



BRAND PERFORMANCE CHECK

Hubert Schmitz GmbH (S-Gard)

PUBLICATION DATE: JULY 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

Hubert Schmitz GmbH (S-Gard)

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

MEMBER COMPANY INFORMATION	
Headquarters:	Heinsberg, Germany
Member since:	01-01-2016
Product types:	Workwear
Production in countries where FWF is active:	Tunisia, Turkey
Production in other countries:	Lithuania, Poland
BASIC REQUIREMENTS	
Workplan and projected production location data for upcoming year have been submitted?	Yes
Actual production location data for evaluation period was submitted?	Yes
Membership fee has been paid?	Yes
SCORING OVERVIEW	
% of own production under monitoring	86%
Benchmarking score	60
Category	Good

Summary:

S-Gard has met most of FWF's performance requirements. With a monitoring percentage of 86%, it goes well beyond the required monitoring threshold of 60% for the second year of FWF membership. This, in combination with a benchmarking score of 62, means that FWF is awarding S-Gard a place in the 'Good' category.

In its second year of membership, S-Gard has made steady progress in implementing FWF requirements. The brand has maintained a stable supplier base and has added three new suppliers this year (with 100% leverage at two suppliers and 50% leverage at one supplier). The new suppliers replace three existing suppliers where the business relationships had ended—at one supplier for restructuring reasons and at two others because leverage was low and orders were not of significant business value/interest to the supplier. S-Gard is the only customer at six of its seven Tunisian suppliers, with 77% of total FOB, which gives the brand significant leverage to improve working conditions. The brand also has production at two Polish suppliers. In 2017, the brand implemented a social compliance checklist for new suppliers and a supplier evaluation system.

FWF recommends that S-Gard set up a systematic approach to analyse country risks, which will help structure and strengthen the due diligence process to mitigate risks. Furthermore, S-Gard should learn more about production planning and costing at suppliers where strong systems are not yet in place, which is also essential to be able to work on living wages.

PERFORMANCE CATEGORY OVERVIEW

Leader: This category is for member companies who are doing exceptionally well, and are operating at an advanced level. Leaders show best practices in complex areas such as living wages and freedom of association.

Good: It is FWF's belief that member companies who are making a serious effort to implement the Code of Labour Practices—the vast majority of FWF member companies—are 'doing good' and deserve to be recognized as such. They are also doing more than the average clothing company, and have allowed their internal processes to be examined and publicly reported on by an independent NGO. The majority of member companies will receive a 'Good' rating.

Needs Improvement: Member companies are most likely to find themselves in this category when major unexpected problems have arisen, or if they are unable or unwilling to seriously work towards CoLP implementation. Member companies may be in this category for one year only after which they should either move up to Good, or will be moved to suspended.

Suspended: Member companies who either fail to meet one of the Basic Requirements, have had major internal changes which means membership must be put on hold for a maximum of one year, or have been in Needs Improvement for more than one year. Member companies may remain in this category for one year maximum, after which termination proceedings will come into force.

Categories are calculated based on a combination of benchmarking score and the percentage of own production under monitoring. The specific requirements for each category are outlined in the Brand Performance Check Guide.

1. PURCHASING PRACTICES

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
1.1a Percentage of production volume from production locations where member company buys at least 10% of production capacity.	100%	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: S-Gard has six main suppliers in Tunisia. Over 75% of its production happens at Tunisian production locations where the brand uses 100% production capacity (except at one supplier where the brand uses 50%). Furthermore, production takes place at two production locations in Poland. In case S-Gard lacks production capacity, it also places production at a supplier in Lithuania. For promotional wear, the brand sources from a German intermediary, who does production at a Turkish production site and a German production site (for badges, labels and embroidery). At these production locations ranges between 20-50%.

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.	2.47%	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: S-Gard is already using nearly 100% capacity at existing suppliers, but stopped production at three suppliers and has three new suppliers in 2017 which contributed to a small tail end.

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.	76%	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: S-Gard has a stable supplier base and values long-term relationships. With most of its suppliers it has been working for a long time. Due to growth, S-Gard is increasing the production capacity of existing suppliers and expanding the number of suppliers to increase its total production capacity. With the three new suppliers in 2017, S-Gard aims to have long-term relationships.

Recommendation: FWF recommends S-Gard to maintain stable business relationships with suppliers. Also, while selecting new suppliers, where possible, ensure that they can meet S-Gards future capacity and production needs, thereby preventing deletion and addition of new suppliers over the coming years. 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.	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: The brand was not aware that the labelling and embroidery supplier of the German intermediary in Germany needs to be separately included in the database and Code of Labour Practices, questionnaire and worker information sheet needs to be put up at that location as well.

Requirement: S-Gard needs to ensure that the German supplier signs and returns the questionnaire, worker information sheet is posted at the factory.

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: S-Gard does not select new suppliers often. In the last four years, the brand has shown a significant growth, but only started relationships with three new suppliers.

S-Gard chooses new suppliers based on production capacity, price level and quality by the use of trial orders. In general, S-Gard visits production locations prior to placing orders. Decisions are no longer taken only on the basis of personal contact, individual perceptions. S-Gard has developed an evaluation checklist, which also includes social factors, tracking and collecting existing audit reports (if any) among others. During the visits, S-Gard discusses labour standards, FWF requirements and uses the FWF Health and Safety Check to assess the health and safety situation in the factory. In 2017, S -Gard developed a code of conduct policy for suppliers aimed at prevention of sub-contracting and commitment to human rights due diligence.

Recommendation: A risk analysis as part of the decision-making process of selecting new suppliers is an important step to mitigate risk and prevent potential problems. FWF recommends S-Gard to assess the risks associated with operating in specific production areas. FWF advises to use information from FWF country studies and wage ladders S-Gard can cooperate with local stakeholders to further investigate the situation in a specific country, particularly with regards to Tunisia and Turkey. FWF can offer information on local stakeholders. 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, the brand organised a supplier meet where they discussed production capacity, quality and FWF membership with their suppliers.

The brand has also developed a supplier evaluation template to monitor and compare social compliance performance of all suppliers. In the upcoming years, the brand intends to extend this tool to track wages and bonus to have greater transparency on the payment situation at the suppliers. S-Gard rewards suppliers in case of improved quality or on-time production, but has not yet set up a system to reward suppliers for the progress made to improve working conditions.

Recommendation: FWF members are encouraged to develop an evaluation/grading system for suppliers where compliance with labour standards is rewarded. Part of the system can show whether and what information is missing per supplier and can include outcomes of audits, training and/or complaints.

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

Comment: S-Gard provides the material to its suppliers. In case of delays, S-Gard consults the customer to change the delivery date. In case of urgency, the brand can consider air freight.

S-Gard has a strong integrated planning system in place with its Tunisian suppliers. As the only customer, S-Gard jointly plans production with the factories on a weekly basis. It is aware of the production capacity of the factories and the standard minute per style. S-Gard ensures that the factories are fully booked with orders, but takes measures to prevent that (excessive) overtime takes place. S-Gard shifts production of NOS-items in case production capacity needs to be filled.

S-Gard knows the production capacity of its Polish suppliers and calculates the standard minute per style. Although S-Gard does not do planning together with its Polish suppliers, it can ensure that it does not overbook the factory.

With its Lithuanian and Turkish suppliers, it discusses lead times but is not aware of the production capacity or does not reserve specific lines for production.

Recommendation: FWF recommends S-Gard to learn more about the production capacity of the Turkish supplier and how its production orders relate to the total capacity of the factory and peak seasons.

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
1.7 Degree to which member company mitigates root causes of excessive overtime.	No production problems /delays have been documented.	Some production delays are outside of the control of member companies; however there are a number of steps that can be taken to address production delays without resorting to excessive overtime.	Evidence of how member responds to excessive overtime and strategies that help reduce the risk of excessive overtime, such as: root cause analysis, reports, correspondence with factories, etc.	N/A	6	0

Comment: In 2016, FWF audits took place at the Tunisian factories. None of the audit reports showed that excessive overtime took place.

In 2017, S-Gard has invested significant time and effort to learn more about the production location of its German intermediary in Turkey and a FWF audit was completed at the location, reports indicating issues pertaining to overtime. As the audit report was shared with the brand in January 2018, the findings are beyond the scope of this performance check.

Recommendation: FWF encourages S-Gard to continue discussions with the German intermediary and the supplier and also include the worker representative at the supplier factory when discussing the audit findings and the CAPs.

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: With its Tunisian suppliers, S-Gard has an open costing model, negotiates price per standard minute and payment per order. If a product is modified, the price is adjusted as necessary.

S-Gard is aware of the standard minute per style and negotiates prices with its Polish and Lithuanian supplier in a partnership manner. It is not aware of the labour costs of the factories.

With its German intermediary, it has negotiated a set price, but it is not aware how wages relate to its price. It compares these prices to other factories.

In general, prices directly depend on order quantity and complexity of the models. This is constantly negotiated. There is not set prices. Sewing minutes are neither consequently captured nor the decisive basis for price discussions. The brand has not yet linked its prices to the wage levels.

Recommendation: FWF recommends S-Gard to learn about wage levels in Turkey, Lithuania and Poland. At a minimum, it could learn more about the legal minimum wage levels. The brand could make use of FWFs Wage Ladder and the country study of Turkey. Furthermore, it could learn more about the wage levels and labour costs in the factories (starting with Tunisian factories) and how that relates to its pricing and develop a pricing policy that serves as a guidance for informed price setting to ensure that it covers minimum 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 data available	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.	N/A	2	-2

Comment: In 2016, FWF audits took place at the Tunisian factories. None of the audit reports showed legal minimum wage issues. In Turkey, the non-payment of the legal minimum wage is a high risk and while an issue was found in the FWF audit conducted in 2017, given that the audit report was shared with the brand in January 2018, the findings are beyond the scope of this performance check.

Recommendation: FWF encourages S-Gard to continue discussions with the German intermediary and the supplier and also include the worker representative at the supplier factory when discussing the audit findings and the CAPs.

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
1.10 Evidence of late payments to suppliers by member company.	No	Late payments to suppliers can have a negative impact on production locations and their ability to pay workers on time. Most garment workers have minimal savings, and even a brief delay in payments can cause serious problems.	Based on a complaint or audit report; review of production location and member company financial documents.	0	0	-1

Comment: None of the FWF audit reports showed late payment by S-Gard.

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: S-Gard knows the total production costs of its Tunisian suppliers, including direct labour costs. Through FWF audits, the brand has learned how the wage levels relate to a living wage in Tunisia. In 2017, S-Gard worked with its Tunisian suppliers to ensure that all wages are in line with the Collective Bargaining Agreement, as a first before further pursuing living wage discussions. With its other suppliers, S-Gard is not yet aware of the wage levels and how they relate to a living wage. It has not yet discussed living wages with those suppliers.

Going forward, S-Gard would like to work with its Tunisian suppliers, to ensure they offer consistently similar benefits beyond legal requirements, such as bus shuttle service, medical professional consultations etc. which might be of benefit to workers and thereby save some expenses.

Recommendation: While offering benefits to workers beyond legal requirements supports worker well-being, it cannot be a replacement to efforts on living wage. FWF recommends that S- Gard analyse and quantify the average monthly reductions in expenditures for workers due to the additional benefits, to help develop a better understanding on the impact of such efforts.

FWF encourages S-Gard to assess the hypothetical cost effects of increasing wages towards benchmarks that are included in the wage ladder, especially with its Tunisian suppliers. It is advised to start with suppliers where S-Gard 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 specific guidance on process roll out on request.

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).	15%	Owning a supplier increases the accountability and reduces the risk of unexpected CoLP violations. Given these advantages, this is a bonus indicator. Extra points are possible, but the indicator will not negatively affect an member company's score.	Supplier information provided by member company.	1	2	0

Comment: The owners of S-Gard also own two of its Tunisian suppliers.

PURCHASING PRACTICES

Possible Points: 38

Earned Points: 23

2. MONITORING AND REMEDIATION

BASIC MEASUREMENTS	RESULT	COMMENTS
% of own production under standard monitoring (excluding low-risk countries)	75%	
% of production volume where monitoring requirements for low-risk countries are fulfilled	11%	FWF low risk policy should be implemented. 0 = policy is not implemented correctly. N/A = no production in low risk countries.
Meets monitoring requirements for tail-end production locations.	N/A	1st or 2nd year member and tail-end monitoring requirements do not apply.
Total of own production under monitoring	86%	Minimums: 1 year: 40%; 2 years 60%; 3 years+: 80-100% Measured as a percentage of turnover.

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
2.1 Specific staff person is designated to follow up on problems identified by monitoring system	Yes	Followup is a serious part of FWF membership, and cannot be successfully managed on an ad-hoc basis.	Manuals, emails, etc., demonstrating who the designated staff person is.	2	2	-2

Comment: The Head of Product and Development is responsible to follow up on problems identified by the monitoring system. For its Tunisian suppliers, S-Gard does this in close cooperation with the managing director of its main Tunisian supplier and has a designated staff for follow-up and verification.

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: S-Gard has shared the FWF audit reports and has set up timelines with the suppliers in a timely manner. At one supplier, there was a worker representative, but S-Gard has not yet included the representative in the follow up of the CAP. The other three suppliers did not yet have a worker committee or worker representatives.

Recommendation: FWF recommends S-Gard to include worker representatives or worker committees when it shares audit reports and also include them in the follow up of a CAP.

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: At four Tunisian suppliers, a FWF-audit was conducted in 2016. S-Gard actively followed up the issues with the four suppliers and had regular discussions with them. The brand also discussed the priorities that were set by the factories. The factories and S-Gard focused on resolving issues concerning health and safety, wages, payslips, worker representative awareness of the FWF Code of Labour Practices and the worker helpline. The brand also signed-up two of its suppliers for the FWF Workplace Education Programme (WEP) which was conducted in the first quarter of 2018. The brand would like FWF to verify issues specifically on wages.

More complex issues like infrastructure (allocating space and building for a canteen), living wages and setting up worker committees were considered issues that would be solved over a longer period of time.

Recommendation: FWF recommends S-Gard to develop a strategy to solve more complex issues like living wages and freedom of association. The strategy should contain short and mid-term milestones.

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.	89%	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: S-Gard visited all production locations in 2017, except for the Turkish supplier which was visited in 2018.

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

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.	-2	6	-2
Compliance with FWF enhanced monitoring programme Bangladesh					6	-2
Compliance with FWF Myanmar policy					6	-2
Compliance with FWF guidance on abrasive blasting					6	-2
Compliance with FWF guidance on risks related to Turkish garment factories employing Syrian refugees	Insufficient			-2	6	-2
Other risks specific to the member's supply chain are addressed by its monitoring system					6	-2

Comment: S-Gard has been working in Tunisia for a long time. Local staff is present in Tunisia and informs management of S-Gard about changes in the Tunisian context. For example, local staff inform S-Gard when CBA wages change. S-Gard has general knowledge of the human rights situation in Tunisia and collects information about labour standards in an ad hoc manner.

S-Gard has sent the FWF Guidance on Risks related to Turkish Garment Factories employing Syrian Refugees to its German intermediary. It has discussed the employment of Syrian refugees with the intermediary, which stated that no refugees were employed by the Turkish factory. But with the intermediary and supplier not sufficiently co-operative, despite intentions and efforts, the brand was not able to perform necessary due diligence/ visit before placing orders in Turkey.

Recommendation: FWF recommends S-Gard to develop a system to continuously assess high risks in countries like Tunisia and Turkey. Knowing the country specific risks facilitates the starting point for discussing this with suppliers. It can gather information from FWF country studies, human rights report or information from local stakeholders which can be added as specific criteria to the checklist when sourcing from high risk countries. The brand should relate such information to the practices of its suppliers and promote discussions about these risks with its suppliers.

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.	No CAPs active, no shared production locations or refusal of other company to cooperate	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.	N/A	2	-1

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: S-Gard has two production locations in Poland, one in Lithuania and one in Germany. Except for the supplier in Germany (which is also the intermediary office), where embroidery is done, the brand has sent and received the questionnaire and checked whether the FWF Code of Labour Practices was posted. The brand was not aware that the embroidery location needed to be included in the FWF database and the questionnaire sent to the supplier.

Requirement: The FWF Code of Labour Practices/ Worker Information Sheet should be posted at the German supplier location, with the questionnaire signed and returned.

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: 24

Earned Points: 13

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

Comment: The Head of Product and Development is responsible 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: S-Gard has a system in place to check whether the Worker Information Sheet is posted. The brand checks through on-site visits and FWF audits whether the Worker Information Sheet is posted. In case the supplier has not been recently visited or audited by FWF, it requests the supplier to send a picture of a posted Worker Information Sheet. During the Brand Performance Check, S-Gard was unable to show pictures of a posted Worker Information Sheet at one suppliers in low-risk country as the supplier refused to put up the worker information sheet.

Recommendation: It is suggested to ask staff visiting a supplier to check if the documents are still posted as indicated on the obtained photo.

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.	40%	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.	2	4	0

Comment: Out of the the five FWF audited factories, in two, more than half of the workers were aware of FWF helpline.

Recommendation: FWF recommends to continue its training programme to ensure that management and all workers are informed of the FWF Code of Labour Practices, the worker helpline and the Tunisian labour law. In addition to the training, S-Gard can use the worker information cards available for download on FWF's website to inform workers.

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: 5

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: At the start of the FWF-membership, a session with all staff members was organized to launch FWF-membership and every three-four months a meeting is organized to inform staff.

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
4.2 All staff in direct contact with suppliers are informed of FWF requirements.	Yes	Sourcing, purchasing and CSR staff at a minimum should possess the knowledge necessary to implement FWF requirements and advocate for change within their organisations.	FWF Seminars or equivalent trainings provided; presentations, curricula, etc.	2	2	-1

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
4.3 All sourcing contractors/agents are informed about FWF's Code of Labour Practices.	Yes	Agents have the potential to either support or disrupt CoLP implementation. It is the responsibility of member company to ensure agents actively support the implementation of the CoLP.	Correspondence with agents, trainings for agents, FWF audit findings.	1	2	0

Comment: S-Gard makes use of one German intermediary that produces at a Turkish production site and has had continuous engagement to inform FWF requirements. Despite the efforts the intermediary has not been very responsive and the brand is now working directly with the supplier to discuss issues and work on CAPs.

Recommendation: FWF recommends the member to actively train their sourcing contractors/agents on monitoring and re-mediating gender-related issues and enable them to support the implementation of the CoLP.

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
4.4 Production location participation in Workplace Education Programme (where WEP is offered; by production volume)	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: No WEP-basic training sessions were organized at its Tunisian or Turkish suppliers.

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: 4

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: S-Gard is the only customer at its four Tunisian factories, with whom it does joint planning of production. Because of this, S-Gard would be well aware in case subcontracting would take place.

At its other suppliers, S-Gard has discussed subcontracting. It has a policy in place that does not allow subcontracting without approval of S-Gard, this is currently not explicitly mentioned in the policy, the 'inspection' section covers this requirement. The brand regularly checks the quality of its products to learn more about subcontracting, as quality issues could be an indicator for subcontracting. In Turkey, there is a high risk of subcontracting by factories. S-Gard discussed the issue with the German intermediary.

Due to the complexity of its products and the high level quality standards, S-Gard expects that its products will not be outsourced that easily.

Recommendation: FWF recommends S-Gard to specifically include a clause on un-disclosed subcontracting in its policy document and check whether subcontracting could take place at its suppliers in Lithuania, Poland and Turkey. It could take additional measures to monitor subcontracting, for example by visiting the production location during production, checking where printing and embroidery take place, assessing seasonal production, production capacity and planning and asking other customers whether their products were ever subcontracted by the supplier.

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: S-Gard is a small organization where information is easily shared among staff. All relevant staff members have access to audit reports, updated CAPs and information about FWF. When management visit production sites, they are updated by the Head of Product and Development on progress made by the suppliers and issues that still need to be discussed.

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: Channels of communication: website, social media and presentation for customers. The brand has not yet communicated FWF membership in the catalogue, as they were unsure on what could be communicated. The FWF marketing toolkit was shared internally, but has not been used by the marketing team.

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: In its social report, S-Gard mentions the names of its Tunisian suppliers, but did not publish more specific information that discloses the production locations.

Recommendation: FWF recommends S-Gard to publish audit reports and supplier information on its website. Good reporting by members helps to ensure the transparency of the affiliate 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: S-Gard has submitted its social report to FWF.

Recommendation: FWF recommends S-Gard to publish its social report on its website.

TRANSPARENCY

Possible Points: 6

Earned Points: 4

7. EVALUATION

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

Comment: S-Gard holds systematic evaluation of FWF membership and requirements. When preparing the social report and the work plan, S-Gard evaluates progress made and possible next steps. There is a common understanding of the importance of FWF membership, buyin and commitment to the membership.

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
7.2 Level of action/progress made on required changes from previous Brand Performance Check implemented by member company.	100%	In each Brand Performance Check report, FWF may include requirements for changes to management practices. Progress on achieving these requirements is an important part of FWF membership and its process approach.	Member company should show documentation related to the specific requirements made in the previous Brand Performance Check.	4	4	-2

Comment: The requirement from last year was that one supplier had not signed and returned the COLP, This supplier refused the sign the COLP, the relationship with this supplier is terminated as of June 2017.

EVALUATION

Possible Points: 6

Earned Points: 6

RECOMMENDATIONS TO FWF

It would be helpful if the reports (training and audit) to be discussed and used by the suppliers are made available in French.

SCORING OVERVIEW

CATEGORY	EARNED	POSSIBLE
Purchasing Practices	23	38
Monitoring and Remediation	13	24
Complaints Handling	5	7
Training and Capacity Building	4	11
Information Management	4	7
Transparency	4	6
Evaluation	6	6
Totals:	59	99

BENCHMARKING SCORE (EARNED POINTS DIVIDED BY POSSIBLE POINTS)

60

PERFORMANCE BENCHMARKING CATEGORY

Good

BRAND PERFORMANCE CHECK DETAILS

Date of Brand Performance Check:

13-06-2018

Conducted by:

Supraja Suresh, Wilco Bokhorst

Interviews with:

Bruno Schmitz - CEO

Markus Schmid - Head of Product and Development

Maria Houben - Head of Finance and HR

Klaus Hawerkamp - Head of Marketing and Sales

Jonas Kuschnir - Product manager