



BRAND PERFORMANCE CHECK

Living Crafts GmbH & Co. KG

PUBLICATION DATE: JUNE 2017

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

Living Crafts GmbH & Co. KG

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

MEMBER COMPANY INFORMATION	
Headquarters:	Selbitz, Germany
Member since:	15-01-2016
Product types:	Fashion, work wear
Production in countries where FWF is active:	China, India, Romania, Turkey
Production in other countries:	Croatia, Germany, Lithuania, Poland
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	40%
Benchmarking score	55
Category	Good

Summary:

Living Crafts has met most of FWF's performance requirements. It has monitored 40% of its purchasing volume, thereby meeting the monitoring threshold of 40% required for the first year of membership. Therefore, with a score of 55 points, Living Crafts is awarded the 'Good' category with a score of 55 points.

Its business model of selling organic garments is mostly focused on business to business sales, although it also sells clothes through Denn's shop and to consumers through its website. About 20% of production is used to produce workwear clothes for Denn's.

Living Crafts has seen significant growth in 2016. In 2015, it started working with Chinese suppliers to produce garments made from organic linen. In a few years, its supply base has grown from 4 to 22 suppliers. It once again has made efforts to consolidate its supplier base.

Living Crafts has started to actively follow up with corrective actions at suppliers that have been audited. The company has already achieved good progress at one of its main Indian suppliers. It also cooperated actively with other FWF members in resolving a complaint from a shared Romanian supplier.

FWF strongly recommends Living Crafts to invest in learning more about its supplier base, especially concerning the use of subcontractors. The company should ensure that it monitors more than 60% of its supplier base in its second year of FWF membership. Furthermore, Living Crafts should improve its purchasing practices by learning more about integrated production planning and by setting up a pricing policy in which it knows the cost of labour. FWF encourages Living Crafts to enroll suppliers in FWF's WEP programme to increase awareness on worker rights and create more awareness on Gender Based Violence.

FWF encourages Living Crafts to be more transparent about its efforts and to communicate about and involve consumers in the progress it has made.

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.	29%	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.	2	4	0

Comment: Living Crafts has three main suppliers from India and Lithuania. Since 2015, it started sourcing specific products through an agent in China. In recent years, Living Crafts added a significant number of suppliers to its supplier base due to a significant growth, now bringing it to a total of 22 suppliers. In 2016, Living Crafts has made improvements to consolidate its supply chain.

Recommendation: FWF recommends Living Crafts to consolidate its supplier base where possible, and increase leverage at main supplier(s) to effectively request improvements of working conditions. It is advised to describe the process of consolidation in a sourcing strategy that is agreed upon with top management/sourcing staff.

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.	9%	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.	3	4	0

Comment: Living Crafts places smaller order volumes at suppliers that can produce specific products.

Recommendation: FWF recommends Living Crafts to consolidate its supply base by limiting the number of suppliers in its 'tail end'. To achieve this, members should determine whether suppliers where they buy less than 2% of their FOB are of strategic relevance. Shortening the tail will reduce the social compliance risks the member is exposed to and will allow the member to improve working conditions in a more efficient and effective way.

It is advised to describe the process of consolidation in a sourcing strategy that is agreed upon with top management/sourcing staff.

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.	44%	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.	2	4	0

Comment: Living Crafts values long-term relationships and is aware that to improve working conditions, it is important to work with a supplier for a longer period of time. With its main supplier from India it has been working for more than ten years. Due to a significant growth, it added new suppliers to its supplier base. Due to several production-related issues, it also had to shift production between several suppliers.

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

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.	No	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.	0	2	0

Comment: In its first year of membership, Living Crafts collected almost all questionnaires from its suppliers. Living Crafts started a relationship with three new suppliers. It had difficulties in collecting questionnaires from two new suppliers and already started production before a questionnaire was returned.

Requirement: Living Crafts needs to ensure that new suppliers sign and return the questionnaire before first orders are 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.	Intermediate	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.	2	4	0

Comment: When selecting a new supplier, it is important for Living Crafts that the supplier is committed to the FWF CoLP and improving working conditions. Living Crafts only selects suppliers that are part of BSCI, SAI or FWF. It does not yet include the outcomes of the audit reports in its decision-making process. Living Crafts is aware of high risk country issues through FWF country studies and discusses these country issues with suppliers, like Syrian refugees in Turkey or wage levels in India, but has not yet developed a clear system for this.

In general, Living Crafts will visit the supplier before placing orders. When visiting the supplier, FWF is discussed and presented. In China and Turkey where Living Crafts works through an agent, Living Crafts did not visit the factory and did not discuss FWF with these new suppliers.

Recommendation: FWF recommends Living Crafts to further improve its system for human rights due diligence. More specifically, visiting all new production locations and using the FWF Health and Safety Check would be a good addition to its current practices. It could include and train its agent more on FWF requirements and risk analysis. As a next step, Living Crafts could further develop a system to integrate high risk country issues and the outcomes of existing audit reports in its decision-making.

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: Living Crafts is regularly discussing outcomes of an audit with its suppliers. During visits, it verifies actual improvements made by the supplier. It keeps track of the progress made by its suppliers in the CAPs. A performance based system is planned for 2017.

Recommendation: Members are encouraged to develop an evaluation/grading system for suppliers where compliance with labour standards is a criterion for future order placement. Part of the system can be to create an incentive for rewarding suppliers for realised improvements in working conditions. Part of the system can show whether and what information is missing per supplier and can include outcomes of audits, training and/or complaints.

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
1.6 The member company's production planning systems support reasonable working hours.	General or ad-hoc system.	Member company production planning systems can have a significant impact on the levels of excessive overtime at production locations.	Documentation of robust planning systems.	2	4	0

Comment: Living Crafts offers two seasonal collections, has Never Out of Stock-items and provides work wear clothing to its mother company. Suppliers receive forecasts for most orders half a year to one year in advance. It has lead times of 13 weeks (Europe) and 26 weeks (Asia). During production, Living Crafts regularly discusses production progress. Due to a large stock, Living Crafts has flexibility with regard to its lead times. In case of urgent deliveries, it can consider express deliveries or splitting orders.

Recommendation: FWF recommends Living Crafts to learn more about the relationship between the standard minute per style, the total production capacity of a factory and the required capacity for its production. With its main suppliers, it could work towards more integrated planning. Furthermore, FWF recommends Living Crafts to learn more about low and high seasons for its suppliers and assess whether it could shift its Never Out of Stock-items to the low season.

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
1.7 Degree to which member company mitigates root causes of excessive overtime.	No production problems /delays have been documented.	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.	N/A	6	0

Comment: At three suppliers of Living Crafts, a FWF audit had been conducted. At two suppliers, no excessive overtime was found during the audits in 2016. Living Crafts has placed a trial order at a Turkish supplier where another FWF member had organized a FWF audit in 2015. The audit report showed that there was excessive overtime. Living Crafts had not received the audit report and an updated CAP before placing the orders, despite the fact that it had requested it from the supplier. Due to the small size of the trial order (<1% FOB), the indicator has been rated n/a.

Recommendation: FWF recommends Living Crafts to assess whether excessive overtime takes place at suppliers in India, China and Turkey where excessive overtime is a high risk. It could plan audits at suppliers with a high risk of excessive overtime or at least discuss working hours with these suppliers. In case it continues cooperation with the Turkish supplier, Living Crafts should ensure that it obtains the audit report and takes measures to prevent excessive overtime.

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.	No policy in place	The first step towards ensuring the payment of minimum wages - and towards implementation of living wages - is to know the labour costs of garments.	Formal systems to calculate labour costs on per-product or country/city level.	0	4	0

Comment: Living Crafts negotiates prices with its suppliers and compares prices per country. It is somewhat aware of legal minimum wages levels in a country. Through FWF audits reports and audit reports of other organisations, it is learning whether the legal minimum wage at suppliers is paid.

Requirement: Living Crafts needs to develop a pricing policy where Living Crafts knows the labour cost of garments and which allows the payment of at least legal minimum wages in production countries.

Recommendation: At a minimum, member companies are recommended to investigate wages levels in production countries, among others by making use of FWFs Wage Ladder and country studies. As an advanced step, increased transparency in costing and productivity gives insight in the labour costs per product. This forms the basis for ensuring enough is paid to cover at least minimum wage and for making steps towards living wages.

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

Comment: At three suppliers in India, Romania and Turkey, a FWF audit was conducted. No legal minimum wage problems were found at the first two suppliers. In 2015, legal minimum wage issues were found at the Turkish supplier where it had placed trial orders. Living Crafts had not received the audit report and an updated CAP before placing orders. Due to the small size of the orders (<1% FOB) the indicator is rated n/a.

Recommendation: FWF recommends Living Crafts to assess in which areas of production the non-payment of legal minimum wage is a high risk, for example in specific regions in India. It could plan audits at suppliers with a high risk of non-payment of legal minimum wage or at least discuss wage levels with these suppliers. In case it continues cooperation with its Turkish supplier, it should ensure that it obtains the FWF audit report and actively follow up on the non-payment of legal minimum wage.

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

Comment: No late payments were found during FWF audits.

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.	Basic approach	Sustained progress towards living wages requires adjustments to member companies' policies.	Documentation of policy assessments and/or concrete progress towards living wages.	2	8	0

Comment: Living Crafts is learning about wage levels through FWF audit reports. During a FWF supplier seminar in India, several of its Indian suppliers indicated that they were willing to work on living wages. With one of its main Indian suppliers, Living Crafts is actively discussing living wages, but is still in the first stages.

Recommendation: FWF encourages Living Crafts to assess the hypothetical cost effects of increasing wages towards benchmarks that are included in the wage ladder. To support companies in this process FWF has developed a calculation model that estimates the effect on FOB and retail prices under different pricing models.

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: 38

Earned Points: 16

2. MONITORING AND REMEDIATION

BASIC MEASUREMENTS	RESULT	COMMENTS
% of own production under standard monitoring (excluding low-risk countries)	22%	
% of production volume where monitoring requirements for low-risk countries are fulfilled	18%	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.	N/A	Standard monitoring below 80%
Total of own production under monitoring	40%	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: The Head of Purchasing is responsible for following up on problems identified by the 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: Living Crafts had relationships with two suppliers that were already FWF audited. At one supplier, a FWF audit was requested by Living Crafts. It shared the audit report and established timelines in a timely manner. It did not share the audit report with representatives of the trade union, also due to language barriers.

Recommendation: FWF recommends Living Crafts to actively involve workers and worker representatives in following CAPs. It could hire a local consultant or local FWF staff to assist them with worker involvement.

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.	Basic	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.	4	8	-2

Comment: Living Crafts regularly discusses CAP follow up with its suppliers and keeps track of its progress. In its first year of membership, Living Crafts actively followed up on issues identified at its main Indian suppliers. Identified issues concerned among others communication and grievance mechanisms, health and safety and living wages. Most issues were closed but some issues still need to be verified by Living Crafts or a next audit. At another supplier, where a FWF member was already active, it worked together with the FWF member to bring improvements. At a third supplier that was FWF audited, it only did one small production. Living Crafts had not yet received the audit report before production started.

Recommendation: To facilitate remediation, Living Crafts could consider:

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

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.	18%	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.	1	4	0

Comment: Staff of Living Crafts visited production locations in China and Turkey. In 2015, it visited most of its suppliers in India and Lithuania.

Recommendation: Annual visits should be made for production sites (including subcontractors and production locations in low-risk countries). Regular visits provide the opportunities to discuss problems and corrective actions in the time period between formal audits.

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
2.6 Existing audit reports from other sources are collected.	Yes and quality assessed	Existing reports form a basis for understanding the issues and strengths of a supplier, and reduces duplicative work.	Audit reports are on file; evidence of followup on prior CAPs. Reports of quality assessments.	2	3	0

Comment: Living Crafts had collected two existing audit reports from a Turkish and Indian supplier. It has used the FWF Audit Quality Assessment Tool to analyze the quality and the content of the audit report. It did not yet set up a CAP with these suppliers.

Recommendation: FWF recommends Living Crafts to establish a CAP with its suppliers from which it has obtained an audit report and actively follow up. Furthermore, existing reports form a basis for understanding the issues and strengths of a supplier, and reduces double work. Existing audits can be counted towards the monitoring threshold if the quality of the report is assessed using the FWF audit quality tool and corrective actions are implemented. Therefore, FWF encourages Living Crafts to continue collecting existing audit reports.

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: Living Crafts is generally aware of high risks in specific areas. For example, with its Turkish suppliers it has discussed the presence of Syrian refugees in the Turkish garment sector. It is also aware of specific high-risk issues in India (gender-based violence) and China. Based on high risks, it has excluded several countries from production activities, like Bangladesh.

Recommendation: FWF recommends Living Crafts to systematically analyze high risks per area and take measures to prevent and mitigate existing risks. Knowing the country specific risks facilitates the starting point for discussing this with suppliers. Member companies can agree on additional commitments that are required to mitigate risks. Living Crafts can provide additional measures for support and integrate that in the monitoring system. For instance: gender-based violence or Sumangali in India.

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: At several suppliers in low-risk countries, Living Crafts is aware of other FWF members and they inform each other on labour standards. At one supplier in Romania, Living Crafts is actively working with other FWF members to resolve a complaint and work towards remediation of the CAP. At a Turkish supplier where production just started, it shared information with another FWF member. Since production was limited to one order, it did not follow through.

Recommendation: FWF recommends members to document status of joint follow-up actions. Even though one brand commonly takes the lead it is important to be kept informed of the status in order to be aware of required implementation steps before communication with or visits to the factory.

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: Living Crafts has eight suppliers from Germany, Lithuania, Croatia and Poland. It fulfilled monitoring requirements for low-risk countries for most of these suppliers. It did not regularly visit three of these suppliers.

Recommendation: FWF recommends Living Crafts to implement all monitoring requirements for low-risk countries in order to count it towards the monitoring percentage.

All production sites in low-risk countries must:

- o Be visited regularly by Member company representatives;
- o Be informed of FWF membership and return the completed CoLP questionnaire before production orders are placed;
- o Be aware of specific risks identified by FWF;
- o Have the FWF Worker Information Sheet posted in local languages.

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: In its first year of membership, Living Crafts is required to monitor 40% of its supplier base. Therefore, it has not yet conducted full audits above the required monitoring threshold after three years of membership.

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

Comment: Living Crafts does not sell products from external brands.

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

Comment: Living Crafts does not sell products from external brands.

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

Comment: Living Crafts does not have licensees.

MONITORING AND REMEDIATION

Possible Points: 23

Earned Points: 14

3. COMPLAINTS HANDLING

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

Comment: The Head of Purchasing is responsible for resolving worker complaints. The managing director supports in resolving complaints.

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: Through on-site visits Living Crafts checks whether the Worker Information Sheet is posted. It also asks suppliers to send pictures of the posted Worker Information Sheet. From most of its suppliers, it has received pictures of a posted Worker Information Sheet.

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.	67%	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.	3	4	0

Comment: A FWF audit was conducted at three suppliers of Living Crafts. At one supplier, workers were not yet aware of FWF and the FWF worker helpline. At a Romanian supplier, a WEP-training had already been done in cooperation with another FWF member. At the third production location, the FWF audit report concluded that most of the workers were well aware of the FWF worker helpline.

Recommendation: Living Crafts can stimulate its suppliers to participate in WEP trainings, to raise awareness about the existence and the functioning of FWF's worker hotline. In addition to sending the worker information sheet, Member companies can use the worker information cards available for download on FWF's website

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	Yes	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.	3	6	-2

Comment: At a shared supplier, FWF received a complaint concerning overtime, incorrect pay slips and high production targets. Since an audit was already planned, the complaint was checked during the audit, which showed that the overtime was within legal limits, that only the pay slip of the complainant was incorrect and that work stress was an issue on the work floor. The other FWF member took the lead in resolving the complaint and following up on the CAP. Living Crafts was informed throughout the process and also discussed the complaint with the main office of the supplier in Germany.

Recommendation: FWF recommends Living Crafts to discuss preventive steps with the other FWF members. Furthermore, FWF recommends Living Crafts to include workers in solving complaints where applicable.

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
3.5 Cooperation with other customers in addressing worker complaints at shared suppliers	Active cooperation	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.	2	2	0

Comment: Living Crafts actively cooperated with the other FWF members to resolve the complaint.

COMPLAINTS HANDLING

Possible Points: 15

Earned Points: 11

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: The managing director organized an introductory session with all staff members after becoming a FWF member. Information about FWF is shared through a black board. Team leaders are informed about progress on FWF requirements during weekly meetings.

Recommendation: It is advised to develop a standard procedure for all new employees to get familiar with FWF membership. FWF has material available that can be used to inform (sales) staff.

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: Living Crafts organized a training for three new staff members in purchasing and marketing and communication in which FWF and FWF requirements were explained. Staff of Living Crafts also participated in the FWF German Stakeholder meeting.

Recommendation: A training session on labour standards can be held for purchasing staff. FWF can support or facilitate in providing trainings. In addition, it is recommended to actively take part in training opportunities FWF offers such as: FWF seminars, the FWF annual conference and webinars.

FWF encourages purchasing staff or agents to observe factory audits by FWF audit teams to learn about the audit process and to be able to better follow up on corrective action plans.

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.	Yes	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.	1	2	0

Comment: Living Crafts works with one agent in China and three agents in Turkey. All agents were informed of FWF and FWF requirements. The agent in China and one agent in Turkey were more actively trained on FWF. They also participated in FWF supplier seminars. Living Crafts took steps to have these agents actively supporting the FWF CoLP. Despite its efforts, these agents have not yet been actively involved in following up issues identified by the monitoring system of Living Crafts.

Requirement: Living Crafts needs to ensure agents are aware of FWF requirements and actively support the implementation of the CoLP.

Recommendation: FWF recommends Living Crafts to actively train its sourcing contractors/agents on monitoring and gender-related problems to enable them to support the implementation of the CoLP.

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)	5%	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.	1	6	0

Comment: A WEP-training was already provided by another FWF member at a Romanian supplier with whom Living Crafts did production in 2016.

Recommendation: In order to ensure awareness and enhance understanding of the relevant labour standards, grievance mechanisms and the importance of a good mechanism for communication between employers and workers in the workplace, FWF developed the Workplace Education Programme. FWF currently offers the following training modules for the WEP: Basic, Communication, Gender Based Violence, Supervisor and the Factory Guide. More info on availability in countries can be found on the FWF website. Living Crafts should motivate its main supplier(s) to join a WEP training.

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)	All production is in WEP areas.	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.	N/A	4	0

Comment: Living Crafts only has production in high risk countries where FWF is active.

TRAINING AND CAPACITY BUILDING

Possible Points: 11

Earned Points: 5

5. INFORMATION MANAGEMENT

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
5.1 Level of effort to identify all production locations	Intermediate	Any improvements to supply chains require 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.	3	6	-2

Comment: Living Crafts knows about most of its production locations. It knows about the production locations with whom it has a direct relationship or through an agent. Several of its suppliers indicated through the FWF questionnaire or during an audit that subcontractors were actively used. Living Crafts has a policy in place which does not allow for subcontracting production for Living Crafts. It is in the process of identifying which subcontractors are still used for production of Living Crafts.

Requirement: Living Crafts needs to work towards completing its supplier list by including all suppliers, including subcontractors.

Recommendation: FWF members are advised to develop a systematic approach to complete the supplier list.

Part of the approach can be:

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

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

Comment: Living Crafts is a small organisation where information is easily shared. The head of purchasing regularly updates the managing director and staff from the design department about working conditions at production locations. Audit reports and CAPs are freely available for most of the staff members.

Recommendation: It is advised to make relevant staff aware of the available tools FWF offers, such as the Health and Safety guides, monitoring CAP documents, access to FWF's online information system. Purchasing staff is recommended to share reports from factory visits that include a status update of implementing the CoLP.

INFORMATION MANAGEMENT

Possible Points: 7

Earned Points: 4

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: In general, customers of Living Crafts are very interested in organic products that are produced with respect for labour standards. Living Crafts communicates about FWF membership on its website and actively informs consumers through brochures. Communication about FWF membership is in line with the FWF Communications Policy.

Recommendation: FWF recommends Living Crafts to more actively communicate about FWF membership. In its communication, it could explain which steps Living Crafts is currently undertaking to improve working conditions. Being transparent about production countries and locations can also assist in raising awareness among customers about labour standards.

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
6.2 Member company engages in advanced reporting activities	No	Good reporting by members helps to ensure the transparency of FWF's work and shares best practices with the industry.	Member company publishes one or more of the following on their website: Brand Performance Check, Audit Reports, Supplier List.	0	2	0

Comment: Living Crafts has not published audit reports online and it has not taken other efforts for increased transparency. Since this is its first Brand Performance Check report, Living Crafts has not yet published a Brand Performance Check report online yet.

Recommendation: FWF recommends Living Crafts to publish one or more of the following reports on its website: brand performance check, audit reports, supplier information. Good reporting by members helps to ensure the transparency of Living Craft's and FWF's work.

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: Living Crafts submitted its first social report to FWF and also published it online.

TRANSPARENCY

Possible Points: 6

Earned Points: 4

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: Living Crafts is a small organization where relevant staff regularly meet to discuss FWF requirements, progress and FWF membership. The managing director is also part of the team of relevant staff.

Recommendation: FWF advises to organise a meeting with management and sourcing staff to discuss the outcomes of this performance check and use those to formulate future plans.

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

Comment: This is the first Brand Performance Check report of Living Crafts. Hence, no requirements were given before.

EVALUATION

Possible Points: 2

Earned Points: 2

RECOMMENDATIONS TO FWF

Living Crafts recommends FWF to:

- open up the FWF database to all FWF members to enable FWF members to more easily share factory details, especially in their search for new suppliers.
- more actively assist new FWF members by providing guidance and best practices from other FWF members.

SCORING OVERVIEW

CATEGORY	EARNED	POSSIBLE
Purchasing Practices	16	38
Monitoring and Remediation	14	23
Complaints Handling	11	15
Training and Capacity Building	5	11
Information Management	4	7
Transparency	4	6
Evaluation	2	2
Totals:	56	102

BENCHMARKING SCORE (EARNED POINTS DIVIDED BY POSSIBLE POINTS)

55

PERFORMANCE BENCHMARKING CATEGORY

Good

BRAND PERFORMANCE CHECK DETAILS

Date of Brand Performance Check:

10-05-2017

Conducted by:

Wilco van Bokhorst

Interviews with:

Frank Schell - Managing Director

Ulrike Andersson - Head of Purchasing

Peggy Poessnecker - Accountant

Christin Heese - Marketing manager