



BRAND PERFORMANCE CHECK

HempAge AG

this report covers the evaluation period 01-01-2016 to 31-12-2016

ABOUT THE BRAND PERFORMANCE CHECK

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

FWF's Brand Performance Check is a tool to evaluate and report on the activities of FWF's member companies. The Checks examine how member company management systems support FWF's Code of Labour Practices. They evaluate the parts of member company 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 product locations, and most product locations work for many different brands. This means that in most cases FWF member companies have influence, but not direct control, over working conditions. As a result, the Brand Performance Checks focus primarily on verifying the efforts of member companies. Outcomes at the product location level are assessed via audits and complaint reports, however the complexity of the supply chains means that even the best efforts of FWF member companies cannot guarantee results.

Even if outcomes at the product location level cannot be guaranteed, the importance of good management practices by member companies cannot be understated. Even one concerned customer at a product location 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 product location 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 member company employees who play important roles in the management of supply chains, and a variety of documentation sources, financial records, supplier data. The findings from the Brand Performance Check are summarized and published at www.fairwear.org. The online [Brand Performance Check Guide](#) provides more information about the indicators.

BRAND PERFORMANCE CHECK OVERVIEW

HempAge AG

Evaluation Period: 01-01-2016 to 31-12-2016

| MEMBER COMPANY INFORMATION | |
|--|---------------------------|
| Headquarters: | Adelsdorf, Germany |
| Member since: | 01-10-2009 |
| Product types: | Fashion |
| Production in countries where FWF is active: | China |
| Production in other countries: | Albania, Germany, Hungary |
| 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 |
| SCORING OVERVIEW | |
| % of own production under monitoring | 97% |
| Benchmarking score | 81 |
| Category | Leader |

Summary:

HempAge has shown advance results on performance indicators and has made exceptional progress. With 97% of its production being monitored, it meets the required monitoring threshold for third-year members. HempAge reached a benchmarking score of 81, which is also above the 75 points needed to maintain Leader status.

A majority of HempAge's production continues to take place at two production sites in China. HempAge has invested in building a long-term working relationship with these factories. Both suppliers have hence demonstrated willingness to cooperate and work on improvements suggested in the Corrective Action Plans (CAPs). HempAge has strong systems in place to follow up on CAPs, including regular visits to factories to discuss progress, as well as daily communication with management. Despite previous research, efforts to link pricing to wages has remained challenging.

In 2016, HempAge added production in Albania, where they thoroughly conducted human rights due diligence. Before production began, HempAge visited the production location and emphasised the importance it places on social compliance and FWF. Unfortunately, the relationship with this supplier was terminated halfway through the year due to quality issues with the production.

HempAge's remaining challenges are to maintain a collaborative relationship with one of its Chinese suppliers in light of a change in management and factory ownership. FWF encourages HempAge to continue its efforts to follow up on the audits conducted. Furthermore, HempAge should continue working towards increasing transparency within factories in order to develop a pricing policy for which the member knows the labour cost of garments and to further assess the impact of its prices on living wages.

PERFORMANCE CATEGORY OVERVIEW

Leader: This category is for member companies 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 member companies who are making a serious effort to implement the Code of Labour Practices—the vast majority of FWF member companies—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 member companies will receive a 'Good' rating.

Needs Improvement: Member companies 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. Member companies 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: Member companies 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. Member companies 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 |
|---|--------|--|--|-------|-----|-----|
| 1.1a Percentage of production volume from production locations where member company buys at least 10% of production capacity. | 2% | Member companies with less than 10% of a production location's production capacity generally have limited influence on production location managers to make changes. | Supplier information provided by member company. | 1 | 4 | 0 |

Comment: HempAge is responsible for approximately 7% of its main supplier's production capacity. Despite having limited leverage, HempAge has managed to build a cooperative relationship with the supplier which allows them to improve working conditions.

| PERFORMANCE INDICATORS | RESULT | RELEVANCE OF INDICATOR | DOCUMENTATION | SCORE | MAX | MIN |
|---|--------|---|---|-------|-----|-----|
| 1.1b Percentage of production volume from production locations where member company buys less than 2% of its total FOB. | 0% | FWF provides incentives to clothing brands to consolidate their supplier base, especially at the tail end, as much as possible, and rewards those members who have a small tail end. Shortening the tail end reduces social compliance risks and enhances the impact of efficient use of capital and remediation efforts. | Production location information as provided to FWF. | 4 | 4 | 0 |

Comment: HempAge works with a total of five suppliers, two main suppliers based in China at which they buy 95% of their total FOB where as the rest is divided amongst the remaining suppliers in Europe.

| PERFORMANCE INDICATORS | RESULT | RELEVANCE OF INDICATOR | DOCUMENTATION | SCORE | MAX | MIN |
|--|--------|---|--|-------|-----|-----|
| 1.2 Percentage of production volume from production locations where a business relationship has existed for at least five years. | 73% | Stable business relationships support most aspects of the Code of Labour Practices, and give production locations a reason to invest in improving working conditions. | Supplier information provided by member company. | 3 | 4 | 0 |

Comment: HempAge's sourcing strategy is focused on long-term cooperation with suppliers. They have a steady and long-term working relationship of more than 10 years with their main supplier.

| PERFORMANCE INDICATORS | RESULT | RELEVANCE OF INDICATOR | DOCUMENTATION | SCORE | MAX | MIN |
|---|--------|--|---------------------------|-------|-----|-----|
| 1.3 All new production locations are required to sign and return the questionnaire with the Code of Labour Practices before first bulk orders are placed. | Yes | The CoLP is the foundation of all work between production locations and brands, and the first step in developing a commitment to improvements. | Signed CoLPs are on file. | 2 | 2 | 0 |

Comment: In 2016, HempAge started production in a factory in Albania. The required questionnaire with the Code of Labour Practices was signed and returned before first orders were placed.

| PERFORMANCE INDICATORS | RESULT | RELEVANCE OF INDICATOR | DOCUMENTATION | SCORE | MAX | MIN |
|---|----------|---|---|-------|-----|-----|
| 1.4 Member company conducts human rights due diligence at all new production locations before placing orders. | Advanced | 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 |

Comment: HempAge visited its new production location in Albania, and engaged in indepth discussions with management about social compliance and Fair Wear Foundation requirements. Furthermore, HempAge collected existing audit reports and made use of the FWF audit quality assessment tool to further review the working conditions within the factory.

| PERFORMANCE INDICATORS | RESULT | RELEVANCE OF INDICATOR | DOCUMENTATION | SCORE | MAX | MIN |
|---|--------|--|---|-------|-----|-----|
| 1.5 Production location compliance with Code of Labour Practices is evaluated in a systematic manner. | Yes | A systemic approach is required to integrate social compliance into normal business processes, and supports good decisionmaking. | Documentation of systemic approach: rating systems, checklists, databases, etc. | 1 | 2 | 0 |

Comment: HempAge makes use of its bi-annual visits to production locations to review and evaluate their compliance with the Code of Labour Practices. In addition to visits, HempAge is in continuous contact with its Chinese supplier(s) about working conditions.

Recommendation: In addition to regular visits and checks, FWF recommends for HempAge to incorporate the assessment of production location compliance to the Code of Labour Practices to their production decisions.

| PERFORMANCE INDICATORS | RESULT | RELEVANCE OF INDICATOR | DOCUMENTATION | SCORE | MAX | MIN |
|--|--------------------------------------|---|---|-------|-----|-----|
| 1.6 The member company's production planning systems support reasonable working hours. | Strong, integrated systems in place. | Member company production planning systems can have a significant impact on the levels of excessive overtime at production locations. | Documentation of robust planning systems. | 4 | 4 | 0 |

Comment: HempAge has an integrated production planning system that supports reasonable working hours. Before orders are confirmed lead times and production timelines are discussed with factories. HempAge places deadlines for some mail-order customers, but tries to be flexible with its own production orders in order to compensate for this. All orders and deadlines are discussed and agreed upon with the producer.

HempAge has a very close working relationship with its main suppliers in China, and therefore is able to monitor closely how the production flow is progressing. In order to circumvent delays, planing is done with factory management and deadlines are set by the factories.

| PERFORMANCE INDICATORS | RESULT | RELEVANCE OF INDICATOR | DOCUMENTATION | SCORE | MAX | MIN |
|---|------------------|--|--|-------|-----|-----|
| 1.7 Degree to which member company mitigates root causes of excessive overtime. | Advanced efforts | Some production delays are outside of the control of member companies; however there are a number of steps that can be taken to address production delays without resorting to excessive overtime. | Evidence of how member responds to excessive overtime and strategies that help reduce the risk of excessive overtime, such as: root cause analysis, reports, correspondence with factories, etc. | 6 | 6 | 0 |

Comment: Due to the strong long-term relationship between HempAge and its suppliers, they are in constant discussions with factory management on issues within the factory including excessive overtime and its causes.

A FWF audit revealed excessive overtime at one of its Chinese factory, however, it was relatively low compared to other Chinese factories, with an average working week being approximately 60-65 hours. In 2016, factory agreed to hire additional workers to avoid overtime during the next upcoming peak seasons as part of their remediation process.

Recommendation: FWF encourages HempAge to continue its efforts to reduce overtime at the second Chinese factory. Additionally, HempAge can analyse whether their production contributed to peak seasons where overtime occurred.

| PERFORMANCE INDICATORS | RESULT | RELEVANCE OF INDICATOR | DOCUMENTATION | SCORE | MAX | MIN |
|---|----------------------|--|--|-------|-----|-----|
| 1.8 Member company'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 |

Comment: HempAge has a country-level pricing policy in place. This means that it is aware of the legal minimum wage level in China. HempAge tried working on getting style-level calculations at its main supplier in China in 2014, but this was difficult due to the unwillingness of the supplier to share factory margins.

| PERFORMANCE INDICATORS | RESULT | RELEVANCE OF INDICATOR | DOCUMENTATION | SCORE | MAX | MIN |
|--|-----------------------------------|--|---|-------|-----|-----|
| 1.9 Member company actively responds if suppliers fail to pay legal minimum wages. | No minimum wage problems reported | If a supplier fails to pay minimum wage, FWF member companies 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. | 2 | 2 | -2 |

| PERFORMANCE INDICATORS | RESULT | RELEVANCE OF INDICATOR | DOCUMENTATION | SCORE | MAX | MIN |
|--|--------|---|---|-------|-----|-----|
| 1.10 Evidence of late payments to suppliers by member company. | No | Late payments to suppliers can have a negative impact on production locations 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 production location and member company financial documents. | 0 | 0 | -1 |

| PERFORMANCE INDICATORS | RESULT | RELEVANCE OF INDICATOR | DOCUMENTATION | SCORE | MAX | MIN |
|--|------------------------------------|---|--|-------|-----|-----|
| 1.11 Degree to which member company assesses root causes of wages lower than living wages with suppliers and takes steps towards the implementation of living wages. | Production location level approach | Sustained progress towards living wages requires adjustments to member companies' policies. | Documentation of policy assessments and/or concrete progress towards living wages. | 4 | 8 | 0 |

Comment: In 2016, HempAge continued on a factory-level approach to identify root causes for wages being lower than living wages at its main supplier.

Recommendation: FWF encourages HempAge to participate in the living wage incubator and/or communicate with current participants on their best practices in order to gain insight into ways to identify the root cause of wages being lower than living wages.

| PERFORMANCE INDICATORS | RESULT | RELEVANCE OF INDICATOR | DOCUMENTATION | SCORE | MAX | MIN |
|--|--------|--|--|-------|-----|-----|
| 1.12 Percentage of production volume from factories owned by the member company (bonus indicator). | 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 member company's score. | Supplier information provided by member company. | N/A | 2 | 0 |

PURCHASING PRACTICES

Possible Points: 44

Earned Points: 33

2. MONITORING AND REMEDIATION

| BASIC MEASUREMENTS | RESULT | COMMENTS |
|---|--------|--|
| % of own production under standard monitoring (excluding low-risk countries) | 95% | |
| % of production volume where monitoring requirements for low-risk countries are fulfilled | 2% | FWF low risk policy should be implemented. 0 = policy is not implemented correctly. N/A = no production in low risk countries. |
| Meets monitoring requirements for tail-end production locations. | Yes | |
| Total of own production under monitoring | 97% | Minimums: 1 year: 40%; 2 years 60%; 3 years+: 80-100% 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: HempAge has a new CSR person, who regularly visits production locations and together with the CEO follows up on problems identified by monitoring system.

| PERFORMANCE INDICATORS | RESULT | RELEVANCE OF INDICATOR | DOCUMENTATION | SCORE | MAX | MIN |
|---|--|---|-----------------------------------|-------|-----|-----|
| 2.2 Quality of own auditing system meets FWF standards. | Member makes use of FWF audits and/or external audits only | In case FWF teams cannot be used, the member companies' own auditing system must ensure sufficient quality in order for FWF to approve the auditing system. | Information on audit methodology. | N/A | 0 | -1 |

| PERFORMANCE INDICATORS | RESULT | RELEVANCE OF INDICATOR | DOCUMENTATION | SCORE | MAX | MIN |
|--|--------|---|--|-------|-----|-----|
| 2.3 Audit Report and Corrective Action Plan (CAP) findings are shared with factory and worker representation where applicable. Improvement timelines are established in a timely manner. | 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 |

Comment: At one of its Chinese factories where HempAge has a longstanding relationship, all CAP findings are discussed with management and the worker representative also present at the bi-annual supplier visits. Management showed increased willingness to discuss CAP and were more open to suggestions.

The CAPs were also shared with the other factory management and worker representations, where a timeline to address the issues was created at one of their main suppliers.

Recommendation: Although factory management at the other Chinese supplier is less willing to set timelines and fully involve the worker representation, FWF recommends that HempAge continue pushing for similar process for addressing the CAPs.

| PERFORMANCE INDICATORS | RESULT | RELEVANCE OF INDICATOR | DOCUMENTATION | SCORE | MAX | MIN |
|---|--------------|---|--|-------|-----|-----|
| 2.4 Degree of progress towards resolution of existing Corrective Action Plans and remediation of identified problems. | Intermediate | FWF considers efforts to resolve CAPs to be one of the most important things that member companies can do towards improving working conditions. | CAP-related documentation including status of findings, documentation of remediation and follow up actions taken by member. Reports of quality assessments. Evidence of understanding relevant issues. | 6 | 8 | -2 |

Comment: In 2016, HempAge audited its first main Chinese supplier. Since then the remediation of the problems identified has been followed through including the adding of employees to increase factory capacity during peak time.

Furthermore, there was a continued discussion on issues found in the audit at the second Chinese supplier in 2015. The CAP was discussed with the suppliers in order to implement a proper remediation process and timeline, however due to change in management this has proven difficult to stick to a timeline. Nonetheless, there have been some success including the set of of a worker representative.

Recommendation: FWF recommends HempAge to continue engaging in remediation discussions during their bi-annual visit to factories and to systematically track the progress.

| PERFORMANCE INDICATORS | RESULT | RELEVANCE OF INDICATOR | DOCUMENTATION | SCORE | MAX | MIN |
|--|--------|--|---|-------|-----|-----|
| 2.5 Percentage of production volume from production locations that have been visited by the member company in the previous financial year. | 97% | Formal audits should be augmented by annual visits by member company staff or local representatives. They reinforce to production location managers that member companies are serious about implementing the Code of Labour Practices. | Member companies should document all production location visits with at least the date and name of the visitor. | 4 | 4 | 0 |

Comment: HempAge's production locations are visited on an average of twice a year by the CSR manager and Designer.

| PERFORMANCE INDICATORS | RESULT | RELEVANCE OF INDICATOR | DOCUMENTATION | SCORE | MAX | MIN |
|--|--|---|--|-------|-----|-----|
| 2.6 Existing audit reports from other sources are collected. | Yes, quality assessed and corrective actions implemented | 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. | 3 | 3 | 0 |

Comment: During visits to production locations, any existing audit reports are collected and discussed both with the factory management as well as back at HempAge headquarters. With new suppliers, the outcome of the audits discussions are used to determine whether to engage in a working relationship with factory. The FWF audit quality assessment tool was used to assess the external audits collected.

| PERFORMANCE INDICATORS | RESULT | RELEVANCE OF INDICATOR | DOCUMENTATION | SCORE | MAX | MIN |
|--|---|---|---|-------|-----|-----|
| 2.7 Compliance with FWF risk policies. | None of the specific risk policies apply | Aside from regular monitoring and remediation requirements under FWF membership, countries, specific areas within countries or specific product groups may pose specific risks that require additional steps to address and remediate those risks. FWF requires member companies to be aware of those risks and implement policy requirements as prescribed by FWF. | Policy documents, inspection reports, evidence of cooperation with other customers sourcing at the same factories, reports of meetings with suppliers, reports of additional activities and/or attendance lists as mentioned in policy documents. | N/A | 6 | -2 |
| Compliance with FWF enhanced monitoring programme Bangladesh | Policies are not relevant to the company's supply chain | | | N/A | 6 | -2 |
| Compliance with FWF Myanmar policy | Policies are not relevant to the company's supply chain | | | N/A | 6 | -2 |
| Compliance with FWF guidance on abrasive blasting | Policies are not relevant to the company's supply chain | | | N/A | 6 | -2 |

Comment: HempAge has been working in China for over 10 years; they are very aware of the risks of working in China, including problems with over time. Knowledge of the conditions and risks in China are shared amongst new staff members who will be directly in contact with suppliers.

Recommendation: In addition to internally shared knowledge, FWF recommends HempAge to make use of FWF published resources such as the China country study. Furthermore, a systematic risk management approach could help identify risks and define actions to mitigate/prevent them systematically.

| PERFORMANCE INDICATORS | RESULT | RELEVANCE OF INDICATOR | DOCUMENTATION | SCORE | MAX | MIN |
|--|--------------------|---|--|-------|-----|-----|
| 2.8 Member company cooperates with other FWF member companies in resolving corrective actions at shared suppliers. | Active cooperation | Cooperation between customers increases leverage and chances of successful outcomes. Cooperation also reduces the chances of a factory having to conduct multiple Corrective Action Plans about the same issue with multiple customers. | Shared CAPs, evidence of cooperation with other customers. | 2 | 2 | -1 |

Comment: HempAge communicates with other FWF members who source at the same Chinese suppliers. Information on CAPs concluded from audits conducted in 2015 and 2016 shared with the participating brands and plans for remediation have been discussed.

| PERFORMANCE INDICATORS | RESULT | RELEVANCE OF INDICATOR | DOCUMENTATION | SCORE | MAX | MIN |
|---|---------|---|---|-------|-----|-----|
| 2.9 Percentage of production volume where monitoring requirements for low-risk countries are fulfilled. | 50-100% | Low-risk countries are determined by the presence and proper functioning of institutions which can guarantee compliance with national and international standards and laws. | Documentation of visits, notification of suppliers of FWF membership; posting of worker information sheets, completed questionnaires. | 1 | 2 | 0 |

Comment: HempAge fulfilled the monitoring requirements for its production volume in low-risk countries. All production sites in low-risk countries were visited; during visits suppliers were informed of FWF membership and completed CoLP questionnaires were returned before production orders were placed; the FWF Worker Information Sheet was also posted in local language.

| PERFORMANCE INDICATORS | RESULT | RELEVANCE OF INDICATOR | DOCUMENTATION | SCORE | MAX | MIN |
|--|--------|--|--|-------|-----|-----|
| 2.10 Extra bonus indicator: in case FWF member company conducts full audits above the minimum required monitoring threshold. | None | FWF encourages all of its members to audit/monitor 100% of its production locations and rewards those members who conduct full audits above the minimum required monitoring threshold. | Production location information as provided to FWF and recent Audit Reports. | N/A | 3 | 0 |

Comment: Although HempAge conducted audits on approximately 95% of its FOB, there was still one factory that was required to be monitored as had an FOB of higher than 2% thus meaning it does not fall under the tail-end requirement.

Recommendation: FWF recommends for HempAge to monitor the suppliers that do not fall under their tail end, i.e. suppliers where they source more than 2% of their FOB and have an estimated leverage that's higher than 10%.

| PERFORMANCE INDICATORS | RESULT | RELEVANCE OF INDICATOR | DOCUMENTATION | SCORE | MAX | MIN |
|--|---------------------------|--|-----------------------------|-------|-----|-----|
| 2.11 Questionnaire is sent and information is collected from external brands resold by the member company. | 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 | 2 | 0 |

| PERFORMANCE INDICATORS | RESULT | RELEVANCE OF INDICATOR | DOCUMENTATION | SCORE | MAX | MIN |
|---|---------------------------|--|---|-------|-----|-----|
| 2.12 External brands resold by member companies that are members of another credible initiative (% of external sales volume). | No external brands resold | FWF believes members who resell products should be rewarded for choosing to sell external brands who also take their supply chain responsibilities seriously and are open about in which countries they produce goods. | 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 |

| PERFORMANCE INDICATORS | RESULT | RELEVANCE OF INDICATOR | DOCUMENTATION | SCORE | MAX | MIN |
|---|--------------|---|---|-------|-----|-----|
| 2.13 Questionnaire is sent and information is collected from licensees. | No licensees | FWF believes it is important for member companies to know if the licensee is committed to the implementation of the same labour standards and has a monitoring system in place. | Questionnaires are on file. Contracts with licensees. | N/A | 1 | 0 |

MONITORING AND REMEDIATION

Possible Points: 23

Earned Points: 20

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 |

| PERFORMANCE INDICATORS | RESULT | RELEVANCE OF INDICATOR | DOCUMENTATION | SCORE | MAX | MIN |
|---|--------|---|--|-------|-----|-----|
| 3.2 System is in place 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 production location visits, etc. | 2 | 2 | 0 |

Comment: HempAge checks that the Worker Information Sheet have been posted in factories during their bi-annual visits to factories.

| PERFORMANCE INDICATORS | RESULT | RELEVANCE OF INDICATOR | DOCUMENTATION | SCORE | MAX | MIN |
|---|--------|--|--|-------|-----|-----|
| 3.3 Percentage of FWF-audited production locations where at least half of workers are aware of the FWF worker helpline. | 100% | The FWF complaints procedure is a crucial element of verification. If production location 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. Production location participation in the Workplace Education Programme also count towards this indicator. | Percentage of audited production locations where at least 50% of interviewed workers indicate awareness of the FWF complaints mechanism + percentage of production locations in WEP programme. | 4 | 4 | 0 |

Comment: HempAge's major suppliers, who were audited, also participated in a WEP training in order to stimulate awareness about the existence and the functioning of FWF's worker hotline.

| PERFORMANCE INDICATORS | RESULT | RELEVANCE OF INDICATOR | DOCUMENTATION | SCORE | MAX | MIN |
|--|------------------------|--|--|-------|-----|-----|
| 3.4 All complaints received from production location 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. Member company involvement is often essential to resolving issues. | Documentation that member company has completed all required steps in the complaints handling process. | N/A | 6 | -2 |

Comment: At HempAge's main supplier, a functioning worker representative group regularly discusses complaints with management. These complaints from workers have all been resolved internally after consultation between worker representatives and factory management.

| PERFORMANCE INDICATORS | RESULT | RELEVANCE OF INDICATOR | DOCUMENTATION | SCORE | MAX | MIN |
|--|---|--|--|-------|-----|-----|
| 3.5 Cooperation with other customers in addressing worker complaints at shared suppliers | No complaints or cooperation not possible / necessary | Because most production locations supply several customers with products, involvement of other customers by the FWF member company 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 | 0 |

COMPLAINTS HANDLING

Possible Points: 7

Earned Points: 7

4. TRAINING AND CAPACITY BUILDING

| PERFORMANCE INDICATORS | RESULT | RELEVANCE OF INDICATOR | DOCUMENTATION | SCORE | MAX | MIN |
|---|--------|--|--|-------|-----|-----|
| 4.1 All staff at member company are made aware of FWF membership. | 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: HempAge is a small company where information is easily shared among relevant staff therefore all staff are aware of FWF membership. Additionally HempAge holds a bi-annual briefing and review of FWF membership progress.

| PERFORMANCE INDICATORS | RESULT | RELEVANCE OF INDICATOR | DOCUMENTATION | SCORE | MAX | MIN |
|--|--------|--|---|-------|-----|-----|
| 4.2 All staff in direct contact with suppliers are informed of FWF 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. | 2 | 2 | -1 |

Comment: HempAge has a small close knit team that is in direct contact with suppliers, therefore it is easy to share information about FWF.

| PERFORMANCE INDICATORS | RESULT | RELEVANCE OF INDICATOR | DOCUMENTATION | SCORE | MAX | MIN |
|--|--|--|---|-------|-----|-----|
| 4.3 All sourcing contractors/agents are informed about FWF's Code of Labour Practices. | Member does not use agents/contractors | Agents have the potential to either support or disrupt CoLP implementation. It is the responsibility of member company to ensure agents actively support the implementation of the CoLP. | Correspondence with agents, trainings for agents, FWF audit findings. | N/A | 2 | 0 |

| PERFORMANCE INDICATORS | RESULT | RELEVANCE OF INDICATOR | DOCUMENTATION | SCORE | MAX | MIN |
|---|--------|---|--|-------|-----|-----|
| 4.4 Production location participation in Workplace Education Programme (where WEP is offered; by production volume) | 100% | Lack of knowledge and skills on best practices related to labour standards is a common issue in production locations. Good quality training of workers and managers is a key step towards sustainable improvements. | Documentation of relevant trainings; participation in Workplace Education Programme. | 6 | 6 | 0 |

Comment: All of HempAge's major suppliers participated in a Workplace Education Programme training. This training helped increase awareness and enhance understanding of the relevant labour standards as well as grievance mechanisms amongst workers. The training also highlights the importance of a good mechanism for communication between employers and workers in the workplace

| PERFORMANCE INDICATORS | RESULT | RELEVANCE OF INDICATOR | DOCUMENTATION | SCORE | MAX | MIN |
|---|--------|--|---|-------|-----|-----|
| 4.5 Production location participation in trainings (where WEP is not offered; by production volume) | 0% | In areas where the Workplace Education Programme is not yet offered, member companies may arrange trainings on their own or work with other training-partners. Trainings must meet FWF quality standards to receive credit for this indicator. | Curricula, other documentation of training content, participation and outcomes. | 0 | 4 | 0 |

Recommendation: FWF recommends that HempAge seek out a training for the supplier in Albania, as it is the only one that could have had a training.

TRAINING AND CAPACITY BUILDING

Possible Points: 13

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 | Advanced | Any improvements to supply chains require member companies to first know all of their production locations. | Supplier information provided by member company. Financial records of previous financial year. Documented efforts by member company to update supplier information from its monitoring activities. | 6 | 6 | -2 |

Comment: HempAge has a consolidated supply chain with few suppliers, thus they are well informed about all the production locations.

| PERFORMANCE INDICATORS | RESULT | RELEVANCE OF INDICATOR | DOCUMENTATION | SCORE | MAX | MIN |
|---|--------|--|---|-------|-----|-----|
| 5.2 CSR and other relevant staff actively share information with each other about working conditions at production locations. | 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 |

INFORMATION MANAGEMENT

Possible Points: 7

Earned Points: 7

6. TRANSPARENCY

| PERFORMANCE INDICATORS | RESULT | RELEVANCE OF INDICATOR | DOCUMENTATION | SCORE | MAX | MIN |
|---|---|---|--|-------|-----|-----|
| 6.1 Degree of member company compliance with FWF Communications Policy. | Minimum communications requirements are met AND no significant problems found | FWF's communications policy exists to ensure transparency for consumers and stakeholders, and to ensure that member communications about FWF are accurate. Members will be held accountable for their own communications as well as the communications behaviour of 3rd-party retailers, resellers and customers. | FWF membership is communicated on member's website; other communications in line with FWF communications policy. | 2 | 2 | -3 |

Comment: HempAge adheres to the FWF Communications Policy related to its Leader status.

| PERFORMANCE INDICATORS | RESULT | RELEVANCE OF INDICATOR | DOCUMENTATION | SCORE | MAX | MIN |
|---|--|---|--|-------|-----|-----|
| 6.2 Member company engages in advanced reporting activities | Published Performance Checks, Audits, and other efforts lead to increased transparency | Good reporting by members helps to ensure the transparency of FWF's work and shares best practices with the industry. | Member company publishes one or more of the following on their website: Brand Performance Check, Audit Reports, Supplier List. | 1 | 2 | 0 |

Comment: HempAge annually published its Brand Performance Check along with its Social Report online.

Recommendation: FWF recommends for HempAge to publish the supplier information.

| PERFORMANCE INDICATORS | RESULT | RELEVANCE OF INDICATOR | DOCUMENTATION | SCORE | MAX | MIN |
|--|--|---|--|-------|-----|-----|
| 6.3 Social Report is submitted to FWF and is published on member company's website | Complete and accurate report published on member's website | The social report is an important tool for members to transparently share their efforts with stakeholders. Member companies should not make any claims in their social report that do not correspond with FWF's communication policy. | Social report that is in line with FWF's communication policy. | 2 | 2 | -1 |

Comment: HempAge submitted and published an elaborate annual social report for 2016 on its website.

TRANSPARENCY

Possible Points: 6

Earned Points: 5

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: HempAge holds bi-annual meetings where the outcomes of the FWF brand performance checks are discussed with the entire organisation. These meetings then feed into the evaluation of the company's FWF membership.

| PERFORMANCE INDICATORS | RESULT | RELEVANCE OF INDICATOR | DOCUMENTATION | SCORE | MAX | MIN |
|--|---|---|---|-------|-----|-----|
| 7.2 Level of action/progress made on required changes from previous Brand Performance Check implemented by member company. | No requirements were included in previous Check | 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. | Member company should show documentation related to the specific requirements made in the previous Brand Performance Check. | N/A | 4 | -2 |

EVALUATION

Possible Points: 2

Earned Points: 2

RECOMMENDATIONS TO FWF

HempAge recommends for the expansion of the FWF Worker Education Programme to focus more on the established worker representative groups. Although FWF currently does not give tailored training programs per factory, HempAge requests for FWF to recommend reliable training organizations that could be sought after to meet this need.

SCORING OVERVIEW

| CATEGORY | EARNED | POSSIBLE |
|--------------------------------|--------|----------|
| Purchasing Practices | 33 | 44 |
| Monitoring and Remediation | 20 | 23 |
| Complaints Handling | 7 | 7 |
| Training and Capacity Building | 9 | 13 |
| Information Management | 7 | 7 |
| Transparency | 5 | 6 |
| Evaluation | 2 | 2 |
| Totals: | 83 | 102 |

BENCHMARKING SCORE (EARNED POINTS DIVIDED BY POSSIBLE POINTS)

81

PERFORMANCE BENCHMARKING CATEGORY

Leader

BRAND PERFORMANCE CHECK DETAILS

Date of Brand Performance Check:

24-05-2017

Conducted by:

Sandra Gonza ; Lisa Suess

Interviews with:

Robert Hertel, Director

Friederike Aumüller, CSR and Quality Manager

Jan Röhler, Sales Manager