



BRAND PERFORMANCE CHECK

Deuter Sport GmbH

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this report covers the evaluation period 01-07-2017 to 30-06-2018

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

Deuter Sport GmbH

Evaluation Period: 01-07-2017 to 30-06-2018

MEMBER COMPANY INFORMATION	
Headquarters:	Augsburg, Germany
Member since:	01-08-2011
Product types:	Outdoor, Promotional, Private label, Bags & Accessories
Production in countries where FWF is active:	China, Myanmar, Viet Nam
Production in other countries:	Korea, Republic of
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	97%
Benchmarking score	87
Category	Leader

Summary:

Deuter has shown advanced results on performance indicators and maintains its leader status within FWF. With a score of 87 points and a monitoring percentage of 97%, Deuter meets the required monitoring percentage of brands having 3+ years of membership.

Deuter has a long-term relationship with a Vietnamese partner that produces backpacks. The supplier consists of three production locations where the partners actively work towards the improvement of working conditions. The brand produces its sleeping bags at one supplier in China and one in Myanmar, with whom it has also developed long-term relationships.

In 2017-2018, the Vietnamese supplier increased its number of subcontractors used for production to 26. Still, this only amounts to 3% of Deuter's total production volume. According to Deuter, the subcontractors are either specialised in the assembling of specific components or support the main supplier in case of peak production. Deuter's efforts to identify subcontractors is at an advanced level. However, the increasing use of subcontractors also poses serious risks as the working conditions at the subcontractors are often not at the same level as the main factories. The brand should be commended for the fact that it started to monitor working conditions and audit the subcontractors, including a printing subcontractor. At the same time, the audit report showed serious health and safety violations and non-payment of the legal minimum wage.

Therefore, FWF recommends Deuter to consolidate the number of subcontractors, increase leverage and start actively monitoring working conditions. FWF further recommends Deuter to learn more about standard minutes per style, especially in relation to production planning and pricing. Its partnership model offers unique opportunities to increase wages towards a living wage level.

PERFORMANCE CATEGORY OVERVIEW

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

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

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

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

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

1. PURCHASING PRACTICES

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
1.1a Percentage of production volume from production locations where member company buys at least 10% of production capacity.	99.6%	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: Deuter has a supplier base that consists of 5 main factories and a set of subcontractors. The main Vietnamese supplier consists of 3 factories that employ around 4000 workers in total. This supplier produces Deuter bags. Their main Chinese supplier closely works together with a Burmese supplier and produces sleeping bags. At all these suppliers, and even at most subcontractors, Deuter has more than 10% leverage.

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.	5%	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: Deuter has a short tail end of 5%. However, the number of subcontractors in their tail end grew to 28. According to Deuter, their main Vietnamese supplier uses these subcontractors that are specialized in assembling specific components. In case of production pressure, the main Vietnamese supplier can use a subcontractor to place an order.

Most of these subcontractors are small workshops with less than 15 workers, where Deuter has high leverage (even up to 100%).

Recommendation: FWF recommends Deuter to continue discussing the use of subcontractors with its main Vietnamese supplier. Furthermore, FWF strongly recommends to develop a strategy with the Vietnamese supplier towards the use of subcontractors, focused on limiting the number of subcontractors. Criteria to select subcontractors could be based on expertise, leverage, working conditions and possibilities to build long-term relationships.

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.	92%	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: The basis of Deuters' supply base is partnership and stability. It has long-term relationships with its Vietnamese and Chinese supplier, and even some of the subcontractors have been used for a longer period of time.

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: Deuter did not start new business relationships with suppliers directly. Its Vietnamese supplier did make use of 8 new subcontractors in 2017-2018. The supplier is responsible to ensure that the FWF Code of Labour Practices is posted and the questionnaire is signed.

All subcontractors signed the questionnaire.

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: Deuter did not select new suppliers in 2017-2018. The new subcontractors are being visited by the Vietnamese supplier and Deuter is usually informed of use of the subcontractor after production has taken place. The subcontractors need to sign the FWF questionnaire and another questionnaire is filled out by the Vietnamese supplier that contains several questions on the FWF CoLP, such as on occupational health and safety. Due to the size of the subcontractors and the fact that they do not supply directly to international brands, most of them have not been audited. Therefore, Deuter cannot collect external audit reports. At 5 out of 8 new suppliers, Deuter has leverage higher than 30%.

Recommendation: FWF strongly recommends Deuter to develop a strategy towards the use of subcontractors, including the use of new subcontractors. Deuter runs higher risks of severe labour standard violations at these subcontractors than at its main facilities. These higher risks could be the non-payment of legal minimum wage and critical health and safety violations.

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: Deuter continuously evaluates the status of CoLP implementation at its main suppliers and actively supports them to improve. The CSR manager regularly visits the suppliers and discusses follow up, also via e-mail and skype calls. Other staff, such as the CEO and designers are also involved in following up. The CEO discusses improvements with the suppliers, while the designers check health and safety issues on-site.

The brand uses a traffic light system to work on and close issues. Due to the limited amount of suppliers, it has all the CAPs of its suppliers in one overview. The issues are then ranked as red (open, not yet discussed), orange (discussed and improvements are made) and green (closed).

Deuter has worked with its main suppliers for a long period of time, based on trust and partnership. The suppliers make specific products that are not interchangeable without shifting to another and new supplier. Deuter assists in follow up and provides financial help when necessary.

The Vietnamese supplier is responsible for checking working conditions at the subcontractors. The supplier regularly visits the subcontractors, but no system of assessing working conditions and follow up has been developed yet.

Recommendation: FWF recommends Deuter to develop incentives for suppliers that might not immediately affect the level of production, but that are strong enough to drive behavioral change. Bonuses, payment for improvements, favorable loans or negative incentives to discourage certain behavior could be considered.

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
1.6 The member company's production planning systems support reasonable working hours.	Strong, integrated systems in place.	Member company production planning systems can have a significant impact on the levels of excessive overtime at production locations.	Documentation of robust planning systems.	4	4	0

Comment: In general, Deuters' range of products are not seasonal and can be produced without large peaks. The bags and sleeping bags are ready-made-garments that are re-developed once in three years. Deuter has a large warehouse next to its headquarters and a warehouse in Vietnam to store the Never-Out-of-Stock-products. Based on its stock level, Deuter orders the production of the items at its suppliers.

Two-thirds of the collection are Never Out of Stock-items which Deuter orders 9-12 months in advance. Lead times for orders of customers are between 4-6 months for the bags and around 6 months for its sleeping bags. Deuter gives a discount to customers who order early.

Deuter places the orders for the bags at its main Vietnamese suppliers, who then distributes the orders over the three factories and the subcontractors, if necessary. Deuter regularly discusses production planning with its Vietnamese supplier. In case of low production, Deuter tries to fill the available capacity with more orders.

Deuter is aware of the total production capacity in dollars at its Vietnamese supplier, but not in pieces and specified per factory. According to Deuter, the Vietnamese supplier has a lot of experience in producing bags and plans based on that experience. Audit reports show that excessive overtime has been significantly reduced, but that it is still taking place, while Deuter is basically the only customer.

At its Chinese and Burmese supplier, Deuter gives forecasts and tries to limit the number of orders to two. The down in the sleeping bags is ordered in advance through a forecast. The brand does not know the total production capacity of its Chinese and Burmese supplier.

Deuter and its suppliers do not make use of standard minutes per style. Deuter is not involved in the planning of production at the subcontractors, while Deuter has high leverage at some subcontractors which are used on and off. This can possibly lead to excessive overtime and lay-offs at these subcontractors.

Recommendation: To keep the maximum score on this indicator for next years' Brand Performance Check, FWF strongly recommends Deuter to either use its leverage to ensure that no excessive overtime is taking place at its Vietnamese supplier or to learn more about the planning system of its supplier, for example by learning more on the total available capacity at its suppliers and compare that to the production time per style. Also, the brand could learn more about minimum lead times per product. This should lead to more integrated planning. FWF also recommends this for its Chinese and Burmese suppliers.

Furthermore, FWF recommends Deuter to become more involved in the planning of production at subcontractors to ensure a steady order flow for subcontractors that are often used to prevent overtime or lay-offs.

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: Although no suppliers were audited in 2017-2018, Deuter did continue discussing excessive overtime with its suppliers. At its Vietnamese supplier, Deuter had a consultancy bureau assess the efficiency and productivity of its supplier. The bureau found that the supplier was not planning with standard minutes per style. Deuter has yet to follow up on the research.

In the last couple of years, Deuter and the supplier worked together to decrease the working hours per week. While work weeks of 90 hours per week were common in 2012, this has been significantly reduced. Excessive overtime only occurs in case of production peaks. Challenges that remain are finding a balance between working towards living wages and reducing overtime at the same time, culture and the fact that the supplier plans with overtime.

Workers used to occasionally work on a Sunday at its Burmese supplier. The issue has been discussed with the supplier and another FWF member. Deuter checks the working hours registration system (stamping), but there are concerns that it is not reliable. Deuter is in touch with the local trade union that is very active in the factory. The union regularly files complaints at the local labour bureau. According to Deuter, none of these complaints concerned excessive overtime.

At its Chinese supplier, Deuter reached out several times to the biggest customer of the factory. That customer had audited the factory, but was not willing to discuss the audit outcomes and the production planning.

The Vietnamese subcontractors of Deuter have not yet been audited. Deuter is not aware whether overtime takes place at these subcontractors.

Recommendation: FWF recommends Deuter to continue reducing overtime at its main suppliers. Deuter should further analyze the planning system of its Vietnamese supplier and take steps to prevent the supplier from planning production with overtime. Furthermore, as workers might need the overtime hours to obtain a better pay, FWF recommends Deuter to discuss overtime with the trade union and workers, including the topic of living wages.

Furthermore, FWF strongly recommends Deuter to monitor and verify whether Burmese workers work on a Sunday. The brand should also assess the effect of its production planning on the Vietnamese subcontractors as there is a high risk of excessive overtime and lay-offs.

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

Comment: Deuter works in close cooperation with their main Vietnamese supplier when setting prices. After product development, Deuter sets an internal target price that is only used internally. They then ask their supplier for a sample and a price. Deuter knows about material and CMT costs. In case the supplier provides a price for the ready-made-garment that does not meet their internal price target, then Deuter takes the product back into development to reduce material costs. Deuter does not know the labour minute cost per style.

Prices are sufficient to cover the legal minimum wage, as Deuter is basically the only customer and FWF audits show that the legal minimum wages are paid. Prices are discussed twice a year and developments such as wage increases, currency changes and increase in material costs are included. As the supplier is the only supplier for backpacks, there is no competition on price resulting in price pressure. In general, price increases by the supplier are accepted.

Their Chinese and Burmese supplier follow up a similar model, with the difference that Deuter is not the only customer. As a sleeping bag has less material components that can be changed, aiming for the internal target price is somewhat more difficult as less changes to the components can be made.

Deuter does not have direct contact with the Vietnamese subcontractors, which only contributes to 3% of their FOB. Price negotiations go through the main supplier which offers piece prices to the subcontractors. Deuter does not have insight in the relation between the prices and wages with these subcontractors.

Recommendation: Deuter is recommended to increase transparency in costing and productivity to gain further insight in the labour costs per product for its production locations. This forms the basis for ensuring enough is paid to cover at least minimum wage and for making steps towards living wages. FWF also recommends Deuter to learn more about the prices paid to subcontractors.

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: In 2017, Deuter audited a printing subcontractor in Vietnam where the non-payment of legal minimum wage was found. The issue was discussed with the subcontractor. After a period of time, the supplier informed Deuter that it would like to stop the relationship. Deuter then re-discussed the audit findings and the business relationship with the subcontractor. The supplier received a loan from the Vietnamese supplier to move to a new factory and changed owners. The subcontractor had agreed to improve the working conditions, including the payment of the legal minimum wage. Deuter is yet to verify whether the factory is paying the legal minimum wage.

Requirement: Despite considerable efforts taken by Deuter, FWF requires Deuter to set up a time bound plan and to verify the payment of the legal minimum wage as soon as possible.

Recommendation: FWF recommends Deuter to verify the wages by organizing a monitoring visit by FWF-staff or the Vietnamese supplier. Such monitoring visits should contain a check of the records as well as conducting off-site interviews.

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

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
1.11 Degree to which member company assesses root causes of wages lower than living wages with suppliers and takes steps towards the implementation of living wages.	Production location level approach	Sustained progress towards living wages requires adjustments to member companies' policies.	Documentation of policy assessments and/or concrete progress towards living wages.	4	8	0

Comment: In 2016, Deuter participated in a research project by the Global Living Wage Coalition. Part of the living wage research was the setting of benchmarks through the Anker-method. In 2017, Deuter followed up with a study that analyzed the efficiency and productivity of the Vietnamese supplier. FWF reports on the topic are read by the CSR-staff and FWF wage ladders are taken into account when discussing price and wage levels.

Deuter did not yet take steps to learn more about labour minute costing and standard minutes. Furthermore, the brand did not take active steps to start increasing wages at suppliers.

Recommendation: FWF recommends Deuter to take further steps to increase wages. Part of this could be to learn more about the relationship between prices and the costs of labour minutes. Also, FWF recommends Deuter to update the benchmark annually as the cost of living also changes. FWF encourages Deuter to set target wages with its suppliers.

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

Comment: None of the production sites are owned by Deuter. However, Deuter's backpack supplier produces almost exclusively for Deuter for more than 20 years.

PURCHASING PRACTICES

Possible Points: 44

Earned Points: 33

2. MONITORING AND REMEDIATION

BASIC MEASUREMENTS	RESULT	COMMENTS
% of own production under standard monitoring (excluding low-risk countries)	97%	
% of production volume where monitoring requirements for low-risk countries are fulfilled	0%	FWF low risk policy should be implemented. 0 = policy is not implemented correctly, N/A = no production in low risk countries.
Meets monitoring requirements for tail-end production locations.	No	FWF members must meet tail-end monitoring requirements. Implementation will be assessed during next Brand Performance check.
Total of own production under monitoring	97%	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 CSR and Quality is responsible for following up on problems identified by the monitoring system.

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.	No Corrective Action Plans were active during the previous year	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.	N/A	2	-1

Comment: No audits took place in the financial year 2017-2018.

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: Deuter audited its 5 main suppliers and a printing subcontractor in the last three years. Its suppliers worked on improvements, after which Deuter closed most issues except for living wages. Visible issues were closed upon inspection or after proof (pictures) was provided. Other issues were also closed, although without verification. An October 2018 FWF audit of one of the Vietnamese factories, of which the findings are not assessed in this Brand Performance Check, did show that issues from the 2015 audit were not yet resolved, which is an indication that issues were sometimes closed too fast.

Recommendation: FWF recommends Deuter to only close issues after independent verification. Third parties, such as FWF could assist in providing independent verification and expertise. Furthermore, FWF encourages Deuter not to wait for the three year audit-cycle, but to plan monitoring visits with independent experts regularly in order to close issues after verification.

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.	96%	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: The head of CSR and Quality visited the Burmese supplier, while the CEO visited and discussed labour issues with the Vietnamese supplier. Two subcontractors were visited.

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
2.6 Existing audit reports from other sources are collected.	No existing reports/all audits by FWF or FWF member company	Existing reports form a basis for understanding the issues and strengths of a supplier, and reduces duplicative work.	Audit reports are on file; evidence of followup on prior CAPs. Reports of quality assessments.	N/A	3	0

Comment: Its main suppliers are audited by FWF, while the subcontractors are not audited by other organisations.

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.	5	6	-2
Compliance with FWF enhanced monitoring programme Bangladesh	Policies are not relevant to the company's supply chain			N/A	6	-2
Compliance with FWF Myanmar policy	Advanced			6	6	-2
Compliance with FWF guidance on abrasive blasting	Policies are not relevant to the company's supply chain			N/A	6	-2
Compliance with FWF guidance on risks related to Turkish garment factories employing Syrian refugees	Policies are not relevant to the company's supply chain			N/A	6	-2
Other risks specific to the member's supply chain are addressed by its monitoring system	Intermediate			3	6	-2

Comment: Deuter is aware of the risks of sourcing in Myanmar. It checked whether its supplier was owned by (former) military officers, which was not the case. Furthermore, Deuter audited its supplier, showing several issues that it is currently working on. In 2017, Deuter continued to provide guidance on age verification to the supplier.

The trade union of the supplier is very active, and regularly informs Deuter on the situation in the factory. Deuter published a 2017/2018 social report that contains information on the supplier, the working conditions, wage levels and its improvement plan.

Deuter is generally well aware of the situation in Vietnam, China and Korea, although Deuter does not have a system in place to actively follow (legal) developments that are relevant for the monitoring of labour standards.

Recommendation: FWF recommends Deuter to still publish its social report including information on its Burmese supplier. Furthermore, FWF recommends Deuter to set up a more systemic way of monitoring relevant developments on a country level.

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: Deuter does not share a factory with any other FWF-member, although it does share a common supplier with two other FWF-members who source from a neighboring factory. Deuter actively shares information and cooperates with these two FWF-members.

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.	No production in low-risk countries	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.	N/A	2	0

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, and member has collected necessary information	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.	2	2	0

Comment: Deuter sells shirts from its sister company Ortovox in its shop in Gersthofen. Although a questionnaire was not send, Deuter did collect the necessary information on production, such as social reports and Brand Performance Check reports.

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).	100%	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.	3	3	0

Comment: Ortovox is a FWF-member.

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: 27

Earned Points: 24

3. COMPLAINTS HANDLING

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

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 CSR and Quality is responsible for following up on 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: Deuter regularly checks at its suppliers whether the Worker Information Sheet is posted. The Vietnamese supplier is responsible for checking whether the sheet is also posted at the subcontractors. The supplier then provides a picture as proof to Deuter.

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
3.3 Percentage of FWF-audited production locations where at least half of workers are aware of the FWF worker helpline.	67%	The FWF complaints procedure is a crucial element of verification. If production location based complaint systems do not exist or do not work, the FWF worker helpline allows workers to ask questions about their rights and file complaints. Production location participation in the Workplace Education Programme also count towards this indicator.	Percentage of audited production locations where at least 50% of interviewed workers indicate awareness of the FWF complaints mechanism + percentage of production locations in WEP programme.	3	4	0

Comment: FWF audits conducted during the last three financial years at six production locations of Deuter documented that the majority of interviewed workers at three sites was aware of the FWF CoLP and hotline. At the other three the majority of interviewed workers was not aware.

At the same time, four out of five main production sites have participated in FWF's Workplace Education Programme Basic module in the last three years which is also counted toward this indicator.

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 + Preventive steps taken	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.	6	6	-2

Comment: Deuter received one complaint from a worker at one of its main Vietnamese factories. The complainant claimed that he and his co-worker's labor contract were terminated illegally by the factory. The complainant did not accept an offer from the factory for 2 months compensation. When mediation failed, the case was sent to Court, which decided that the complainant was entitled to 4 months of salary. The factory then followed the courts' ruling and provided this payment, what resolved the case. The brand followed up with the factory to ensure a system of written warnings was implemented. Deuter cooperated in line with FWF's complaints procedure in handling the complaint.

Deuter is aware of the fact that the supplier in China and Myanmar already uses a system of written warnings in case of misconduct of workers and therefore did not have to take additional preventive measures towards those factories.

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: 13

Earned Points: 12

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 staff members receive an introduction on FWF. Information about FWF and Deuter's CSR activities, like the social report, are shared regularly with staff for example in Deuter's internal staff magazine and an online news letter.

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: All staff in direct contact with suppliers is well aware of FWF membership requirements and is regularly briefed by CSR staff.

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

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
4.4 Production location participation in Workplace Education Programme (where WEP is offered; by production volume)	95%	Lack of knowledge and skills on best practices related to labour standards is a common issue in production locations. Good quality training of workers and managers is a key step towards sustainable improvements.	Documentation of relevant trainings; participation in Workplace Education Programme.	6	6	0

Comment: Deuter provided the WEP-basic training to 4 of its 5 main suppliers in the last three financial years.

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

Comment: A small subcontractor in Korea is used for a specific product. The total amount of FOB spent is less than 0.3%. Therefore, the indicator is rated N/A.

TRAINING AND CAPACITY BUILDING

Possible Points: 9

Earned Points: 9

5. INFORMATION MANAGEMENT

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

Comment: Deuter has a very open relationship with its suppliers, especially its Vietnamese supplier. The supplier shares with Deuter which subcontractors it is using, although this is after production has been placed. This has made it possible for Deuter to identify the subcontractors, including the subcontractors for printing and embroidery. Also, the brand knows which printing subcontractor is used by its Burmese supplier. Deuter is currently looking into identifying tier 2 suppliers (materials).

Recommendation: FWF recommends Deuter to ensure that the Vietnamese supplier informs Deuter before it places orders. Furthermore, FWF would like to recommend that Deuter and the Vietnamese supplier agree on a set of pre-approved subcontractors that can be used by the Vietnamese 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: Staff involved in the production process exchanges regularly and aligns their actions to improve working conditions. CSR participates in monthly meetings of department heads and shares relevant updates. Prices are negotiated by top management who is aware of wage levels in the country and on-going discussions. Also, the CEO and designer staff are involved in following up on CAPs.

INFORMATION MANAGEMENT

Possible Points: 7

Earned Points: 7

6. TRANSPARENCY

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

Comment: Deuter informs the public about FWF membership through various channels like its website and on online sales stores, the social report, hang tags and catalogue. All communication is in line with FWF's communication policy.

Deuter provides training to sales representatives from distributors and for that reason, has developed the training booklet 'Get the facts'.

According to Deuter, communication on its own website is limited, as Deuter does not want communication on this topic to be part of marketing.

Recommendation: FWF encourages Deuter to more actively share its achievements and challenges in improving working conditions and information about its suppliers on its website. Such communication could serve marketing and accountability towards the wider public.

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
6.2 Member company engages in advanced reporting activities	Production locations are disclosed to the public	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.	2	2	0

Comment: Deuter discloses its production locations in its annual social report.

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: Deuter has published its 2017-2018 social report online.

TRANSPARENCY

Possible Points: 6

Earned Points: 6

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 staff meets with the CEO once a month to discuss current developments. The Brand Performance Check is reviewed by a group of staff including 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.	50%	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: Deuter was given one requirement in the previous Brand Performance Check report related to guaranteeing the legal minimum wage. Deuter followed up on the previous requirement and held the printing subcontractor accountable. Despite the fact that the subcontractor wanted to end the relationship, Deuter managed to maintain the relationship and started working on improving working conditions. However, Deuter had not verified the remediation of the issue. Because of that, a requirement was still given.

Recommendation: FWF recommends Deuter to continue following up on this requirement and ensures that legal minimum wages at the subcontractor are paid and verified.

EVALUATION

Possible Points: 6

Earned Points: 6

RECOMMENDATIONS TO FWF

Deuter did not have any recommendations for FWF.

SCORING OVERVIEW

CATEGORY	EARNED	POSSIBLE
Purchasing Practices	33	44
Monitoring and Remediation	24	27
Complaints Handling	12	13
Training and Capacity Building	9	9
Information Management	7	7
Transparency	6	6
Evaluation	6	6
Totals:	97	112

BENCHMARKING SCORE (EARNED POINTS DIVIDED BY POSSIBLE POINTS)

87

PERFORMANCE BENCHMARKING CATEGORY

Leader

BRAND PERFORMANCE CHECK DETAILS

Date of Brand Performance Check:

22-01-2019

Conducted by:

Wilco van Bokhorst; Brigitta Danka

Interviews with:

Martin Riebel - Chief Executive Officer

Robert Schieferle - Chief Procurement Officer

Marco Huehn - Head of CSR and Quality

Sebastian Schmidt- Head of Procurement and Supply Chain

Anna Steffen - CSR officer

Katarina Handwerker - Communication/Marketing