



BRAND PERFORMANCE CHECK

Bierbaum-Proenen GmbH & Co. KG

PUBLICATION DATE: AUGUST 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

Bierbaum-Proenen GmbH & Co. KG

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

| MEMBER COMPANY INFORMATION | |
|--|--|
| Headquarters: | Köln, Germany |
| Member since: | 01-07-2010 |
| Product types: | Workwear |
| Production in countries where FWF is active: | Bangladesh, Bulgaria, China, Republic of Macedonia, Romania, Tunisia, Turkey, Viet Nam |
| Production in other countries: | Albania, Armenia, Germany, Pakistan, 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 | 94% |
| Benchmarking score | 83 |
| Category | Leader |

Summary:

Bierbaum-Proenen (BP) has shown advanced results on performance indicators and has made exceptional progress. With 94% of production under monitoring, BP fulfills FWF's monitoring threshold for affiliates that have been members for more than three years. FWF has awarded leader rating.

BP has a strong sourcing system that is strongly integrated with its implementation of the code. The pricing practice provides the brand with insight on the labour cost per product. Long-term relationships with many suppliers, combined with often high degrees of leverage at the production sites and regular visits to production sites, mean BP is in a good position to work on the implementation of social standards.

BP has strong systems in place to reduce the risk of excessive overtime; however, living wage issues remain a challenge. BP started a pilot project with one of its core factories to take steps towards payment of a living wage. FWF encourages BP to continue these efforts.

More complaints usually mean greater awareness of labour standards on the work floor, which may be one of the reasons why BP received complaints from workers at their factories in 2016. BP handled the complaints well on preventive steps to uncover root causes of problems and to prevent these problems from recurring. When appropriate, analysis should include incidents at other factories.

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. | 83% | 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. | 4 | 4 | 0 |

Comment: While BP has high leverage at main suppliers (several even near 100%), the leverage of production capacity at suppliers less important to BP is less than 10%. BP is aware of this risk and actively suggests those production sites to other brands (FWF members and others) to produce there as well.

70% of BP's sourcing volume is made on CMT-basis (Macedonia, Bulgaria, Tunisia, Vietnam), generally with European fabrics; the other 30% is bought ready-made (China, Pakistan, Turkey).

| 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. | 6% | 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: BP has a small and limited amount of suppliers of which the company buys less than 2% of its total FOB.

| 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: BP has long-lasting business relationships with most of its suppliers. One production site in Turkey moved to a new building and changed its name in 2015. As the new production site is lead by the same management and workers are partly still the same, BP remains having the same strong relationship. All orders are arranged via the old location as this is now functioning as a head office.

| 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, BP started sourcing at two new sites: one in Poland and one in Armenia. All new production locations have signed and returned the questionnaire with the Code of Labour Practices (CoLP) before first bulk 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: Routines to integrate the Code of Labour Practices are in place. Both regarding new suppliers and existing suppliers. All potential new suppliers are visited by either the head of purchasing department or the quality control department before trial orders are placed. The travel report made by them also reflects suppliers willingness to work on the FWF CoLP.

One criterion BP has for new suppliers is that they have already been audited before (could be FWF or other audits done by e.g. BSCI, SA8000 standard). This is to ensure that new suppliers are prepared for auditing and know about the processes. BP could show reports for the newly added suppliers accordingly. This evaluation is integrated in the decision making of whether to start production at a new supplier and to have a good understanding about working conditions from the beginning.

| 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, and leads to production decisions | A systemic approach is required to integrate social compliance into normal business processes, and supports good decisionmaking. | Documentation of systemic approach: rating systems, checklists, databases, etc. | 2 | 2 | 0 |

Comment: BP evaluates suppliers' social compliance systematically. It is updating its system for supplier assessment, including more information and comments (remarks explaining the rating), which makes it more accessible and understandable for all staff. Every two weeks a meeting takes place with different departments (planning, purchasing etc.) to exchange topics and progress on suppliers. Before visits to factories are done, the evaluation of the supplier is discussed in these meetings.

Decisions to increase orders at specific suppliers cover social aspects but also delivery time, reliability, quality, location, solving of complaints etc. If all other criteria are equal, social standards would be a selection criteria.

For BP it is most important that supplier shows willingness to work on the FWF CoLP towards good working conditions. BP also looks upon the long-term supplier relation it has with most of its suppliers as a reward in itself. A supplier can be rewarded for good social performance, not only by increasing orders, but also by developing a supplier.

BP gives technical support to suppliers if needed and also other forms of assistance, such as credit for new machines. Suppliers that do well, can receive a "one of BP's best suppliers' certificate", which is also important to the supplier. BP has observed a positive relationship between social conditions and quality standards.

| 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: For every supplier, BP arranges fixed lead times depending on the location of the supplier and if they do CMT or FOB production.

For its two biggest suppliers, BP's production planning is based on labour minute calculation. For other suppliers the production demand is based on an agreed monthly amount per piece.

Factories tell BP how many lines and minutes/pieces are available for BP orders. Generally the fixed lead times include a time reserve of one week to be flexible in case of unexpected problems. BP also includes holiday plans of its production sites when sending the forecasting plan. Since 2016, BP additionally re-confirms with its suppliers the current status of production every two weeks. This is to ensure the booked capacity is in fact used for production of BP goods and delays are encountered at an early stage.

BP has a very broad and extensive range of 'never-out-of-stock' products (NOS). For all production locations, BP has regular quantities of repeating articles per month. The goal is to provide suppliers with same styles. When there is sudden extra demand in certain styles, suppliers are called to check for additional capacity (and different delivery dates are agreed upon). In case production capacity is an issue, NOS production is replaced by urgent additional styles, and existing stock is used for standard goods while the additional style is produced.

At its own factory in Tunisia, BP introduced new production styles, to have flexibility in the orders that can be worked on. BP experiences at its own factory that with additional overtime quality issues come up and the factory actually earns less because costs go up and productivity goes down. Therefore it is preferred to postpone regular orders/stock, instead of producing in overtime.

At its new supplier in Armenia, BP invested heavily to ensure the production processes are set up efficiently from the beginning. BP own staff has been at the production site for two weeks to help improve. In general BP shares lots of information from their own production and experience with other suppliers to whoever is in need.

| 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: FWF conducted seven audits at production sites of BP in 2016. No overtime (OT) was found during three audits in Macedonia and two sites in Tunisia. According to the supplier audited in Romania overtime is an issue, however BP sources only 0.06% of its FOB from this production site. Due to the inconsistencies between time keeping records and production system records encountered, the auditor could not verify actual overtime hours of the employees at a production site in Turkey.

Although occasional overtime happens at some suppliers, BP does not face serious issues of excessive OT. Equal production planning throughout the year and production planning with the help of the company combined with regular production status checks make it possible to produce without excessive overtime being an issue of concern.

Since 2016, BP re-confirms with its suppliers the current status of production every two weeks. With this the company hopes to understand the issue of overtime at the production sites. In Turkey, BP has planned an audit to verify.

| 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. | Style-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. | 4 | 4 | 0 |

Comment: Price negotiations for CMT are done based on standard minutes developed in house at BP's own production unit. Cost of material and accessories are known as well as CMT price, BP has a good impression of costs for management and workers. BP compares price and working minutes with other comparable suppliers including their own factory. Local wage levels are taken into account through this system when calculating an acceptable price. Further BP considers inflation in price agreements with the suppliers each year. This is considered to be on a "style-level policy".

For suppliers which are paid FOB (30% of all), BP has a rough idea of how much workmanship needs to go in each product and bases its price on this. BP relates the price among others to the size of the production volume and related productivity and working minutes needed. This is considered to be on a "country-level policy".

BP has started an analysis comparing minimum wages and local living wages before and after social audits in the past years. Doing this the company can measure wage increases in the long-run.

BP also compares minimum wages against their calculated minute wages and whether paying the minute wages would lead to a wage higher than minimum wage.

With one of the suppliers in Turkey, BP has a long term contract including prices for the goods they regularly purchase from the factory. Due to wage increases in Turkey, BP has accepted higher prices against what was agreed upon in the contract.

Recommendation: FWF recommends BP to take more action when it comes to their 30% FOB suppliers. BP needs to invest more to understand the labour cost instead of total CMT only.

| 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 six out of seven production sites, FWF found payment of at least 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 |

| 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: BP gives technical support to suppliers on increasing of productivity; to improve processes, via machine additions, by showing videos how to sew and how to improve production efficiency. BP calculates the price of each product including the minutes needed to produce the product. The supplier is asked to try to produce the article within the minutes suggested before agreeing on a final price. Using the FWF wage ladder information, BP cross-checks every half year the development of the wages within the production sites, comparing the actual wages paid to living wage estimates and local minimum wages. Wages are part of discussions during supplier visits.

At its own factory in Tunisia, BP pays a wage which is almost reaching the estimated living wage benchmarks recommended by local stakeholders of FWF. The factory is located outside of Tunis, at an area where living standards are little lower than in the city. In addition it provides full coverage of social insurance, correct payments of working hours and overtime (if needed) and extra benefits (compared to other factories around), such as 100% social insurance, providing free doctor consults at the factory, longer term contracts with employment protection.

In addition, ground work was laid for a first pilot project to actually start increasing wages in 2016. As a base, BP has developed a questionnaire to understand at a pilot factory the needs of the workers to earn a living.

| 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). | 13% | 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. | 1 | 2 | 0 |

Comment: One production site in Tunisia is owned by BP. Furthermore a small amount of production and samples are produced in Cologne, Germany at the headquarter.

PURCHASING PRACTICES

Possible Points: 46

Earned Points: 39

Additional comments on Purchasing Practices:

In 2015 BP joined the German Textile Partnership. The multi-stakeholder initiative, comprising textile and clothing industry, retailers, trade unions and civil society, wants to pool the strength and expertise of its members in order to bring about social, ecological and economic improvements all along the textile supply chain. BP was an active member of the German Textile Partnership in 2016.

2. MONITORING AND REMEDIATION

| BASIC MEASUREMENTS | RESULT | COMMENTS |
|---|--------|--|
| % of own production under standard monitoring (excluding low-risk countries) | 79% | |
| % of production volume where monitoring requirements for low-risk countries are fulfilled | 1% | 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 | 94% | 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 |

| 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: The corrective action plans resulting from conducted audits are systematically agreed upon, followed up and reported on by designated persons including traveling staff of BP.

When sending the audit report and corrective action plan, BP always highlights to factory management that everything should be discussed and followed up together with the worker representation. Experience in involving worker representation showed to BP that in some factories involvement of worker representation works well and in others it doesn't. In cases it doesn't, BP is aware that this does not only count for the follow up of findings but is of a general matter and an issue related to social dialogue which needs extra work upon.

| 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: The company keeps track of the progress of the corrective action plans through a spread sheet system. Each non-compliance is given a priority rating and a person responsible for following up. For each point in the CAP that is done, a hyperlink is included in the spread sheet so that the documents, email, photos, etc. confirming the improvements can be accessed. For issues that are confirmed by sending photos and documents, double checks are done when visiting the facilities. BP briefs all BP staff visiting supplier before the factory visit to make sure that they are up to date on improvements that are needed.

In sourcing countries with more BP suppliers (Tunisia, Macedonia), BP has little more detailed information on CAPs than in Asian countries. In e.g. Tunisia and Macedonia, BP can cross-check findings from one supplier to the other better and hence work with the factories more detailed on solving the complaints.

Recommendation: Besides doing audits, BP may consider to:

- Hire local consultant to assist factory in developing an action plan and to assist factory management in investigating root causes.
- Organise supplier seminars e.g. at the A+A
- Provide factory training.
- Share knowledge/material.

| 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: BP visits its suppliers frequently. Staff traveling to production sites is closely involved in the implementation of social standards. It assesses the third party audit in a similar system to follow the CAP according to FWF format. Additional information (living wage, posting code on the wall) is gathered.

| 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: BP checks all suppliers for other social audit reports on an annual basis. The reports are collected, the FWF Audit Quality Assessment Tool done and CAP's integrated into the existing routine to follow up improvement possibilities at the production sites. Reports from other organisations than FWF are actively used to follow up uncovered points and to cross the check implementation status from what is reported from the supplier via email, phone and visits at the production site.

| PERFORMANCE INDICATORS | RESULT | RELEVANCE OF INDICATOR | DOCUMENTATION | SCORE | MAX | MIN |
|--|--|---|---|-------|-----|-----|
| 2.7 Compliance with FWF risk policies. | Average score depending on the number of applicable policies and results | 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. | 3 | 6 | -2 |
| Compliance with FWF enhanced monitoring programme Bangladesh | Intermediate | | | 3 | 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: BP does not source from Myanmar. Products sold do not need the use of abrasive blasting. BP sources socks from a one production site in Bangladesh making less than 1% FOB. BP has studied the FWF Policy on Bangladesh requirements carefully and discussed it their FWF case manager. Dialogue with Bangladesh supplier is shown to be on fire and building safety. The factory has been inspected on fire and building safety. A report and follow up steps has been shared with BP. A training on violence against women prevention and FWF's training on fire and building safety was suggested to the supplier but not yet conducted.

Recommendation: Knowing that the production site in Bangladesh makes less than 1% FOB, BP is still recommended to keep addressing fire and building safety and violence against women with its supplier in Bangladesh.

| 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: BP is open to cooperation with other customers of suppliers and actively cooperates with FWF affiliates and brands not affiliated to FWF.

| 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. | Member undertakes additional activities to monitor suppliers | 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. | 2 | 2 | 0 |

Comment: Production in low-risk country is in Germany at the headquarter of BP and a new supplier where test orders have been placed in 2015 in Poland. Monitoring requirements are fulfilled at both sites. CSR staff visited both production sites in low -risk countries in 2016. The Code of Labour Practice has been signed and the Worker Information Sheet is posted.

| 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. | 90%+ | 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. | 3 | 3 | 0 |

Comment: BP conducted audits at two production sites which fall under the so called tail-end requirements. Both sites together make a total of 0.62% FOB.

| 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: 32

Earned Points: 27

3. COMPLAINTS HANDLING

| BASIC MEASUREMENTS | RESULT | COMMENTS |
|--|--------|--|
| Number of worker complaints received since last check | 3 | 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 | 3 | |

| 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: Staff from BP checks that the information sheet for workers is posted in the factories when they visit the production location and via emails and pictures to proof. During visits a special developed BP checklist is used, filled in from technicians to the CEO, based on FWF OHS checklist added with additional issues like check posting of code on the wall, doctor available etc. Pictures are collected of the posting of the worker information sheet. During the visits, 3 points are checked:

1. Posting readable?
2. Does the posting look like it has been hanging for a while already?
3. What is the location of posting?

| 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: In all production sites audited, the CoLP has been posted. Except for one production site out of seven, the workers were aware of the FWF worker helpline. At this production site in Macedonia, the FWF Code of Conduct was posted on the factory wall, but the position of the information material was posted very high on the wall, which needed to be changed.

Over the past three financial years, five Workplace Education Programme Trainings took place at production sites in Romania, Turkey, Viet Nam, Tunisia and Macedonia.

| 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: FWF received three complaints at factories producing for BP in 2016. One complaint from a factory in Romania, the other in Tunisia and the last one in Turkey.

The complaints addressed the labour standards "payment of a living wage", "legally binding employment relationship" and "safe and healthy working conditions".

BP followed up all complaints immediately with factory management and ensured the complaints to be solved straight away. This can also be seen in the complaints reports having the status "closed complaints".

The worker representation has been involved well in solving one of the complaints.

Recommendation: Receiving complaints from workers indicated that BP has a system to promote FWF's helpline and workers are aware of their rights. This in itself is an achievement. In order to continuously improve working conditions, BP is recommended to work more on preventive steps to uncover root causes of problems and to prevent them from recurring. When appropriate, analysis includes incidents at other factories. E.g. one case related to unjustified termination of contract. Next steps could be that there is a dismissal policy which workers are aware of.

| 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: Two complaints came from workers at factories which BP shares with other FWF members. BP has cooperated with the other customers in addressing both worker complaints well.

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: Several different tools are used to ensure all staff is made aware of FWF membership requirements at BP.

- internal mailings to staff included FWF topics (a.o. that the social report is available for download);
- a CSR newsletter for staff is shared;
- the BP Academy was used to inform new staff about FWF;
- new colleagues have been given an extra session about FWF.

| 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: Staff is trained in general. Staff traveling to production sites is briefed in detail before visiting the production site. Usually the CSR team briefs the traveling staff about supplier specific problems and asks for proof such as documents, notes, pictures and even video shots.

BP has developed a checklist to check social standards for traveling staff like technicians. Traveling staff is informed and regularly trained how to handle the checklist. The traveling staff hands the filled in documents and pictures to the CSR team. The CSR team evaluates the situation at the production site.

| 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 + actively support COLP | 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. | 2 | 2 | 0 |

Comment: With one supplier BP works with an agent and both agent and factory signed the FWF CoLP requirements. In addition to the agent, the production site is visited regularly by staff of BP. A technician in Macedonia checks production sites including social issues and CAP's. He is trained by FWF.

| 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) | 62% | 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: In addition to four factories trained in 2014 and 2015, another site in Macedonia was trained under the Workplace Education Programme in 2016.

Recommendation: The Workplace Education Programme expanded and become available in more production countries in 2016 and onwards. BP is recommended to motivate its main supplier(s) to join WEP training, especially in countries where it will be newly offered.

| 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 BP to arrange training on their own in areas where the Workplace Education Programme is not yet offered. Training must meet FWF quality standards to receive credit for this indicator and cover all issues of the FWF CoLP. It is recommended to start finding ways on how to ensure that workers are trained on labour rights in production countries where WEP is not offered.

TRAINING AND CAPACITY BUILDING

Possible Points: 15

Earned Points: 11

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: BP has a designated person who keeps the supplier register updated.

| 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: BP has developed a system where information regarding code compliance is integrated in the overall assessment of the supplier. At this point, staff is informed about compliance and outstanding issues by being briefed before visits to factories. Staff can also access documents regarding social compliance of the individual suppliers on the server. Responsible staff from departments related to suppliers and products meet monthly. Social standards are part of the monthly agenda.

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: BP's website and catalog are the most important communication channels for BP to communicate about FWF membership. Furthermore, the company has informed the public, customers and end users through press releases, flyers that have been posted to customers and on Facebook. Each invoice to customers refers to FWF membership and suggests to read BP's social report on the website of FWF or BP. Communication regarding FWF is important to BP, and the company experiences a growing interest from customers. For interested customers, BP has a special information sheet explaining key aspects of FWF, also to make sure third party sellers stick to the communication guidelines.

| 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: The Brand Performance Check Report is published on the affiliate's website.

| 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: BP publishes its social report online in German and English, which is available for download on its German, English, Dutch and French websites. The Social Report is mentioned as news item on BP website and linked on the BP Facebook page.

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: The Manager of Quality Management is responsible for evaluation of the effectiveness of the work plan and the available resources. An evaluation meeting takes place every year with the CEO. When the CEO visits suppliers he also uses the BP social compliance checklist, based on the FWF OHS checklist.

| 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. | 100% | In each Brand Performance Check report, FWF may include requirements for changes to management practices. Progress on achieving these requirements is an important part of FWF membership and its process approach. | Member company should show documentation related to the specific requirements made in the previous Brand Performance Check. | 4 | 4 | -2 |

Comment: BP had one requirement to work on which related to monitoring requirements at production sites in low-risk countries. BP has improved and the required changes have been implemented (see indicator 2.9).

EVALUATION

Possible Points: 6

Earned Points: 6

RECOMMENDATIONS TO FWF

1. Audit teams and audit report quality differs from country to country. BP would appreciate more consistency and asks FWF to remain its high quality both with the auditors as well as with the reports they write.
2. Navigation at FWF's website remains a challenge as the overviews and finding options on FWF's website are not clear.
3. In case of recommendations, be it in a BPC report or an audit report, BP would appreciate more, clear and specific guidance instead of general remarks.
4. Time constraints at FWF's end lead to delays in responses and partly hinder from follow up work.

SCORING OVERVIEW

| CATEGORY | EARNED | POSSIBLE |
|--------------------------------|--------|----------|
| Purchasing Practices | 39 | 46 |
| Monitoring and Remediation | 27 | 32 |
| Complaints Handling | 11 | 15 |
| Training and Capacity Building | 11 | 15 |
| Information Management | 7 | 7 |
| Transparency | 5 | 6 |
| Evaluation | 6 | 6 |
| Totals: | 106 | 127 |

BENCHMARKING SCORE (EARNED POINTS DIVIDED BY POSSIBLE POINTS)

83

PERFORMANCE BENCHMARKING CATEGORY

Leader

BRAND PERFORMANCE CHECK DETAILS

Date of Brand Performance Check:

01-06-2017

Conducted by:

Stefanie Santila Karl

Interviews with:

Matthias Goost - CEO

Ute Mueller - Head of Quality Management/Sustainability

Annet Baldus - Quality Management/Sustainability

Pascal Dahmer - Head of Marketing

Fabian Kusch - Head of Purchasing

Daniel Wiewelhove - Head of Planning Department