weekly working hours at Debinli exceed the limit of 60 hours.
Safe and healthy working environment	No first aid responders trained. Many improvements needed with regard to fire safety, emergency exits, machine safety. No ergonomy program.
Legally binding employment relationship	Only 15% of the workforce has signed labour contracts with the factory. 27% of workers fully registered with national social insurances.

Improvement of labour conditions: summary of most important findings	Factory in China audited in November 2008 on behalf of hessnatur to monitor working conditions	Same factory in China audited in Dec 2011 on behalf of hessnatur to monitor improvements
Sourcing practices of hessnatur	Not part of this audit.	Wages for a regular working week are below living wage estimated by local stakeholders consulted by FWF. The factory asked for bigger orders from hessnatur to support them in the improvement process.
Monitoring system of hessnatur	This audit was the first audit on behalf of hessnatur to monitor working conditions in the factory.	After the previous audit hessnatur worked closely with the factory to coordinate follow up of the remediation plan.
Management system of factory to improve labour standards	Not part of this audit.	Factory has a functioning system to implement legal regulations and to maintain proper records of wages and benefits, social insurance and working hours.
Communication and consultation	FWF Code of Labour Practices should be posted in a prominent place for the view of all workers and workers should be informed about its content.	FWF Code of Labour Practices is posted in a prominent place in the workplace. Workers received training on FWFs labour standards and relevant parts of Chinese labour law. The factory has a functioning grievance mechanism.
Employment is freely chosen	No violation found.	No violation found.
No discrimination in employment	No violation found.	No violation found.
No exploitation of child labour	Juvenile workers are not registered under the local labour bureau as required by law.	No violation found. Juvenile workers are properly registered.
Freedom of association and the right to collective bargaining	The factory had no independent union or workers committee which is run by workers without management involvement. Workers not aware of their rights to organize.	A workers committee was established after the previous audit. Representatives of the workers committee is elected democratically and there are 34 representatives from different department. The committee is active and has periodic meetings management discuss the labour disputes, welfare and benefits.
Payment of a living wage	Overtime work is not compensated according to Chinese law. Paid annual leave is not properly calculated.	The factory complies with Chinese labour legislation on payment of wages regular and overtime hours.
Reasonable hours of work	Factory does not have a reliable time recording system. Excessive overtime was found. Factory does not provide workers with at least one day off in every seven consecutive working days.	Excessive overtime was again found at the factory, at least at the same level as at the time of previous audit.
Safe and healthy working environment	Various problems found regarding fire, machine and chemical safety. Factory has no ergonomic program.	After the previous audit the factory made efforts to implement an ergonomic program. Although first aid kits are available in the workshops, the supplies in some first aid kits are insufficient. Most fire and machine safety issues were solved.
Legally binding employment relationship	Migrant workers are not covered with national social insurances.	81% of workers fully registered with national social insurances. Factory provides all workers injury and medical insurance.

Improvement of labour conditions: summary of most important findings	Factory in Macedonia audited in 2009 on behalf of hessnatur to monitor working conditions	Same factory in Macedonia audited in December 2011 on behalf of hessnatur to monitor improvements
Sourcing practices of hessnatur	Not part of this audit.	Materials are not always delivered in time according to factory management.
Monitoring system of hessnatur	This was the first audit on behalf of hessnatur. It was unknown to the management of the factory that the audit was conducted on behalf of hessnatur.	After the previous audit hessnatur followed up on implementation of corrective measures with the factory.
Management system of factory to improve labour standards	Personal files are not complete: the changes in wages or qualifications are not documented.	Factory lacks a systematic approach for implementing labour standards.
Communication and consultation	Workers are not familiar with the CoLP.	Workers are not familiar with the CoLP.
Employment is freely chosen	No violation found.	No violation found.
No discrimination in employment	No violation found.	No violation found.
No exploitation of child labour	No violation found.	No violation found.
Freedom of association and the right to collective bargaining	No CBA had been signed.	No CBA had been signed.
Payment of a living wage	Annual leave not properly registered. Salaries are above legally prescribed minimum wage but below living wage level.	Salaries are above legally prescribed minimum wage but below living wage level.
Reasonable hours of work	Overtime is properly registered.	Workers are not guaranteed the amount of paid leave days that Macedonian law prescribes.
Safe and healthy working environment	Various improvements needed on fire safety, machine safety. Available protective equipment is but not used by the employees	Various improvements needed on fire safety, machine safety. Available protective equipment is but not used by the employees
Legally binding employment relationship	No violation found.	No violation found.

Improvement of labour conditions: summary of most important findings	Factory in Macedonia audited in September 2011 on behalf of hessnatur to monitor working conditions
Sourcing practices of hessnatur	FWF affiliates were recommended to discuss the annual production plan together with the factory management.
Monitoring system of hessnatur	This was the first audit to be carried out on behalf of hessnatur and one other FWF affiliate member.
Management system of factory to improve labour standards	Factory lacks a systematic approach for implementing labour standards.
Communication and consultation	CoLP is not posted in the workplace.
Employment is freely chosen	No violation found.
No discrimination in employment	No violation found.
No exploitation of child labour	No violation found.
Freedom of association and the right to collective bargaining	The workers are not aware of their rights to bargain collectively.
Payment of a living wage	The wages are below stakeholders estimates of a living wage
Reasonable hours of work	No violation found.
Safe and healthy working environment	Various improvements needed on fire safety, machine safety. Available protective equipment is but not used by the employees
Legally binding employment relationship	No violation found.

Improvement of labour conditions: summary of most important findings	Factory in Romania audited in 2008 on behalf of hessnatur to monitor working conditions	Same factory in Romania audited in September 2011 on behalf of FWF to verify improvements
Sourcing practices of hessnatur	Not part of this audit.	According to the factory hessnatur does not insure regularity in production.
Monitoring system of hessnatur	This was the first audit on behalf of hessnatur.	Hess Natur last visited the factory in 2008. The factory had received the updated CoLP from hessnatur.
Management system of factory to improve labour standards	Personal files are not complete: the changes in wages or qualifications are not documented.	Factory lacks formal procedures for human resources management.
Communication and consultation	The CoLP is not posted in the workplace.	There is no functioning grievance mechanism in the factory, although at the informal level both the management and the employees confirmed that there are no problems in addressing grievances.
Employment is freely chosen	No violation found.	No violation found.
No discrimination in employment	No violation found.	Job descriptions are not clearly differentiated, which implies a risk on this labour standard.
No exploitation of child labour	No violation found.	No violation found.
Freedom of association and the right to collective bargaining	Worker representatives are not involved in decision making.	The CBA expired in 2010 and was not updated since. The factory has elected worker representatives but workers do not understand their role.
Payment of a living wage	Calculation of the wages is not clear to workers. Due to quota increases before the audit, real wages had decreased.	Factory lacks a transparent system to manage differentiated pay scale levels.
Reasonable hours of work	No violation found.	There is no system to ensure that overtime is voluntary.
Safe and healthy working environment	Various improvements needed on fire safety, equipment and storage of materials.	Various improvements needed on fire safety, equipment and storage of materials.
Legally binding employment relationship	Job contracts do not meet the newest requirements from Romanian law.	Leave benefits are not differentiated according to worker seniority.

Improvement of labour conditions: summary of most important findings	One factory in Romania audited in November 2011 on behalf of hessnatur to monitor working conditions
Sourcing practices of hessnatur	The factory has no direct contact with hessnatur.
Monitoring system of hessnatur	The management of the factory did not receive the FWF CoLP and was not informed about what a social audit would represent.
Management system of factory to improve labour standards	No formalised management system in the factory, nor a planning for working standard improvements. Management is not involved in increasing the employees' awareness level concerning the international labour standards.
Communication and consultation	There is no functioning grievance mechanism in the factory, although at the informal level both the management and the employees confirmed that there are no problems in addressing grievances.
Employment is freely chosen	No violation found.
No discrimination in employment	No formalised policy for non-discrimination in the company. Employees are not aware about the existing HIV/AIDS policy.
No exploitation of child labour	No violation found.
Freedom of association and the right to collective bargaining	There is no TU, nor workers' representatives in the factory.
Payment of a living wage	The wages meet minimum legal standards but are far below living wage levels.
Reasonable hours of work	There is no system to ensure that overtime is voluntary.
Safe and healthy working environment	Various improvements needed on fire safety. There are no rest rooms in the factory. No first aid kits in the production section.
Legally binding employment relationship	Job contracts do not meet the newest requirements from Romanian law. Job descriptions are not clear and not signed by the employees and the employer.

Improvement of labour conditions: summary of most important findings	Two factories in Thailand audited in September 2011 on behalf of hessnatur to monitor working conditions
Sourcing practices of hessnatur	hessnatur has reasonable leverage to support the factory to implement the corrective action plan.
Monitoring system of hessnatur	hessnatur has not checked by means of a visit in the factory if the Code of Labour Practices included the contact details of the local complaints handler.
Management system of factory to improve labour standards	Factories had not set up a system to monitor the social compliance status of its subcontractors and has not informed them about the CoLP. Factories had not taken sufficient measures on management system level to ensure fair employment of (Burmese) migrant workers (Burmese) working the in the factory.
Communication and consultation	Workers are well aware of the code of labour practices. No written grievance procedure estblished. Workers not aware grievance procedure.
Employment is freely chosen	No violation found.
No discrimination in employment	One factory had specified that age 18-25 was preferred for assistant job openings.
No exploitation of child labour	No violation found.
Freedom of association and the right to	Workers not aware of their rights to collective bargaining.
Payment of a living wage	Holiday or paid leave of the piece rate workers not in line with legal requirements. In one factory fines were imposed on workers for losing or damaging their badge.
Reasonable hours of work	Excessive overtime had taken place up to max. 4-6 hours/day. Weekly rest day was not guaranteed in one factory.
Safe and healthy working environment	Numerous improvements needed regarding fire safety, handling of chemicals, machine safety and usage of personal protective equipment.
Legally binding employment relationship	Workers did not receive a copy of their employment contract. In one factory migrants workers were not given paid maternity leave.

Improvement of labour conditions: summary of most important findings	4 factories in Turkey audited in Dec 2011, March 2012, May 2012 and May 2012
Sourcing practices of hessnatur	Wages do generally not meet local stakeholders estimate of a living wage.
Monitoring system of hessnatur	In 2 factories it was found that the Turkish version of FWFs Code of Practices was not well communicated to the production site by the supplier.
Management system of factory to improve labour standards	Factories are generally not meeting requirements from Turkish law regarding documentation of wages and benefits, working hours and social insurance.
Communication and consultation	3 factories did not have a properly functioning grievance mechanism.
Employment is freely chosen	No violation found.
No discrimination in employment	In 1 factory working hours of pregnant workers were same as other workers.
No exploitation of child labour	In 1 factory had 3 young employees (15-18 years old) who were employed as regular workers and stay overtime.
Freedom of association and the right to collective bargaining	1 factory had no written policy stating that rights to unionisation and collective bargaining would be respected.
Payment of a living wage	In all factories wages for regular hours according to legislation, but not properly documented. In 4 factories overtime was not paid according to law and workers were not given all leave benefits that are required by Turkish law. In 1 factory payslips were not given to employees.
Reasonable hours of work	In all factories excessive overtime was found to occur on a regular basis. In 1 factory employees work regularly on their weekly rest day.
Safe and healthy working environment	Various improvements needed regarding fire safety and machine safety. Factories generally do not have a proper system to record work injuries.
Legally binding employment relationship	In 2 factories workers were not given a copy of their job contract. In 1 factory social security benefits were not properly paid.