



BRAND PERFORMANCE CHECK

Hydrowear B.V.

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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

Hydrowear B.V.

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

MEMBER COMPANY INFORMATION	
Headquarters:	Emmen, Netherlands
Member since:	01-07-2009
Product types:	Workwear
Production in countries where FWF is active:	China, India
Production in other countries:	Croatia
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	99%
Benchmarking score	59
Category	Good

Summary:

Hydrowear has met most of FWF's performance requirements. With a monitoring percentage of 99% and a score of 59, the company is placed within the 'Good' category. This is an important improvement in comparison to the previous year, when the company was placed in the 'Needs Improvement' category.

In 2017, Hydrowear consolidated its supply chain and ensured that it reached the required monitoring threshold of 80%. It did this by making use of both FWF audits and external audits. It also continued its work on CAP remediation, documenting this extensively. In terms of purchasing practices, Hydrowear started working with a new forecasting system that allows it to better predict demand and therefore also allows it to place orders in a more effective manner. It also conducted a root cause analysis for excessive overtime at one of its factories, and worked on remediation by ensuring that sufficient fabric was stored to mitigate fabric delays.

Hydrowear received one complaint in India at one of its production locations related to excessive overtime and wages. It is still in the process of remediating this complaint and FWF encourages Hydrowear to ensure that similar complaints can be avoided in the future. This means that its supplier in India will need to be more transparent on its policies and practices.

Furthermore, Hydrowear is encouraged to set up a more systematic approach to social compliance, inserting social compliance into relevant business processes. This should allow it to better integrate social compliance into its daily business practices.

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.	99%	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: Approximately 99% of Hydrowear's production volume comes from production locations where it has at least 10% of production capacity. They have 3 main suppliers accounting for 90% of FOB.

Recommendation: This indicator could not be calculated accurately as Hydrowear is unaware of the exact division of production between two production locations belonging to the same supplier in India. FWF recommends to have a more precise distinction of these two production locations.

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.	1%	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: Hydrowear has only 1% of its production volume coming from production locations where it buys less than 2% of its total FOB, meaning that it has a relatively compact and consolidated supply chain. The 4 locations that have less than 2% of its total FOB are mostly suppliers where Hydrowear intends to expand production in the coming years.

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.	72%	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: Hydrowear has 72% of its production volume coming from production locations where it has a long-term business relationship. This is a significant increase from the previous year, and indicates that it has consolidated its supply chain.

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

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
1.3 All new production locations are required to sign and return the questionnaire with the Code of Labour Practices before first bulk orders are placed.	No new production locations added in past financial year	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.	N/A	2	0

Comment: In 2017, Hydrowear did not add any new production locations. It did, however, place some trial orders and looked into new production locations that will be included in its 2018 financial year.

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.	Insufficient	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.	0	4	0

Comment: The CSR person of Hydrowear has read the Country Study for the countries where it is active and is therefore aware of potential social compliance issues.

When starting a relationship with new suppliers, Hydrowear’s company director generally takes the lead and has preliminary conversation with the potential new supplier(s). After a sampling phase, the decision comes down to price and quality. In this process, an existing audit may be requested, received, and reviewed but the findings are not systematically integrated into the decision. For this reason, Hydrowear’s current human rights due diligence process is insufficient.

Requirement: A formal process should exist to evaluate the risks of labour violations in the production locations Hydrowear is operating. This evaluation should influence the decision on whether to place orders, how to prevent and mitigate risks, and what remediation steps may be necessary.

Recommendation: Although Hydrowear is a small and informal company, it’s important to systematically integrate CSR process into supplier selection as it provides more mandate to make a production decision earlier on in the selection process. This can save time and effort in terms of further due diligence and possible remediation.

Topics to be covered in your systematic approach of human right due diligence are:

- Always ask for existing audit reports
- Ask information about wages and working hours
- Link country risks to suppliers

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: The CSR person systematically followed up on audit findings and CAPs, and documented progress. As Hydrowear has a small team, all CSR information is shared internally on an informal basis. When someone from Hydrowear travels to a factory, s/he is given information from the CSR manager to discuss and/or check with factory management. This can include audit CAP follow-up or a health & safety checklist.

Recommendation: Hydrowear 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.	General or ad-hoc system.	Member company production planning systems can have a significant impact on the levels of excessive overtime at production locations.	Documentation of robust planning systems.	2	4	0

Comment: In 2017, Hydrowear implemented a new Exact system to help with production planning. This allows it to gain insight into previous sales and use that to plan production more effectively for the future. The system also takes the current turnover growth into consideration.

Hydrowear aims to place orders on time to allow sufficient time for production at all suppliers. In addition, it has a strong business relationship with its supplier in India, which indicates the available production capacity on a monthly basis. For this factory, it also makes use of a spreadsheet to track production, moving production orders into different categories (A-C) depending on the importance and timing of the order. In this way, there is increased flexibility for the factory. Extra capacity is reserved on time when needed. At its suppliers in China, Hydrowear is able to place orders during low season but does not have a detailed order tracking system in place, as it indicated that deliveries are generally not delayed.

When orders for special projects are low, Hydrowear is often able to compensate by placing orders for the Never-Out-of Stock products, allowing stable order flows and minimum stock orders at its main suppliers.

Recommendation: Hydrowear is encouraged to intensify the integration of their planning with their suppliers. They are also recommended to learn more about the total production capacity of their suppliers and the working minutes.

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 2017, a supplier for Hydrowear indicated that during previous production runs, the lead times were too short and there were a number of production delays. According to the factory, the root cause of this delay was late delivery of special fabrics from the fabric supplier. To remediate this and mitigate the risk of this happening again, Hydrowear invested in building up sufficient fabric stock for 1-1.5 years of production, either taking on the costs for this itself or sharing this with the factory.

Recommendation: Hydrowear is encouraged to work with its suppliers where it has significant leverage to gain more insight into production planning, building on its efforts in 2017 to mitigate root causes of excessive overtime.

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
1.8 Member company's pricing policy allows for payment of at least the legal minimum wages in production countries.	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: Hydrowear does not negotiate about the number of working minutes for products, but leaves this to the discretion of the supplier concerned. Even though Hydrowear knows the number of labour minutes based on experience and previous styles, and also the price per minute, it has never determined whether the prices paid are sufficient to pay at least minimum wages. It looks at FWF audits to understand whether the respective supplier is paying at least minimum wages.

In its dealing with its supplier in India, a detailed costing sheet is used (including percentages calculated for factory overhead and margin), but it has proven difficult to verify the figures and prices given other than based on experience. In China, there is no information on the cost of labour as negotiations are based on quantity of articles. A price is quoted by the factory, communicated to Hydrowear and then agreed upon. As Hydrowear has relatively low leverage and order quantities at its Chinese production locations, it has less room to negotiate prices.

However, when negotiating to reach a target price, it generally negotiates on sewing and trims, and not on fabrication (direct labour) costs.

Recommendation: Hydrowear is recommended to investigate wages levels in production countries, among others by making use of FWF's Wage Ladder and country studies. As an advanced step, increased transparency in costing and productivity gives insight in the labour costs per product, and allows better costing breakdowns based on more information. This forms the basis for ensuring prices are sufficient to cover at least minimum wage and for making steps towards living wages.

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
1.9 Member company actively responds if suppliers fail to pay legal minimum wages.	No	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 the end of 2017, an audit for one of its production locations showed that workers were not being paid legal minimum wages. This was not followed up by Hydrowear in a time-bound manner.

Requirement: If a supplier fails to pay minimum wages, FWF Member companies are expected to hold management of the supplier accountable for respecting local labour law and require a time bound action plan to ensure adequate payment. Factory visits with a documents check or additional verification by FWF may be needed to verify remediation.

Recommendation: Hydrowear is encouraged to set up a monitoring system allowing it to track audit findings and remediation across its production locations and suppliers.

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

Comment: Similar to previous years, Hydrowear had some discussions with its suppliers on wage levels and the root causes of the lack of payment of living wages.

Recommendation: Hydrowear is encouraged to build up a more open and transparent relationship with its main suppliers so that there is a better foundation for a discussion on wages. In preparation for the new indicators related to living wages that will be assessed in the next Brand Performance Check, Hydrowear is encouraged to document this process effectively.

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: 42

Earned Points: 18

2. MONITORING AND REMEDIATION

BASIC MEASUREMENTS	RESULT	COMMENTS
% of own production under standard monitoring (excluding low-risk countries)	73%	
% of production volume where monitoring requirements for low-risk countries are fulfilled	26%	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.	No	FWF members must meet tail-end monitoring requirements. Implementation will be assessed during next Brand Performance check.
Total of own production under monitoring	99%	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: Two audits were carried out in 2017. In general, Hydrowear has worked diligently on CAP remediation in 2017, sharing both audit results and CAPs with the factory.

Recommendation: Hydrowear is encouraged to ensure that audit findings are shared with worker representation in the production locations where this is applicable.

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
2.4 Degree of progress towards resolution of existing Corrective Action Plans and remediation of identified problems.	Basic	FWF considers efforts to resolve CAPs to be one of the most important things that member companies can do towards improving working conditions.	CAP-related documentation including status of findings, documentation of remediation and follow up actions taken by member. Reports of quality assessments. Evidence of understanding relevant issues.	4	8	-2

Comment: Hydrowear worked on CAP follow-up and remediation in 2017, building on its work in 2016. CAP follow-up was mostly carried out by the CSR officer from the Netherlands. This follow-up focused primarily on factory-level issues, and was conducted through the exchange of updated spreadsheets, email and discussions. In one instance, it also had a face-to-face meeting with the owner of its production location in India. These efforts form a good starting point for further relationship-building and shared remediation with its suppliers.

Recommendation: Hydrowear is encouraged to build on its CAP remediation efforts by systematically working on issues that are applicable to the full supply chain (eg. living wages, excessive working hours).

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.	93%	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: Hydrowear employees visited the vast majority of its production locations in 2017, and had various levels of success incorporating social compliance issues in those visits.

Recommendation: Hydrowear is encouraged to discuss social compliance issues with all of its production locations, and document these discussions effectively.

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: For one of its production locations in China, Hydrowear relied on existing audit reports. All audits were conducted in 2017, and Hydrowear was able to show that it completed an Audit Quality Assessment Tool for the most recent audit and that it worked on corrective action implementation. For this reason, the most recent audit report will be counted towards its monitoring threshold.

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	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	Intermediate			3	6	-2

Comment: All specific FWF risk policies are not applicable for Hydrowear. In terms of the other risks specific to its supply chain, it has taken a number of steps to mitigate them (eg. becoming familiar with FWF country studies, auditing production locations).

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: For its supplier located in India, Hydrowear worked together with another FWF brand to address social compliance issues, including a complaint filed in 2017. However, Hydrowear did not systematically document its joint follow-up actions.

Recommendation: Cooperation among FWF members is required in order to resolve corrective actions and complaints. In addition, it is advised to identify other customers and their commitment to improving working conditions. Involving more customers of the factory increases leverage, the chances of successful outcomes and long term improvements.

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

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

Comment: For its low-risk production location, Hydrowear was able to show that it met the monitoring requirements, consisting of signing FWF CoLP, posting of CoLP, regular visits and risk assessment.

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: Hydrowear has monitored 99% of its supply chain (including low-risk).

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: 24

3. COMPLAINTS HANDLING

BASIC MEASUREMENTS	RESULT	COMMENTS
Number of worker complaints received since last check	1	At this point, FWF considers a high number of complaints as a positive indicator, as it shows that workers are aware of and making use of the complaints system.
Number of worker complaints in process of being resolved	1	
Number of worker complaints resolved since last check	0	

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

Comment: The CSR person of Hydrowear is designated to address worker complaints.

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

Comment: The system is based on checks during factory visits and pictures send by their suppliers.

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: For 2017, there were no WEP sessions that could count towards this indicator. Two out of three audits in the last 3 years showed that the majority of workers were aware of FWF and/or its worker helpline.

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

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
3.4 All complaints received from production location workers are addressed in accordance with the FWF Complaints Procedure	Yes	Providing access to remedy when problems arise is a key element of responsible supply chain management. Member company involvement is often essential to resolving issues.	Documentation that member company has completed all required steps in the complaints handling process.	3	6	-2

Comment: In 2017, Hydrowear received one complaint (related to documentation of working hours and wages) for one of its production locations related to its supplier in India. After receiving the complaint, Hydrowear contacted the factory and worked towards investigation and remediation. This process has not yet led to the closure of the complaint.

Recommendation: Hydrowear is encouraged to resolve the complaint as soon as possible and take steps to mitigate the risk of this happening again.

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: For the complaint, Hydrowear has worked to keep to the other FWF member updated on the status.

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: As mentioned earlier, Hydrowear is a small company with an informal working atmosphere, meaning that a lot of information is shared during a normal working day. This includes social compliance issues.

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: The CSR person has the responsibility by the company to inform the staff.

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

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
4.4 Production location participation in Workplace Education Programme (where WEP is offered; by production volume)	0%	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.	0	6	0

Comment: Hydrowear did not conduct any WEP sessions in the past three financial years.

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

Requirement: Hydrowear should motivate its main supplier(s) to join WEP trainings.

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: 9

Earned Points: 3

5. INFORMATION MANAGEMENT

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
5.1 Level of effort to identify all production locations	Intermediate	Any improvements to supply chains require member companies to first know all of their production locations.	Supplier information provided by member company. Financial records of previous financial year. Documented efforts by member company to update supplier information from its monitoring activities.	3	6	-2

Comment: Hydrowear is aware of its CMT production locations, and this is an improvement in relation to the previous year. It still is, however, unable to provide an FOB amount for each of its production locations for its supplier in India. In addition, Hydrowear has not added its relevant printing/embroidery subcontractors to the database.

Requirement: Hydrowear needs to ensure that it is able to assign an FOB value to each of its production locations for its supplier in India.

Recommendation: Hydrowear also needs to ensure that all relevant printing/embroidery subcontractors are added to the database.

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

Recommendation: Hydrowear needs to ensure that knowledge is documented in order to promote easier knowledge transfer amongst employees.

INFORMATION MANAGEMENT

Possible Points: 7

Earned Points: 4

6. TRANSPARENCY

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

Comment: Hydrowear communicates on its website and in various brochures about FWF membership in line with the FWF communications policy.

Recommendation: Hydrowear is encouraged to ensure that the most recent FWF logo is used on its brochures and other promotional items.

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

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

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
6.3 Social Report is submitted to FWF and is published on member company's website	Complete and accurate report submitted to FWF	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.	1	2	-1

Comment: Hydrowear published its Social Report on its client login webpage, but this is not publicly available.

Requirement: FWF approach requires transparency on member companies' work towards social standards. The social report needs to be accurate and submitted to FWF as well as published on Hydrowear's website.

TRANSPARENCY

Possible Points: 6

Earned Points: 3

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

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.	70%	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: In the previous Brand Performance Check, the following requirements were made:

- 1.3: all new production locations need to sign and return questionnaire (n/a in 2017)
- 1.4: social compliance due diligence during supplier selection process (n/a in 2017)
- 1.5: production location social compliance is evaluated in a systematic manner (progress made)
- 2.9: low-risk suppliers need to meet monitoring requirements (resolved)
- 5.1: second production location in India needs to be added to database and audited (resolved)
- 6.3: Social Report needs to be published on website (not resolved)
- 7.2: work towards remediation of previous requirements (progress made)

For the 5 applicable requirements, progress was made on 4 of these requirements, meaning that full points can be awarded.

Recommendation: Hydrowear is encouraged to ensure that it is able to show progress on both 1.3 and 1.4 requirements in time for the next Brand Performance Check.

EVALUATION

Possible Points: 6

Earned Points: 6

RECOMMENDATIONS TO FWF

SCORING OVERVIEW

CATEGORY	EARNED	POSSIBLE
Purchasing Practices	18	42
Monitoring and Remediation	24	32
Complaints Handling	11	15
Training and Capacity Building	3	9
Information Management	4	7
Transparency	3	6
Evaluation	6	6
Totals:	69	117

BENCHMARKING SCORE (EARNED POINTS DIVIDED BY POSSIBLE POINTS)

59

PERFORMANCE BENCHMARKING CATEGORY

Good

BRAND PERFORMANCE CHECK DETAILS

Date of Brand Performance Check:

24-04-2018

Conducted by:

Kees Gootjes, Jesse Bloemendaal

Interviews with:

Laurens Voors, Social Compliance Manager