



BRAND PERFORMANCE CHECK

Blutsgeschwister GmbH

PUBLICATION DATE: JUNE 2018

this report covers the evaluation period 01-01-2017 to 31-12-2017

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

Blutsgeschwister GmbH

Evaluation Period: 01-01-2017 to 31-12-2017

| MEMBER COMPANY INFORMATION | |
|--|-----------------------------|
| Headquarters: | Berlin, Germany |
| Member since: | 01-07-2013 |
| Product types: | Fashion, Bags & Accessories |
| Production in countries where FWF is active: | China, India |
| Production in other countries: | Germany |
| 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 | 95% |
| Benchmarking score | 81 |
| Category | Leader |

Summary:

Blutsgeschwister has shown advanced results on performance indicators and has made exceptional progress. The company monitored 95% of its supply chain through FWF audits, meeting the threshold for brands that have been members for three years or longer. Its overall performance amounts to a benchmarking score of 81 points, resulting in leadership status.

Blutsgeschwister's sourcing strategy, which is to work with a consolidated supply chain and long-term partners, allows the company to make progress in improving working conditions.

In 2017 Blutsgeschwister made progress on gaining insights into the price composition of their products and how labour costs link to their FOB price. An open costing project has been initiated with two suppliers as a starting point for moving towards a living wage.

While Blutsgeschwister has a strong production planning in place to support reasonable working hours, all five FWF audits conducted in 2017 included findings on excessive overtime. Blutsgeschwister has been working on remediating these findings together with the suppliers, but improvements have not yet been verified.

Blutsgeschwister continued to improve its subcontractor monitoring and has a good monitoring system in place for all suppliers. Despite efforts to remediate audit findings challenges remain with more complex systemic issues such as effective worker representation, living wages and social security coverage for Chinese workers.

75% of Blutsgeschwister's production was produced at suppliers that participated in FWF's Workplace Education Programme, which informs workers and management about labour rights and grievance mechanisms. In addition Blutsgeschwister focused on establishing functioning anti-harassment committees at their Indian production locations.

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. | 80% | 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: Leverage at most key suppliers exceeds 10% allowing Blutsgeschwister to work effectively to improve working conditions.

| PERFORMANCE INDICATORS | RESULT | RELEVANCE OF INDICATOR | DOCUMENTATION | SCORE | MAX | MIN |
|---|--------|---|---|-------|-----|-----|
| 1.1b Percentage of production volume from production locations where member company buys less than 2% of its total FOB. | 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: Blutsgeschwister works with a limited number of key suppliers and their subcontractors in India and China and distributes the majority of its FOB to key suppliers. A number of subcontractors, mainly for printing and embroidery, produces less than 2% of Blutsgeschwister's 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. | 87% | 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. | 4 | 4 | 0 |

Comment: Blutsgeschwister is focusing on long-term business relationships and rarely adds new suppliers. 87% of its production is purchased from production locations where a business relationship has existed for at least five years. One relationship with a long-term supplier is currently being outphased gradually after severe quality and communication issues. Blutsgeschwister had consulted the supplier extensively before to support improvements.

| 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: New suppliers are informed about the FWF Code of Labour Practice before sample orders are done, via the Supplier Manual of Blutsgeschwister and separately by email. In addition every supplier has to sign a letter in which they commit to cooperate when problems at the production site are found. Blutsgeschwister could show signed questionnaires for all new production locations during the performance check.

| 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 suppliers. | Documentation may include pre-audits, existing audits, other types of risk assessments. | 2 | 4 | 0 |

Comment: Blutsgeschwister has defined a procedure for selecting new suppliers which includes a risk assessment regarding working conditions. Before the first order suppliers are visited by production, quality assurance or sample staff, who also use FWF's health and safety checklist. For one new supplier that was added in 2017, Blutsgeschwister could show an extensive visit report. The supplier did however not have any audit reports available for review.

In its past financial year Blutsgeschwister has been more actively involved in the selection of subcontractors together with their main suppliers. Working conditions and creating a limited, stable pool of subcontractors to improve monitoring and cooperation were a key part of these discussions.

Recommendation: Conducting pre-audits or analysing existing audit reports can be a way to assess the level of working conditions before deciding to start or continue the business relationship.

| 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: in 2017 Blutsgeschwister revised its supplier rating and created a traffic light system. Next to business indicators the rating also takes transparency, level of cooperation and audits and trainings into consideration. Once the tool has been applied for several seasons, Blutsgeschwister will be able to compare suppliers and possibly use the information for business decisions. Blutsgeschwister also plans to share outcomes with suppliers to support them in improving their performance.

Recommendation: Blutsgeschwister is 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.

| 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: Since the start of membership, Blutsgeschwister has implemented significant, systematic changes to improve its planning and production process in order to support reasonable working hours. This includes for example a shared planning and forecasting system with suppliers, considering overall capacity of suppliers and local holidays, ordering fabric as early as possible and reducing complexity of orders (e.g. reducing the amount of colors per collection with the same overall quantity). Supplier feedback is collected and considered for future planning.

In 2017 Blutsgeschwister continued looking for improvements. For example lead times as well as sampling process times were further expanded and Blutsgeschwister tries to place orders in low season as much as possible.

| PERFORMANCE INDICATORS | RESULT | RELEVANCE OF INDICATOR | DOCUMENTATION | SCORE | MAX | MIN |
|---|----------------------|--|--|-------|-----|-----|
| 1.7 Degree to which member company mitigates root causes of excessive overtime. | Intermediate 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. | 3 | 6 | 0 |

Comment: In 2016, FWF conducted five audits at production locations of Blutsgeschwister. All audits included excessive overtime findings. At several of these suppliers Blutsgeschwister has considerable leverage. Blutsgeschwister addressed the issues during on-site visits and suppliers agreed to reconsider their production planning and work on reducing overtime.

Blutsgeschwister in turn analysed how their production contributes to excessive overtime hours and committed to reorganise their planning process (see also indicator 1.6).

In addition Blutsgeschwister investigated whether they could collaborate with other customers at the suppliers on this issue, but could not yet identify other brands who were willing to work on improving production planning.

In general if a supplier indicates problems, Blutsgeschwister is looking into ways to extend delivery times, split deliveries or shift orders to other production cycles. Blutsgeschwister also allows air or train delivery and partially reimburses higher costs.

Recommendation: FWF encourages Blutsgeschwister to continue the dialogue with suppliers on the root causes of excessive overtime, provide support to manage overtime, and discuss the merit of realistic production planning on the side of the supplier. If necessary, Blutsgeschwister could hire local experts to analyse root cause of excessive overtime in cooperation with the supplier. Best practices from suppliers where overtime has been successfully decreased could also be shared with other suppliers.

FWF recommends cooperating with other customers at the factory to increase leverage, when trying to mitigate excessive overtime hours.

| PERFORMANCE INDICATORS | RESULT | RELEVANCE OF INDICATOR | DOCUMENTATION | SCORE | MAX | MIN |
|---|----------------------|--|--|-------|-----|-----|
| 1.8 Member company's pricing policy allows for payment of at least the legal minimum wages in production countries. | Country-level policy | The first step towards ensuring the payment of minimum wages - and towards implementation of living wages - is to know the labour costs of garments. | Formal systems to calculate labour costs on per-product or country/city level. | 2 | 4 | 0 |

Comment: In 2017 Blutsgeschwister made process on gaining insights into the price composition of their products and how labour labour costs link to their FOB price. Two suppliers agreed to participate in open costing. As part of this a pricing sheet was developed showing a detailed price composition for an article including working minute costs. Blutsgeschwister plans on using this information for gradually increasing wage levels and expanding the methodology to other suppliers.

Recommendation: FWF encourages Blutsgeschwister to continue and expand the work they have started on open costing. 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. | Yes | 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. | 1 | 2 | -2 |

Comment: One audit conducted in 2017 found that three workers in the finishing department were paid below legal minimum wage. Blutsgeschwister addressed the point with the supplier. Management explained that the three persons were older workers with lower productivity who worked at the factory only occasionally on a piece rate basis. The workers are no longer employed at the factory.

Requirement: FWF requires Blutsgeschwister to ensure that all their suppliers respect local labour law. Hourly wage of piece rate workers must in all cases at least meet hourly minimum wages.

| 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: Blutsgeschwister discusses wage levels with all suppliers based on wage ladder data of FWF audits. They have also started to analyze how this information can be considered during pricing decision. A key supplier of Blutsgeschwister attended FWF's living wage seminar in India in 2016 and is open to discuss increasing wage levels. Open costing pilots have started at two suppliers (see indicator 1.8) as a first step to gradually increase wages.

Recommendation: FWF encourages Blutsgeschwister to work towards higher wage benchmarks. It is advised to start with suppliers where the member company has high leverage and long term business relationship. FWF has developed experience with approaches that ensure that production workers in the selected facility take full benefit from the additional amounts that are committed to wage increases. FWF could give companies specific guidance on process rollout on request.

FWF advises companies to avoid the concept of a one-time charitable contribution, and strongly recommends Member companies to commit to a long term process that leads to sustainable implementation of living wages.

| PERFORMANCE INDICATORS | RESULT | RELEVANCE OF INDICATOR | DOCUMENTATION | SCORE | MAX | MIN |
|--|--------|--|--|-------|-----|-----|
| 1.12 Percentage of production volume from factories owned by the member company (bonus indicator). | None | Owning a supplier increases the accountability and reduces the risk of unexpected CoLP violations. Given these advantages, this is a bonus indicator. Extra points are possible, but the indicator will not negatively affect an member company's score. | Supplier information provided by member company. | N/A | 2 | 0 |

PURCHASING PRACTICES

Possible Points: 44

Earned Points: 30

2. MONITORING AND REMEDIATION

| BASIC MEASUREMENTS | RESULT | COMMENTS |
|---|--------|--|
| % of own production under standard monitoring (excluding low-risk countries) | 95% | |
| % of production volume where monitoring requirements for low-risk countries are fulfilled | 0% | 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 | 95% | 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: If Blutsgeschwister receives an audit report, it is reviewed swiftly and then passed on to the supplier. Wherever possible Blutsgeschwister tries to schedule audits in a way that someone from the company can visit the supplier shortly after to discuss findings and agree on timelines. If this is not possible, timelines are agreed via email or when the supplier is visiting their headquarters.

Recommendation: FWF recommends Blutsgeschwister to systematically include worker representation when discussing audit findings and defining corrective action plans.

| 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: CSR staff keeps an overview of all active CAPs and remains in frequent contact with the suppliers to request updates. During on-site visits, staff discusses corrective actions. Top management is involved in discussions of more severe issues.

Four of the five factories audited in 2017 had been audited by FWF before. The audits showed some improvements for example correct overtime premiums were now being paid and contract copies were provided to workers.

However considerable challenges regarding excessive overtime, effective worker representation, living wages and social security coverage for Chinese workers remain at almost all audited suppliers.

Recommendation: FWF recommends Blutsgeschwister to define strategies to tackle complex, systemic findings in their supply chain. This may include defining action plans together with the supplier that set realistic mid-term goals.

| 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: Blutsgeschwister visits the majority of its suppliers at least once a year, including smaller subcontracting sites.

| PERFORMANCE INDICATORS | RESULT | RELEVANCE OF INDICATOR | DOCUMENTATION | SCORE | MAX | MIN |
|--|---|---|--|-------|-----|-----|
| 2.6 Existing audit reports from other sources are collected. | No existing reports/all audits by FWF or FWF member company | 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. | N/A | 3 | 0 |

Comment: Almost all suppliers of Blutsgeschwister (95%) have been audited by FWF and Blutsgeschwister mainly works with these audit reports. It has inquired whether other audit reports were available, but in many cases the supplier had not been audited by other companies before or the reports were not of sufficient quality.

| 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 | 0 |
| 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 |
| Compliance with FWF guidance on risks related to Turkish garment factories employing Syrian refugees | Policies are not relevant to the company's supply chain | | | N/A | 6 | -2 |
| Other risks specific to the member's supply chain are addressed by its monitoring system | Policies are not relevant to the company's supply chain | | | N/A | 6 | -2 |

Comment: Blutsgeschwister does not produce in Myanmar and Bangladesh and does not use sand-blasting for its products. Blutsgeschwister has assessed whether home workers are used by their suppliers and concluded that this is not the case at the time.

The company has a thorough understanding of risks in its supply chain and has started to act systematically on some of them. In India for example Blutsgeschwister worked extensively with its suppliers to ensure functional anti-harassment committees are in place.

| 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: Blutsgeschwister has worked actively on remediation of findings at a Chinese supplier together with another FWF member brand. While the other member led the remediation process, both members regularly exchanged on the status and updated each other before and after visits to the supplier.

| 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: Blutsgeschwister works with one production location in Germany that accounts for less than 1% of its FOB. The supplier has been visited, the FWF questionnaire has been signed and the Worker Information Sheet was 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. | Not applicable | 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 |

| 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: 20

Earned Points: 17

3. COMPLAINTS HANDLING

| BASIC MEASUREMENTS | RESULT | COMMENTS |
|--|--------|--|
| Number of worker complaints received since last check | 0 | At this point, FWF considers a high number of complaints as a positive indicator, as it shows that workers are aware of and making use of the complaints system. |
| Number of worker complaints in process of being resolved | 0 | |
| Number of worker complaints resolved since last check | 0 | |

| PERFORMANCE INDICATORS | RESULT | RELEVANCE OF INDICATOR | DOCUMENTATION | SCORE | MAX | MIN |
|--|--------|--|--|-------|-----|-----|
| 3.1 A specific employee has been designated to address worker complaints | Yes | Followup is a serious part of FWF membership, and cannot be successfully managed on an ad-hoc basis. | Manuals, emails, etc., demonstrating who the designated staff person is. | 1 | 1 | -1 |

| PERFORMANCE INDICATORS | RESULT | RELEVANCE OF INDICATOR | DOCUMENTATION | SCORE | MAX | MIN |
|---|--------|---|--|-------|-----|-----|
| 3.2 System is in place to check that the Worker Information Sheet is posted in factories. | Yes | The Worker Information Sheet is a key first step in alerting workers to their rights. | Photos by company staff, audit reports, checklists from production location visits, etc. | 2 | 2 | 0 |

Comment: Blutsgeschwister regularly checks during visits whether the Worker Information Sheet is posted at an accessible location in the factory and records this. In 2017 Blutsgeschwister increased efforts to ensure that this is also done at subcontractor level.

| 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. | 57% | 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: At three of the five audited factories in 2017 less than half of all interviewed workers were aware of the FWF worker helpline. At the same time two suppliers participated in a WEP training in 2017 which also counts toward this indicator.

Recommendation: Blutsgeschwister 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, Blutsgeschwister 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 | No complaints received | Providing access to remedy when problems arise is a key element of responsible supply chain management. Member company involvement is often essential to resolving issues. | Documentation that member company has completed all required steps in the complaints handling process. | N/A | 6 | -2 |

| PERFORMANCE INDICATORS | RESULT | RELEVANCE OF INDICATOR | DOCUMENTATION | SCORE | MAX | MIN |
|--|---|--|--|-------|-----|-----|
| 3.5 Cooperation with other customers in addressing worker complaints at shared suppliers | No complaints or cooperation not possible / necessary | Because most production locations supply several customers with products, involvement of other customers by the FWF member company can be critical in resolving a complaint at a supplier. | Documentation of joint efforts, e.g. emails, sharing of complaint data, etc. | N/A | 2 | 0 |

COMPLAINTS HANDLING

Possible Points: 7

Earned Points: 6

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: All store managers and sales staff are trained on FWF in general and current updates. All new staff receives an introduction to FWF. The Brand Performance Check result is communicated to all employees. All interviewed staff showed a high level of understanding regarding FWF's approach and implications of membership.

| 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: CSR staff of Blutsgeschwister has been actively participating in training opportunities and stakeholder meetings of FWF including a large international conference on gender in Vietnam. The CEO also attended FWF's annual conference. Other staff in direct contact with suppliers are updated regularly.

| 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: For some suppliers, Blutsgeschwister works with agents who sometimes also conduct quality assurance for the company. Agents are actively involved in monitoring and remediation efforts. After being trained by Blutsgeschwister, one agent additionally joined the Workplace Education Program of a suppliers' management.

| 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) | 75% | 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: Two suppliers of Blutsgeschwister received training in 2017.

| 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 |

TRAINING AND CAPACITY BUILDING

Possible Points: 11

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: Blutsgeschwister's first-level supplier base is very stable and the company is well aware where production takes place. In 2017 Blutsgeschwister focused on further improving their subcontractor monitoring. Most sites have been visited and Blutsgeschwister was able to determine the FOB value for each site. The use of subcontractors is part of the frame delivery contracts which are signed between the supplier and Blutsgeschwister and form the base of cooperation.

| 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: All staff in direct contact with suppliers, including the CEO/head designer, meets every month to update each other on relevant developments related to FWF and social compliance at their suppliers. Production managers use the FWF health & safety checklist when visiting production locations and share observations with the rest of the team.

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: Blutsgeschwister communicates about FWF on its website, magazine and stores. All communication is compliant with FWF's communication policy. As a leader Blutsgeschwister also communicates FWF membership on product.

| 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: Blutsgeschwister published the FWF Brand Performance Check on its 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: Blutsgeschwister published a complete and accurate social report on its website.

TRANSPARENCY

Possible Points: 6

Earned Points: 5

7. EVALUATION

| PERFORMANCE INDICATORS | RESULT | RELEVANCE OF INDICATOR | DOCUMENTATION | SCORE | MAX | MIN |
|--|--------|---|--|-------|-----|-----|
| 7.1 Systemic annual evaluation of FWF membership is conducted with involvement of top management | Yes | An annual evaluation involving top management ensures that FWF policies are integrated into the structure of the company. | Meeting minutes, verbal reporting, Powerpoints, etc. | 2 | 2 | 0 |

Comment: Top management is constantly involved on FWF issues. Decisions are made in cooperation with designated staff. The integration of FWF policies into the structure, procedures and systems of the company receives considerable attention. Performance Check results and priorities for the coming year are discussed together with top management.

| 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. | 75% | 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: Last year's performance check included three requirements:

- 1) Blutsgeschwister needs to ensure that new suppliers including CMT, printing and embroidery subcontractors sign and return the questionnaire before first orders are placed
- 2) Blutsgeschwister needs to develop a pricing policy where they know the labour cost of garments and which allows the payment of at least legal minimum wages in production countries.
- 3) Production staff and CSR manager must ensure all active production locations are included in the database for the financial year under review. Correct FOB percentages should be given per supplier including subcontracted sites to show the relevance of each supplier in relation to the member's total purchasing volume.

Blutsgeschwister fully implemented requirement 1 and 3 and has made progress on requirement 2.

EVALUATION

Possible Points: 6

Earned Points: 6

RECOMMENDATIONS TO FWF

Blutsgeschwister recommends FWF to involve brands more actively in decision-making processes and collect their feedback.

Blutsgeschwister feels that FWF does not always allow enough time for brands to respond to requests (e.g. invitations to present at stakeholder meetings) and should announce changes or expectations well in advance.

Blutsgeschwister had several feedback points about the Annual Conference:

- The brands felt that the goal of the event was unclear (learning space vs. celebration/networking).

Blutsgeschwister would prefer the Annual Conference to be inspirational and a space where they can take away new knowledge.

- Especially for more advanced brands they would prefer more in-depth content sharing. Some of the workshops in 2017 were experienced as too introductory and not allowing enough time to actually dig deep on the issue.

- The workshop space was not ideal and too noisy.

SCORING OVERVIEW

| CATEGORY | EARNED | POSSIBLE |
|--------------------------------|--------|----------|
| Purchasing Practices | 30 | 44 |
| Monitoring and Remediation | 17 | 20 |
| Complaints Handling | 6 | 7 |
| Training and Capacity Building | 11 | 11 |
| Information Management | 7 | 7 |
| Transparency | 5 | 6 |
| Evaluation | 6 | 6 |
| Totals: | 82 | 101 |

BENCHMARKING SCORE (EARNED POINTS DIVIDED BY POSSIBLE POINTS)

81

PERFORMANCE BENCHMARKING CATEGORY

Leader

BRAND PERFORMANCE CHECK DETAILS

Date of Brand Performance Check:

26-04-2018

Conducted by:

Lisa Suess, Sandra Gonza

Interviews with:

Katharina Fest (CSR manager)

Stephan Künz (CEO)

Marion Meyer-Arendt (head of retail)

Sandra Feisst (director of product development & production)

Sara Lemmens (director Marketing & eCommerce)