



## BRAND PERFORMANCE CHECK

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Engelbert Strauss GmbH & Co. KG

PUBLICATION DATE: MAY 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](http://www.fairwear.org). The online [Brand Performance Check Guide](#) provides more information about the indicators.

## BRAND PERFORMANCE CHECK OVERVIEW

Engelbert Strauss GmbH & Co. KG

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

MEMBER COMPANY INFORMATION	
Headquarters:	Biebergemünd, Germany
Member since:	01-11-2016
Product types:	Workwear
Production in countries where FWF is active:	Bangladesh, Bulgaria, China, India, Indonesia, Republic of Macedonia, Myanmar, Romania, Tunisia, Turkey, Viet Nam
Production in other countries:	Albania, Bosnia and Herzegovina, Germany, Hungary, Italy, Republic of Korea, Lao People's Democratic Republic, Latvia, Malaysia, Pakistan, Poland, Portugal, Slovakia, Sri Lanka, Taiwan, Thailand, Ukraine, Zimbabwe
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	80%
Benchmarking score	54
Category	Good

## Summary:

Engelbert Strauss (hereafter: ES) has shown progress and met most of FWF's performance requirements. ES' monitoring threshold is 80% which is beyond FWF's first year membership requirements (40%). With a benchmarking score of 54, ES is awarded 'Good' category.

ES has about 140 production sites, a relatively long tail-end and started working with several new suppliers in 2017 (tail-end being a large number of suppliers providing a relatively small production volume for ES). To work on social standards ES has contracted Sumations, a commercial consultancy which conducts audits, training and helps following up on corrective action plans. When it comes to corrective actions, excessive overtime and payments towards living wages are a challenge and need special attention in the coming years.

Before joining FWF in November 2016, a complaint was received from a worker at a shared production site used by ES. Although the complaint technically came in before ES joined FWF, the company took up responsibilities with the other brands and supports remediation.

ES has communicated about its work with FWF well internally and externally. To ensure enough support and understanding within the company, ES invited FWF for three full days to give a training to purchasing, technicians, development and designers on FWF requirements.

## 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.	91%	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: At 91% of its suppliers ES buys at least 10% of the production capacity.

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.	32%	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.	0	4	0

Comment: With 32% production volume from production locations where ES buys less than 2% of its total FOB, ES has a relatively long 'tail end' for production. This is because of special products which can be produced only by specific suppliers. ES is aware of the risks and workload related to long 'tail ends' for production and aims to reduce its tail in the coming years.

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

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

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
1.2 Percentage of production volume from production locations where a business relationship has existed for at least five years.	51%	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:** Half of the production volume comes from production locations where ES' business relationship with the supplier has existed for at least five years. With some suppliers ES has a business relationship of even longer, but the locations of the production sites have changed which is why technically the business relationship with the specific production site has not yet reached the five years.

**Recommendation:** FWF recommends ES 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.	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:** ES started production at 13 new production sites in the past financial year. This is an exceptional high number of new suppliers added in one financial year for ES. More suppliers were needed to meet the growing demand.

ES showed document proof that new production locations were required to sign and return the questionnaire with the Code of Labor Practices before first bulk orders were placed.

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
1.4 Member company conducts human rights due diligence at all (new) production locations before placing orders.	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:** Generally, the purchasing experts and technicians travel to see new production sites. Sometimes the CSR person comes along.

Traveling staff is briefed on social standards and how to check some of them at the production site. For example, the traveling staff is asked to take pictures of the posted Code of Labour Practice and to fill in the FWF Health and Safety Check. In case there has been an audit at the production site previously, the traveling team is briefed on what points need attention at the supplier. FWF country studies are used as a base for country specific information.

The organization Sumations is regularly asked to come along to make a first check and sometimes asked to conduct a social audit before production starts.

ES has a process for assessing working conditions at a potential new supplier which is detailed in their sourcing strategy.

1. New production locations needs to sign the ES Code of Conduct;
2. a self-assessment needs to be done
- and 3. existing audit reports need to be shared with ES.

Only with this information in hand first products are ordered.

At the moment, CSR staff gets the information from purchasers to be informed about a new supplier before first orders are placed. A system which ensures that purchasers cannot order without approval from CSR does not yet exist but ES has discussed with other FWF member brands on how such a system could look like.

**Recommendation:** ES should carefully assess and evaluate how purchasing informs CSR in time before first bulk orders are placed. FWF recommends to implement a strong system in the company's database for orders which ensures that the purchasing team cannot order without prior approval from the CSR team.



PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
1.5 Production location compliance with Code of Labour Practices is evaluated in a systematic manner.	Yes, and leads to production decisions	A systemic approach is required to integrate social compliance into normal business processes, and supports good decisionmaking.	Documentation of systemic approach: rating systems, checklists, databases, etc.	2	2	0

Comment: Suppliers are evaluated in a systematic manner on a yearly basis at top management level. Part of this meeting is CSR together with the CSR consultancy Sumations and the head of purchasing. There is a rating system for the suppliers. The system is based on a traffic light system. In case a supplier is rated "red", the supplier is informed and special care for this supplier is given. CSR has a veto right in case social standards are not improving even if a supplier performs well in other categories.

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: ES works with two seasons, summer and winter. Production planning is agreed with the supplier 12 to 18 months prior to delivery. After the final order is agreed upon with the supplier, the order is allocated evenly over the production months.

ES differentiates two kind of products: Most of ES' products are produced several years and for many years already. With such articles ES and its suppliers have many years experience in production and know well the amount of time required for production orders concerned need. Additionally, ES develops new products, partly seasonal where production planning cannot be based on experience yet.

With some suppliers, ES agrees on production lines at the factory and has chosen a number of workers used at these production lines for ES production throughout the year. With this, ES ensures capacity for production of their goods while ensuring high quality, as the workers are familiar with the specifics of ES products.

**Recommendation:** FWF recommends ES to ensure that the delivery of materials and trimmings to suppliers is in time for the agreed production.

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:** ES audited 28 of their suppliers, 9 of which were conducted by FWF. At six out of nine audits conducted by FWF in 2017 excessive overtime was found. Overtime issues were followed up as other audit findings through emails. Purchasing teams have been informed about highest overtime hours found. ES has investigated to know the root cause of production delays that could lead to excessive overtime. In case of never-out-of-stock articles, ES has changed order rhythms to spread production more evenly over several months. First re-audits conducted by Sumations could show a reduction of overtime hours in case the cause of the overtime was due to ES' order planning.

**Recommendation:** To overcome challenges on overtime at the production sites, ES is recommended to address excessive overtime with other customers of the factory and to work on a solution to reduce excessive overtime at the factory in general.

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
1.8 Member company's pricing policy allows for payment of at least the legal minimum wages in production countries.	No policy in place	The first step towards ensuring the payment of minimum wages - and towards implementation of living wages - is to know the labour costs of garments.	Formal systems to calculate labour costs on per-product or country/city level.	0	4	0

**Comment:** Prices are based on experience and knowledge of the price of fabric, design and workmanship which could be needed for the product. Usually the factory makes a price quotation which is evaluated against the selling price and then agreed upon. Only in critical cases a more detailed analysis and calculation is made. Whether workers wages are sufficiently covered through the price ES pays is unknown.

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

**Recommendation:** At a minimum, ES is recommended to investigate wages levels in production countries, among others by making use of FWF's Wage Ladder and country studies.

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
1.9 Member company actively responds if suppliers fail to pay legal minimum wages.	Yes	If a supplier fails to pay minimum wage, FWF member companies are expected to hold management of the supplier accountable for respecting local labour law.	Complaint reports, CAPs, additional emails, FWF audit reports or other documents that show minimum wage issue is reported/resolved.	1	2	-2

**Comment:** FWF conducted nine social audits in 2017. At three production sites the documentation wasn't clear hence the audit team could not verify whether legal minimum wage was paid for sure. ES has asked those suppliers to have the documentation in a way that coming audits can verify.

At one production site in Turkey, with whom ES has a strong business relationship since many years, Syrian refugees did not earn the legal minimum wage. The factory management fled across the border together with some of their workers and re-built the factory on Turkish grounds. ES helped factory management to meet all formalities related to legal requirements. At least legal minimum wages are paid now. The other two cases were followed up per email. Verification is outstanding.

**Requirement:** In case unclear documents are found related to wage payments, FWF requires ES to attach high priority to this issue to ensure that at least legal minimum wages are paid.

Recommendation: ES is recommended to follow up wage issues not only per email but that wages higher than minimum wage are verified through an on-site visit by either FWF or Sumations.

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 audits conducted by Fair Wear Foundation indicated evidence of late payments to suppliers by ES.

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: Almost all audit reports from Fair Wear Foundation show wages paid are below what is estimated to be a living wage. Wages lower than living wages at suppliers are followed up per email as a standard to follow up general corrective actions. No further steps are taken to address root causes of wages lower than living wages. Wage ladders from audit reports are used to have the discussion with the suppliers about the importance of payment of a living wage.

**Recommendation:** FWF encourages ES to discuss with suppliers about possibilities to work towards higher benchmarks. It is advised to start with suppliers where ES 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 ES specific guidance on process roll-out on request.

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

In case ES is interested to develop a joint approach to improve wages at a shared supplier, FWF is in the position to give advice on measures that need to be taken by ES to ensure compliance with anti-trust/anti-competition legislation in relevant jurisdictions.

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

## PURCHASING PRACTICES

Possible Points: 44

**Earned Points: 21**

## 2. MONITORING AND REMEDIATION

BASIC MEASUREMENTS	RESULT	COMMENTS
% of own production under standard monitoring (excluding low-risk countries)	13%	
% of production volume where monitoring requirements for low-risk countries are fulfilled	6%	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	80%	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:** ES has one designated staff to follow up on problems identified by monitoring system. This CSR person is supported by the consultancy company Sumations who conducts the majority of social audits for ES and also is actively involved in the follow up of corrective actions.

**Recommendation:** Due to the fact that ES has many suppliers and work load for monitoring and remediation might increase over the coming year it is advised to review whether one person following on social standards for ES at the head quarter remains enough to ensure consistent work and timely follow-up on labor standards along the supply chain.

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:** FWF audit reports and Corrective Action Plan findings are shared with factory management. In case Sumations conducted the social audit, ES only shares the CAP while the audit report is shared upon request or in case of urgent and difficult findings.

Be it FWF or Sumations, improvement timelines are established in a timely manner. Status of the Corrective Actions are regularly verified through emails. Documents and pictures are used as proof of implementation. Including worker representatives is a challenge and depends strongly on the trust and relationship with the supplier and findings of the audit.

**Requirement:** FWF requires ES to share both the audit report and the Corrective Action Plan with the supplier following an audit irrespective of the organization conducting the audit.

**Recommendation:** Including worker representation when sharing and following up on audit reports and CAPs where applicable is necessary to ensure workers can support possible changes and improvements of labour standards at the production site.

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:** Factories are asked to follow up on Corrective Actions primarily focusing on factory-level issues via email. To follow up Corrective Actions, ES works closely together with the consultant agency Sumations. Especially the easier findings such as matters on health and safety are shown to be implemented.

**Recommendation:** To facilitate remediation, ES could consider:

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

ES is recommended to oversee the corrective action plans within a country to resolve possible similar problems structurally.



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.	52%	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.	3	4	0

Comment: CSR staff together with technicians and colleagues from the purchasing team visit production sites regularly. 52% of production volume from production locations have been visited by ES in the previous financial year.

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: Before joining and while being a member of FWF, ES has already arranged a number of audits to be conducted by Sumations at their main production sites. Audit reports and corrective actions have been quality checked using FWF tools.

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	Intermediate			3	6	-2
Compliance with FWF Myanmar policy	Intermediate			3	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	Intermediate			3	6	-2
Other risks specific to the member's supply chain are addressed by its monitoring system	Insufficient			-2	6	-2

**Comment:** Bangladesh:

FWF urges all FWF member brands to sign the Accord. However, and at the very least, ES needs to ensure that ALL production locations in Bangladesh are inspected for fire and building safety in accordance with the guidelines agreed upon under the Tripartite Plan of Action. Following inspection, and in close consultation with its suppliers, ES must ensure effective and timely remediation of corrective action plans. 13 of their suppliers are inspected for building and fire safety under the Accord. One production location is inspected under the Tripartite Plan of Action. CSR staff, management and purchasing staff have visited the different production locations in Bangladesh. During the visit especially fire and building safety were discussed and status of remediation of the findings of the inspections were discussed. ES keeps track of the status of the findings in the inspection reports.

ES is required to provide strong (technical and/or financial) support and pressure to ensure remediation takes place.

Audit teams were instructed to explicitly communicate FWF's helpline and grievance mechanism. Wages in Bangladesh were analyzed using audit report information.

**Myanmar:**

ES produces at one production site in Myanmar since 2015, hence before joining FWF as a member. The factory management was known as ES sourced via that same management from a factory in another country. The factory has been audited twice by the consultancy Sumations and ES staff visits the production site regularly. Overtime was an issue at this factory. In order to reduce overtime, ES has changed its order rhythms and spread production over more months to avoid production peaks. FWF has not yet verified whether the changes led to reduced overtime hours but factory management confirmed to ES that the new order rhythms help them plan production more equally over time. ES has a leverage of approximately 80% at this production site. There has not been a WEP at this production site but the factory management has participated in seminars offered by FWF. According to ES, the factory is not linked to the military or at a land where the ownership may be implicated in land grabbing practices. ES' social report describes the current status of corrective actions at this production site in Myanmar, the wage ladder has not been published.

#### Abrasive Blasting:

Abrasive Blasting is not a technique used to produce ES articles as abrasive blasting is not needed for ES' assortment. ES sells some products made of jeans which are in a style which doesn't require sand blasting. Nevertheless, these suppliers need to sign that abrasive blasting is not used for production of ES goods.

#### Turkey:

One production site now located in Turkey was located in Syria before. Due to the current war, the factory management had to flee across the border. Some workers fled with the factory management. ES has supported this supplier to establish the new factory in Turkey and to deal with all the regulations and bureaucracy related to have Syrian refugees employed in Turkey. During the FWF audit it was found out that Syrian refugees have to work more hours than Turkish colleagues and that some Syrian refugees were partly paid below minimum wage. ES has met with the supplier at the head office and met several times at the production site to fix urgent issues. An FWF WEP training was conducted to facilitate social dialogue. The factory started using a subcontractor for CMT. Verification of the new facility as well as working hours and wages paid at the primary factory is outstanding.

In total ES sources from eight production sites in Turkey. Four have been audited by Sumations, two had last production in 2017, one more has very low percentage of production for ES.

#### Other risks specific to ES' supply chain:

ES has a big range of countries where production takes place aside Bangladesh, Myanmar and Turkey. All production sites are included in the general follow up of audit reports and corrective actions but country specific risk analyses and extra attention to possible higher risks is not yet given in detail.

**Requirement:** To be scored advanced on Bangladesh requirements, ES needs to sign the Bangladesh Accord. ES needs to ensure proper follow up on the inspections that took place. If factories are not able or not willing to be inspected or make sufficient progress on remediation of the CAPs, ES should consider a responsible exit strategy.

It is FWF requirement to publish the wage ladders per factory located in Myanmar. As ES has a very high leverage (80% at the production site in Myanmar, ES has to ensure production is within legal working hours (no excessive overtime).

ES needs to ensure that all factories in Turkey are audited and risks related to Turkish garment factories employing Syrian refugees addressed.

It is required to look into all risks at all production countries, especially at countries with several suppliers.

**Recommendation:** ES is recommended to engage its Bangladeshi and Myanmar suppliers more in the Work Place Education Program. In Bangladesh, ES is advised to help factory management and workers to establish so called anti-harassment committees.

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:** ES cooperates with other FWF member companies in resolving corrective actions at shared suppliers.

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.	0-49%	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.	0	2	0

**Comment:** All production sites in low-risk countries are informed about FWF membership and have returned the completed CoLP questionnaire. The FWF worker information sheet is posted in local languages and languages of migrants where applicable.

As suppliers from low risk countries visit ES regularly, ES does not visit production facilities concerned regularly.

**Requirement:** Monitoring requirements need to be fulfilled for production in low-risk countries in order for it to be counted towards the monitoring threshold. All production sites in low-risk countries must ensure up to date information on the labour conditions in the location either by a regular visit and/or a report by a third party.

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.	Yes	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.	1	2	0

**Comment:** ES started as a company selling mainly external brands. Due to changes in marketing strategy and product portfolio only 0.58% of ES' total turnover comes from what FWF calls external suppliers now. ES is phasing out external suppliers as a company strategy. Due to some long term commitments with some external brands and customers demands, ES has maintained a small percentage of turnover coming from external suppliers.

ES sources from eight external brands producing at 12 production sites. Eight production sites filled in all information which was shown to FWF during the Brand Performance Check. Four out of the 12 have not returned the questionnaire.

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).	0%	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.	0	3	0

Comment: None of the external brands resold by ES is member of another credible initiative.

Recommendation: Despite the fact that external producers account for a small percentage of total FOB volume, and ES has decided to gradually phase them out, ES is recommended to source from external suppliers that are covered by FWF.

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: 34

Earned Points: 19

## Additional comments on Monitoring and Remediation:

ES has a cooperation with YKK which is a company leading in zippers and accessories for products. Since YKK visits factories a lot to train workers on how to ensure e.g. a zipper is sewn well, YKK is asked to additionally train workers on machine safety and hence support ES on health and safety improvements.



### 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 person responsible to follow up FWF requirements and hence social standards at the suppliers is also 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: Picture proof is asked from all suppliers to ensure that worker information sheet is posted in factories.

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.	45%	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: At 45% of FWF-audited production locations at least half of workers were aware of the FWF worker helpline.

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: One complaint was received from a factory in China. When the complaint was filed, ES was in the process of becoming a member to FWF. After joining, ES joined with the other FWF member brands sourcing at this supplier to remediate the complaint. The complainant has addressed several issues at the factory: 'living wages', 'reasonable hours of work', 'safe working conditions' and 'a legal contract'. ES together with other FWF members sourcing from this production site are in the process of jointly remediating all issues point by point.

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: Although the complaint was filed officially before ES became a member to FWF, ES has straight away joined the efforts of the other FWF member brands sourcing at the production location.

## COMPLAINTS HANDLING

Possible Points: 15

Earned Points: 10

## 4. TRAINING AND CAPACITY BUILDING

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
4.1 All staff at member company are made aware of FWF membership.	Yes	Preventing and remediating problems often requires the involvement of many different departments; making all staff aware of FWF membership requirements helps to support cross-departmental collaboration when needed.	Emails, trainings, presentation, newsletters, etc.	1	1	-1

**Comment:** All new employees are trained during so called ES workshops. In such workshops the staff is trained on everything they need to know about ES. Information about FWF is included in such training. The team of specialists for sales, ES workwearstores, the buying team and technicians have been trained more intensively on FWF matters.

The social report has been used and shared broadly internally and externally.

The company has a magazine called RedWhite which is an image brochure. FWF topics are included as well.

Posters with FWF information are placed in the canteen and an email has been sent to all employees. A so called Sharepoint is an intranet page where FWF information is included.

When joining FWF, this news was shared big internally and externally.

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:** ES has participated in stakeholder meetings of FWF and seminars in Amsterdam.

FWF was invited three full days to give a training to purchasing, technicians, development and designers on FWF requirements. These training were explicitly designed to ensure staff in close contact with suppliers can well support the CSR team on social matters.

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

**Comment:** ES treats agents same as suppliers. Information about FWF requirements is sent, the FWF information sheet for the complaints system, the Code of Labour Practice and the FWF Health & Safety Check List is shared. The Code of Labour Practice is signed by both the agent and the factories producing the goods sourced from that agent.

Implementation of the Code of Labour Practice is a shared responsibility between ES and the agent. ES sees it as a chance to combine efforts with the agent towards the supplier when it comes to improvements needed.

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)	9%	Lack of knowledge and skills on best practices related to labour standards is a common issue in production locations. Good quality training of workers and managers is a key step towards sustainable improvements.	Documentation of relevant trainings; participation in Workplace Education Programme.	1	6	0

**Comment:** Four factories joined FWF's Workplace Education Programme in 2017 collectively accounting for 9% of ES' production volume. The factories are located in Turkey, Bangladesh and China.

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

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
4.5 Production location participation in trainings (where WEP is not offered; by production volume)	1%	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.	1	4	0

**Comment:** One production site in Vietnam has participated in a training conducted by Better Work. The production site in Bosnia was trained by Sumations. Both sites are shared with other FWF member brands. Together they account for 0.8% of the total production volume.

**Recommendation:** All factory workers and management should be informed about FWF, labour standards and grievance mechanisms. In order to further communication between employers and workers in the workplace FWF recommends ES to ensure suppliers participate in training. Training must meet FWF quality standards to receive credit for this indicator: top management, supervisors and workers should be included in the training, separately. Workplace standards and dispute handling should be included in the training. At least 10-20% of the workforce must be trained, depending on the size of the factory. Worker participation should be balanced and representative.

FWF has developed the Factory Guide, an innovative and comprehensive e-learning tool to increase awareness of factory managers on FWF requirements and labour standards. This tool specifically provides ES the opportunity to increase awareness of managers in countries where FWF does not offer the WEP modules. FWF recommends ES to ensure suppliers actively use the Factory Guide.

## TRAINING AND CAPACITY BUILDING

Possible Points: 15

**Earned Points: 7**

## 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:** ES makes efforts to identify production locations, however one FWF audit in Turkey found that subcontractors were used that were not yet known to ES.

**Recommendation:** ES is advised to develop a systematic approach to complete the supplier list. Part of the approach can be:

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

FWF recommends ES to periodically check with its agents whether all known production locations are still up to date and use the information coming from questionnaires to update supplier data, including subcontractors. FWF recommends ES to require agents to be informed about the production location before the order starts.

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: CSR team works closely together with designers, purchasing, technicians and development colleagues. Information about working conditions at production sites is accessible to all.

## 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: FWF Logo and link to [www.fairwear.org](http://www.fairwear.org) are displayed on ES' website comply with FWF's communication policy. FWF is not communicated in ES' product catalogue but is included in the image brochure.

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 ES to publish one or more of the following reports on its website: Brand Performance Check, audit reports, supplier information. Good reporting by ES helps to ensure the transparency of ES and FWF's work

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
6.3 Social Report is submitted to FWF and is published on member company's website	Complete and accurate report published on member's website	The social report is an important tool for members to transparently share their efforts with stakeholders. Member companies should not make any claims in their social report that do not correspond with FWF's communication policy.	Social report that is in line with FWF's communication policy.	2	2	-1

Comment: ES' has submitted its social report to FWF in time and has published the 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: CSR is working very close with the top management of ES when it comes to daily work, regular meetings are given.

Head of purchasing, head of product development and the consultancy Sumations together with CSR meet annually to evaluate FWF membership and CSR developments. Extra meetings are set up in case of urgent issues and also after bigger external meetings such as the FWF Stakeholder Meeting and FWF Annual Conference. Learning of such meetings is evaluated and presented to top management.

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
7.2 Level of action/progress made on required changes from previous Brand Performance Check implemented by member company.	No requirements were included in previous Check	In each Brand Performance Check report, FWF may include requirements for changes to management practices. Progress on achieving these requirements is an important part of FWF membership and its process approach.	Member company should show documentation related to the specific requirements made in the previous Brand Performance Check.	N/A	4	-2

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## EVALUATION

Possible Points: 2

Earned Points: 2

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## RECOMMENDATIONS TO FWF

### General Feedback:

ES gains a lot of knowledge, better processes and documentation through FWF. ES appreciates the great exchange and input from FWF and also among FWF members. ES has been searching for a good grievance mechanism for workers since years and found FWF's worker helpline as the best in the market. Feedback from ES customers and other stakeholders related to FWF is mainly positive which brings positive energy to work even more on the topic of social standards. A challenge remains improving systems further and to see how to be able to be more transparent.

### Recommendations for FWF:

Audit reports are delayed for too long. It is requested to share audit reports straight after the audit. FWF's database is difficult to maintain as all information has to be maintained manually. It would be helpful to make analyses from the database which FWF staff can do but is not possible for FWF member brands yet. ES has been missed out several times in general emails from FWF and asked to take extra care that all information reaches ES like every other brand.

## SCORING OVERVIEW

CATEGORY	EARNED	POSSIBLE
Purchasing Practices	21	44
Monitoring and Remediation	19	34
Complaints Handling	10	15
Training and Capacity Building	7	15
Information Management	4	7
Transparency	4	6
Evaluation	2	2
Totals:	67	123

### BENCHMARKING SCORE (EARNED POINTS DIVIDED BY POSSIBLE POINTS)

54

### PERFORMANCE BENCHMARKING CATEGORY

Good

## BRAND PERFORMANCE CHECK DETAILS

Date of Brand Performance Check:

10-04-2018

Conducted by:

Stefanie Santila Karl; Sandra Gonza

Interviews with:

Steffen Strauss, COE

Christoph Piecha, Director Global Procurement & Development

Victoria Lauer, CSR Manager

Michaela Werner, Project Management

Meng Xin, Head of Product Development

Carina Schneider, Sales / Team Training

Hannah Helmling, Sales / Team Training

Cilia Eckrich, Spokes Woman Public Relations