



BRAND PERFORMANCE CHECK

Star Sock B.V.

PUBLICATION DATE: JUNE 2019

this report covers the evaluation period 01-01-2018 to 31-12-2018

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

Star Sock B.V.

Evaluation Period: 01-01-2018 to 31-12-2018

| MEMBER COMPANY INFORMATION | |
|--|-------------------------|
| Headquarters: | Oisterwijk, Netherlands |
| Member since: | 01-02-2015 |
| Product types: | Socks |
| Production in countries where FWF is active: | China, Turkey |
| Production in other countries: | Portugal |
| BASIC REQUIREMENTS | |
| Workplan and projected production location data for upcoming year have been submitted? | Yes |
| Actual production location data for evaluation period was submitted? | Yes |
| Membership fee has been paid? | Yes |
| SCORING OVERVIEW | |
| % of own production under monitoring | 99% |
| Benchmarking score | 66 |
| Category | Good |

Summary:

Star Sock has shown progress and met most of FWFs' performance requirements. In its fourth year of membership, a monitoring percentage of 99% and a benchmark score of 66 mean that Star Sock has achieved 'Good' status.

Star Sock works with a limited number of long term partners, all of which were visited several times during the past financial year. This partnership approach is also reflected in Star Sock's production planning, which allows for reasonable working hours despite challenges inherent to the business model. Excessive overtime nevertheless remains a significant challenge, particularly at its Chinese production locations. FWF recommends that Star Sock agrees on achievable steps with factories to gradually reduce working hours and cooperate with other customers to this end.

While Star Sock has detailed insights into cost calculations and wage levels at most suppliers, no agreements to raise wage levels have been set. Star Sock should analyse what is needed to increase wages, set a target wage and develop a strategy to finance the costs of wage increases. Star Sock has a robust system for human rights due diligence in place, including risk assessment, monitoring and remediation. Subcontractors, however, are not fully included in this system. At the end of each financial year, Star Sock must confirm its list of production locations to FWF and provide relevant financial data. All production locations must sign the FWF questionnaire before production takes place and should be included in Star Sock's monitoring.

Especially considering the limited size of Star Sock's team, the company has a thorough understanding of its supply chain and issues related to labour standards. There is a high level of alignment among staff and top management on implementing the FWF CoLP.

Star Sock communicates transparently about FWF membership and discloses supplier names in its social report.

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. | 60% | 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. | 3 | 4 | 0 |

Comment: Star Sock is continuously trying to increase leverage at their production locations. During the last financial year they bought 25% of their main factories' production volume and 15% at a Turkish factory where production had just started in 2018. These two factories together account for 60% of Star Socks' FOB. At their other production locations in China, Turkey and Portugal their leverage is below 5%.

| 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. | 4% | 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: Star Sock has a consolidated supply chain with a limited tail end. As part of its sourcing strategy it aims to place orders at existing suppliers. New production locations are mainly on-boarded if technical requirements cannot be fulfilled by existing partners.

| 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. | 86% | 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: 86% of Star Sock's production volume was bought from production locations where Star Sock has had a relationship for at least five years. In several cases the factory has been a partner for 15 years. It is Star Sock's aim to build long-term, durable relationships with all its suppliers.

| PERFORMANCE INDICATORS | RESULT | RELEVANCE OF INDICATOR | DOCUMENTATION | SCORE | MAX | MIN |
|---|--------|--|---------------------------|-------|-----|-----|
| 1.3 All (new) production locations are required to sign and return the questionnaire with the Code of Labour Practices before first bulk orders are placed. | No | 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. | 0 | 2 | 0 |

Comment: During its last financial year Star Sock started business relationships with two production locations in Turkey. The factories were asked to sign and return the FWF Code of Labour Practices before Star Sock placed trial orders.

At the same time, Star Sock's main suppliers sometimes place orders at subcontractors on short notice. While Star Sock is working to collect signed FWF questionnaires at these locations as well, this was not always the case prior to production.

Requirement: Star Sock needs to ensure that all new production locations including subcontractors sign and return the questionnaire before first orders are 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: Star Sock has a robust system to conduct human rights due diligence when selecting new production locations.

All potential new factories are visited by the Supply Chain Manager, who is well aware of common risks and assesses, for example, whether a factory has a business license, an electronic time keeping system and payment system. FWF membership is discussed in detail during these visits. Where available, existing audit reports are also collected. After the factory visit, Star Sock shares a self-assessment questionnaire with suppliers, which also covers FWF labour standards.

A sourcing trip evaluation is conducted with top management before orders are placed. If trial orders are successful, Star Sock aims to conduct a FWF audit as soon as possible. In the case of the two production locations added last year, Star Sock decided not to go ahead with one factory after trial orders, but initiated a partnership with the other. A FWF audit was implemented shortly after the first bulk order.

In the past, Star Sock has decided against sourcing at factories that did not meet their social compliance expectations. The company also deliberately excludes Bangladesh, Ethiopia and Myanmar as potential sourcing countries as Star Socks feels they could not manage the associated risks in a sufficient way. For the time being the company prefers to focus on China and Turkey where they are familiar with common risks and have local teams to support monitoring.

While their selection process for new production locations is comprehensive, it is only partially applied to subcontractors selected by main suppliers. During production peaks suppliers at times opt to place orders at other production locations. Local staff/service providers are in close contact with suppliers and are generally informed before orders are placed at subcontractors. Star Sock is working with their main suppliers to agree on a set of fixed subcontractors. The company has made an effort to visit subcontractors that are commonly used, has collected information about labour standards compliance and asked subcontractors to sign the FWF questionnaire and post the FWF worker information sheet.

Despite these efforts suppliers do at times still subcontract orders to locations that have not been assessed by Star Sock prior to production.

Recommendation: FWF recommends Star Sock to ensure that suppliers cannot select and place production at new production locations before Star Sock has completed their human rights due diligence process. FWF recommends to put this agreement in writing.

| PERFORMANCE INDICATORS | RESULT | RELEVANCE OF INDICATOR | DOCUMENTATION | SCORE | MAX | MIN |
|---|--------|--|---|-------|-----|-----|
| 1.5 Production location compliance with Code of Labour Practices is evaluated in a systematic manner. | Yes | A systemic approach is required to integrate social compliance into normal business processes, and supports good decisionmaking. | Documentation of systemic approach: rating systems, checklists, databases, etc. | 1 | 2 | 0 |

Comment: Star Sock makes use of a supplier rating system, although the system is more focused on each supplier's performance in communication, delivery, quality etc.

Star Sock does closely monitor social performance of its suppliers by making use of the supplier's self-assessment questionnaire, through discussing progress on CAPs and evaluation of factory visits. Outcomes are taken into account when making sourcing decisions. For example, Star Sock has in the past decided to stop production at one of its production locations because of its lack of transparency and communication skills. This is however done in a more informal way.

In addition, Star Sock works with a consolidated supply chain where often only one production location is able to produce a certain product. Hence, it is more difficult to tie order volumes to social performance.

Recommendation: Star Sock is encouraged to make more explicit how social compliance is rated compared to criteria such as quality, relationship and price and how compliance with CoLP leads to production decisions.

| 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: Overall, Star Sock has a robust system in place to support reasonable working hours. The biggest challenge Star Sock faces in this regard is dependancy on client demands. While the majority of client orders are placed well in advance, around a third of all orders only have very limited production time. Order volumes also fluctuate throughout the year and Star Sock cannot gurantee production to their suppliers. To mitigate these risks, Star Sock approaches production planning in close collaboration with their suppliers. Suppliers are asked to propose lead times and indicate what steps are needed from Star Sock’s side to meet deadlines. Together with their suppliers, Star Sock has developed a detailed tool to calculate the hours needed to complete each order, including production, packing and delivery time. They have a clear understanding of the capacity of their suppliers and common bottle necks in the process. Star Sock has invested heavily in building trusted relationships with suppliers which leads to open and transparent communication during planning. This limits situations where unreasonable pressure is exerted on the factory. As much as possible Star Sock tries to reach annual agreements on forecasted volumes with retail clients to enable better planning and order stability for suppliers.

| 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: Overall Star Sock communicates frequently with suppliers and tries to take steps to avoid excessive overtime, for example by extending delivery times, agreeing to air freight or speed truck delivery or accepting higher costs for solutions that avoid overtime hours.

Nevertheless, excessive overtime remains a significant challenge, especially for their Chinese suppliers where weekly working hours of 70-80 hours have been documented by FWF audits.

Star Sock is well aware of the root causes of excessive overtime and is in constant dialogue with its Chinese suppliers to address this. The company also gathered information from FWF's China country representative and other organisations to look for solutions. However, no significant progress has been achieved so far.

Star Sock's priority has been on ensuring all working hours are documented and paid according to law.

At one of their Turkish locations excessive overtime was documented as well, but on a more limited scale. As the audit report was only received in the current financial year, follow-up will be assessed during next year's Brand Performance Check.

Recommendation: FWF recommends Star Sock to agree on achievable, concrete targets with their Chinese supplier to gradually reduce excessive overtime. As part of this FWF also recommends cooperating with other customers at the factory to increase leverage.

For Turkey, FWF recommends investigating to what extent its current buying practices has an effect on the working hours at supplier level. A root cause analysis of excessive overtime should be done to investigate which steps can be most effective to reduce overtime.

| PERFORMANCE INDICATORS | RESULT | RELEVANCE OF INDICATOR | DOCUMENTATION | SCORE | MAX | MIN |
|--|--------------|---|--|-------|-----|-----|
| 1.8 Member company can demonstrate the link between its buying prices and wage levels in production locations. | Intermediate | Understanding the labour component of buying prices is an essential first step for member companies towards ensuring the payment of minimum wages – and towards the implementation of living wages. | Interviews with production staff, documents related to member's pricing policy and system, buying contracts. | 2 | 4 | 0 |

Comment: For two common styles (that make up a majority of its products), Star Sock has conducted a detailed cost calculation that includes material costs, supplier margins and labour costs. The company also knows how many minutes are needed per style.

Price negotiations are mainly focused on adjusting technical requirements to reduce costs, when needed. Prices are re-negotiated every season to account for changes in external factors such as cotton prices, legal minimum wage or exchange rates as well as new technical changes.

Recommendation: FWF recommends Star Sock to calculate the labour minute costs of its products based on their existing detailed cost calculation. This will allow them to calculate the exact costs of labour and link this to their own buying prices.

| PERFORMANCE INDICATORS | RESULT | RELEVANCE OF INDICATOR | DOCUMENTATION | SCORE | MAX | MIN |
|---|--------------------------------|--|---|-------|-----|-----|
| 1.9 Member company actively responds if production locations fail to pay legal minimum wages and/or fail to provide wage data to verify minimum wage is paid. | No problems reported/no audits | If a supplier fails to pay minimum wage or minimum wage payments cannot be verified, FWF member companies are expected to hold management of the supplier accountable for respecting local labour law. Payment below minimum wage must be remediated urgently. | Complaint reports, CAPs, additional emails, FWF Audit Reports or additional monitoring visits by a FWF auditor, or other documents that show minimum wage issue is reported/resolved. | N/A | 0 | -2 |

| 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: Star Sock has fixed payment terms with their suppliers.

| PERFORMANCE INDICATORS | RESULT | RELEVANCE OF INDICATOR | DOCUMENTATION | SCORE | MAX | MIN |
|--|--------------|--|---|-------|-----|-----|
| 1.11 Degree to which member company assesses and responds to root causes for wages that are lower than living wages in production locations. | Intermediate | Assessing the root causes for wages lower than living wages will determine what strategies/interventions are needed for increasing wages, which will result in a systemic approach | Evidence of how payment below living wage was addressed, such as: Internal policy and strategy documents, reports, correspondence with factories, etc | 4 | 6 | 0 |

Comment: For the four production locations where a FWF audit report is available, Star Sock has analysed the FWF wage ladder and discussed them with its suppliers.

At its largest partner in China, mode wage levels for a regular working week met or exceeded industry average, but not living wage benchmarks. At one Turkish location mode wage levels for a regular working week were at or slightly above legal minimum wage. The trade union estimate for a family of four used in the FWF wage ladder for this region is more than 3 times higher than legal minimum wage. The estimate for a single person is close to legal minimum wage.

For factories where a FWF wage ladder was not available, Star Sock does not have deeper insights into wage structures beyond knowing that legal minimum wage is paid.

The company is aware of FWF's guidance on living wages and has contacted another FWF member sourcing from Turkey to learn about their wage pilot.

Recommendation: FWF encourages Star Sock to discuss with suppliers about different strategies to work towards higher wages. It is advised to start with suppliers where the member is responsible for a large percentage of production and long term business relationship.

FWF encourages Star Sock to involve worker representatives and local organisations in assessing root causes of wages lower than living wages. It is advised that the outcomes of the root cause analysis are discussed internally and with top management, to form a basis for an embedded strategy.

For factories where no FWF wage ladder is available, FWF strongly recommends Star Sock to gain insights into current wage levels and how they compare to living wage benchmarks estimated by local stakeholders.

| 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 |

| PERFORMANCE INDICATORS | RESULT | RELEVANCE OF INDICATOR | DOCUMENTATION | SCORE | MAX | MIN |
|--|--------|---|--|-------|-----|-----|
| 1.13 Member company determines and finances wage increases | None | Assessing the root causes for wages lower than living wages will determine what strategies/interventions are needed for increasing wages, which will result in a systemic approach. | Evidence of how payment below living wage was addressed, such as: internal policy and strategy documents, reports, correspondence with factories, etc. | 0 | 4 | 0 |

Comment: At this point Star Sock has not yet agreed on specific living wage benchmark, a target wage and financial contributions with their suppliers.

Requirement: Star Sock should analyse what is needed to increase wages and develop a strategy to finance the costs of wage increases.

| PERFORMANCE INDICATORS | RESULT | RELEVANCE OF INDICATOR | DOCUMENTATION | SCORE | MAX | MIN |
|---|--------|--|---|-------|-----|-----|
| 1.14 Percentage of production volume where the member company pays its share of the target wage | 0% | FWF member companies are challenged to adopt approaches that absorb the extra costs of increasing wages. | Member company's own documentation, evidence of target wage implementation, such as wage reports, factory documentation, communication with factories, etc. | 0 | 3 | 0 |

Comment: Star Sock has not yet set a target wage with any of its production locations.

Requirement: Star Sock is expected to begin setting a target wage for its production locations.

PURCHASING PRACTICES

Possible Points: 47

Earned Points: 26

2. MONITORING AND REMEDIATION

| BASIC MEASUREMENTS | RESULT | COMMENTS |
|---|--------|--|
| % of own production under standard monitoring (excluding low-risk countries) | 91% | |
| % of production volume where monitoring requirements for low-risk countries are fulfilled | 8% | To be counted towards the monitoring threshold. FWF low-risk policy should be implemented. See indicator 2.9. (N/A = no production in low risk countries.) |
| Meets monitoring requirements for tail-end production locations. | Yes | |
| Requirement(s) for next performance check | | |
| Total of own production under monitoring | 99% | Measured as percentage of production volume (Minimums: 1 year: 40%; 2 years 60%; 3 years+: 80-100%) |

| 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 Supply Chain Manager and Merchandiser are in the lead to follow up on problems identified by the monitoring system. They are supported by the owner and local quality control teams in Turkey and China.

| 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: The Sourcing Manager at Star Sock shares the audit findings with factory and timelines are established in a timely manner.

In China, no independent worker representation is in place. In Turkey, Star Sock did meet worker representatives and discussed working conditions with them. They were however not systematically involved in resolving corrective actions.

Recommendation: Before an audit takes place, Star Sock is recommended to check with the supplier whether worker representatives are active. In this way, they can be involved from the start of an audit and be invited for the audit opening and exit meeting.

Including workers when following up on audit reports gives them the opportunity to be informed of issues in the factory and have a voice in the prioritization of issues.

| 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: After sharing the audit report with the production location, Star Sock plans calls or meetings to agree on remediation steps for corrective actions. Local staff/service providers are involved in these discussions and support the monitoring progress. The CAP is then discussed and tracked during frequent visits. Supporting evidence is also collected.

Star Sock could demonstrate progress on several corrective actions from audits of previous years, but more structural issues such as excessive overtime, payment of social security in China and payment of a living wage remain unresolved. Star Sock has investigated the status of worker representation at their Chinese production locations and found that committee members were appointed, instead of elected. The company is working toward solutions that would allow independent worker representation within the constraints of the Chinese context.

In Turkey, Star Sock has met worker representatives and discussed working conditions with them.

In their last financial year, Star Sock commissioned one FWF audit at their new Turkish production location in December 2018. As the audit report was only shared with Star Sock in 2019, follow-up actions will be assessed in next year's Brand Performance Check.

Recommendation: FWF encourages Star Sock to continue working on complex issues by cooperating with other customers, further strengthening their system to analyse how they might have contributed to findings and what changes they can make in their purchasing practices and supporting peer learning between suppliers.

FWF also recommends Star Sock to gradually ensure factories establish independent worker representation and involve these representatives in monitoring and remediation of findings.

| 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. | 100% | 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: Star Sock's production locations are several times a year by the Supply Chain Manager. He is at times accompanied by the owner. In China and Turkey, Star Sock's local quality control staff/service providers visit the factories during production on a weekly basis.

| PERFORMANCE INDICATORS | RESULT | RELEVANCE OF INDICATOR | DOCUMENTATION | SCORE | MAX | MIN |
|--|--------------------------|---|--|-------|-----|-----|
| 2.6 Existing audit reports from other sources are collected. | Yes and quality assessed | 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. | 2 | 3 | 0 |

Comment: Star Sock collects existing audit reports, mainly by amfori/BSCI, for all its production locations (including low risk, but excluding subcontractors) and conducts an informal evaluation of the findings. Although the FWF audit quality assessment tool is not utilised, there is clear understanding within Star Sock on the quality of the reports, from working with FWF audits and from their knowledge of country specific risks. The external reports and the clear gaps in information, is then used as a basis to begin discussion with suppliers. Follow-up and progress on findings is recorded in supplier visit reports.

For two production locations, together accounting for 14% of Star Socks production volume, the company could demonstrate follow up of corrective actions. These audits are therefore counted toward the monitoring threshold.

At other locations the brand chose not to work with the collected audit reports as the facility only accounted for a small portion of Star Sock's FOB and/or the facility had received a B rating or higher and/or a more extensive FWF audit report was available.

Recommendation: FWF recommends Star Sock to systematize their assessment of existing audit reports. If the quality of the report is sufficient, Star Sock should in all cases discuss corrective actions with the supplier. If the quality is not sufficient and/or information (for example on detailed wage levels) is missing, Star Sock should consider how to obtain accurate and comprehensive information about the implementation of labour standards at the production location.

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

Comment: Star Sock is aware of the risks related to Syrian refugees in Turkey. The FWF policy has been communicated to existing suppliers and it is part of the risk assessment when selecting new suppliers. During its last financial year, Star Sock was sourcing from five Turkish production locations, which includes two subcontractors. All factories stated that they do not employ Syrian refugee workers at this point. The FWF audit conducted at one location in December 2018 confirmed this.

The factories have not participated in the FWF Workplace Education Programme (WEP) training or FWF supplier seminars on the issue Syrian refugee workers. Star Sock's local quality control service provider has however been informed extensively. The service provider regularly visits the factories including subcontractors, especially when production for Star Sock is on-going hence limiting the risk of unauthorized subcontracting.

Star Sock has a thorough understanding of common risks in their supply chain such as unauthorised subcontracting, limited freedom of association, excessive overtime, non-payment of social security or use of chemicals. They have started taking steps to prevent and mitigate these risks (see also indicators 1.4, 1.7 and 2.4).

Star Sock has developed and implemented a policy to ban hand linking in its supply chain to prevent health risks associated with the technique.

Recommendation: FWF recommends Star Sock to ensure suppliers continue to receive training/information about risks associated with the employment of Syrian refugee workers and opportunities for legal employment. FWF also encourages Star Sock to continue their due diligence especially related to subcontractors and continue to manage the risk of unauthorized subcontracting as the risk of violations could increase. Star Sock could consider auditing all Turkish production locations including subcontractors.

FWF recommends Star Sock to strengthen their risk prevention and mitigation strategies for identified risks and define clear steps how to tackle these.

| PERFORMANCE INDICATORS | RESULT | RELEVANCE OF INDICATOR | DOCUMENTATION | SCORE | MAX | MIN |
|--|---|---|--|-------|-----|-----|
| 2.8 Member company cooperates with other FWF member companies in resolving corrective actions at shared suppliers. | No CAPs active, no shared production locations or refusal of other company to cooperate | Cooperation between customers increases leverage and chances of successful outcomes. Cooperation also reduces the chances of a factory having to conduct multiple Corrective Action Plans about the same issue with multiple customers. | Shared CAPs, evidence of cooperation with other customers. | N/A | 2 | -1 |

| PERFORMANCE INDICATORS | RESULT | RELEVANCE OF INDICATOR | DOCUMENTATION | SCORE | MAX | MIN |
|---|--|---|---|-------|-----|-----|
| 2.9 Percentage of production volume where monitoring requirements for low-risk countries are fulfilled. | 50-100% AND member undertakes additional activities to monitor suppliers | Low-risk countries are determined by the presence and proper functioning of institutions which can guarantee compliance with national and international standards and laws. FWF has defined minimum monitoring requirements for production locations in low-risk countries. | Documentation of visits, notification of suppliers of FWF membership; posting of worker information sheets, completed questionnaires. | 3 | 3 | 0 |

Comment: Star Sock's suppliers in low risk country Portugal, are visited at least annually and each has signed and returned the CoLP and the questionnaire. Furthermore, Star Sock collects external audit reports for production locations in Portugal and conducts an informal evaluation of the findings.

| PERFORMANCE INDICATORS | RESULT | RELEVANCE OF INDICATOR | DOCUMENTATION | SCORE | MAX | MIN |
|---|--------|---|--|-------|-----|-----|
| 2.10 Extra bonus indicator: in case FWF member company conducts full audits at tail-end production locations (when the minimum required monitoring threshold is met). | No | FWF encourages its members to 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 | 2 | 0 |

| PERFORMANCE INDICATORS | RESULT | RELEVANCE OF INDICATOR | DOCUMENTATION | SCORE | MAX | MIN |
|--|---------------------------|--|-----------------------------|-------|-----|-----|
| 2.11 Questionnaire is sent and information is collected from external brands resold by the member company. | No external brands resold | FWF believes it is important for affiliates that have a retail/wholesale arm to at least know if the brands they resell are members of FWF or a similar organisation, and in which countries those brands produce goods. | Questionnaires are on file. | N/A | 2 | 0 |

| PERFORMANCE INDICATORS | RESULT | RELEVANCE OF INDICATOR | DOCUMENTATION | SCORE | MAX | MIN |
|---|---------------------------|--|---|-------|-----|-----|
| 2.12 External brands resold by member companies that are members of another credible initiative (% of external sales volume). | No external brands resold | FWF believes members who resell products should be rewarded for choosing to sell external brands who also take their supply chain responsibilities seriously and are open about in which countries they produce goods. | External production data in FWF's information management system. Documentation of sales volumes of products made by FWF or FLA members. | N/A | 3 | 0 |

| PERFORMANCE INDICATORS | RESULT | RELEVANCE OF INDICATOR | DOCUMENTATION | SCORE | MAX | MIN |
|---|--------------|---|---|-------|-----|-----|
| 2.13 Questionnaire is sent and information is collected from licensees. | No licensees | FWF believes it is important for member companies to know if the licensee is committed to the implementation of the same labour standards and has a monitoring system in place. | Questionnaires are on file. Contracts with licensees. | N/A | 1 | 0 |

MONITORING AND REMEDIATION

Possible Points: 28

Earned Points: 24

3. COMPLAINTS HANDLING

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

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

Comment: Two employees have been designated to address worker complaints.

| PERFORMANCE INDICATORS | RESULT | RELEVANCE OF INDICATOR | DOCUMENTATION | SCORE | MAX | MIN |
|---|--------|--|--|-------|-----|-----|
| 3.2 Member company has informed factory management and workers about the FWF CoLP and complaints hotline. | Yes | Informing both management and workers about the FWF Code of Labour Practices and complaints hotline is a first step in alerting workers to their rights. The Worker Information Sheet is a tool to do this and should be visibly posted at all production locations. | Photos by company staff, audit reports, checklists from production location visits, etc. | 2 | 2 | -2 |

Comment: All production locations are regularly visited. During these Star Socks checks that the Worker Information Sheets are in place.

| PERFORMANCE INDICATORS | RESULT | RELEVANCE OF INDICATOR | DOCUMENTATION | SCORE | MAX | MIN |
|--|--------|--|--|-------|-----|-----|
| 3.3 Degree to which member company has actively raised awareness of the FWF CoLP and complaints hotline. | 69% | After informing workers and management of the FWF CoLP and the complaints hotline, additional awareness raising and training is needed to ensure sustainable improvements and structural worker-management dialogue. | Training reports, FWF's data on factories enrolled in the WEP basic module. For alternative training activities: curriculum, training content, participation and outcomes. | 4 | 6 | 0 |

Comment: Star Sock's two main Chinese production locations participated in FWF's Workplace Education Programme Basic module in 2016 and 2017, which is counted toward this indicator. In addition Star Sock distributed solar chargers with the FWF Code of Labour Practices and complaint hotline on it as a Chinese New Year gift to workers.

| PERFORMANCE INDICATORS | RESULT | RELEVANCE OF INDICATOR | DOCUMENTATION | SCORE | MAX | MIN |
|--|------------------------|--|--|-------|-----|-----|
| 3.4 All complaints received from production location workers are addressed in accordance with the FWF Complaints Procedure | No complaints received | Providing access to remedy when problems arise is a key element of responsible supply chain management. Member company involvement is often essential to resolving issues. | Documentation that member company has completed all required steps in the complaints handling process. | N/A | 6 | -2 |

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

COMPLAINTS HANDLING

Possible Points: 9

Earned Points: 7

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 | 0 |

Comment: Star Sock consists of a small team. Everyone working at the company has been informed about FWF membership. During regular operational meetings updates on social topics, including FWF, are shared. Presentations on the Brand Performance Check, major achievements and challenges are shared during staff meetings or via email with the whole Star Sock team.

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

Comment: The Supply Chain Manager, merchandisers and the owner are well aware of FWF membership requirements and social compliance in general. They regularly attend learning events by FWF and other organisations such as amfori or the Dutch Covenant. The merchandiser who will implement FWF membership together with the Supply Chain Manager attended FWF's introduction seminar for new members. The Supply Chain Manager and owner also attended FWF's Annual Conference and Member day. Star Sock has local quality control staff/service providers in China and Turkey, who are also aware of FWF requirements. Updates from FWF and other organisation's meetings/trainings are regularly shared via email or during country visits.

| 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 Factory participation in training programmes that support transformative processes related to human rights. | 0% | Complex human rights issues such as freedom of association or gender-based violence require more in-depth trainings that support factory-level transformative processes. FWF has developed several modules, however, other (member-led) programmes may also count. | Training reports, FWF's data on factories enrolled in training programmes. For alternative training activities: curriculum, training content, participation and outcomes. | 0 | 6 | 0 |

Recommendation: FWF recommends members to implement training programmes that support factory-level transformation such as establishing functional internal grievance mechanisms, improving worker-management dialogue and communication skills or addressing gender-based violence. Training assessed under this indicator should go beyond raising awareness and focus on behavioural change and long-term structures to improve working conditions. To this end, Star Sock can make use of FWF's Workplace Education Programme communication module (available in Turkey) or implement advanced training through service providers or brand staff. FWF guidance on criteria for good quality training is available on the Member Hub.

| PERFORMANCE INDICATORS | RESULT | RELEVANCE OF INDICATOR | DOCUMENTATION | SCORE | MAX | MIN |
|---|--|---|--|-------|-----|-----|
| 4.5 Degree to which member company follows up after a training programme. | No training programmes have been conducted or member produces solely in low-risk countries | After factory-level training programmes, complementary activities such as remediation and changes on brand level will achieve a lasting impact. | Documentation of discussions with factory management and worker representatives, minutes of regular worker-management dialogue meetings or anti-harassment committees. | N/A | 2 | 0 |

TRAINING AND CAPACITY BUILDING

Possible Points: 9

Earned Points: 3

5. INFORMATION MANAGEMENT

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

Comment: Star Sock is aware that production is outsourced to other production locations that have not been pre-selected by Star Sock (see also indicator 1.4). Star Socks has made efforts during its last financial year to minimize the risks associated with this. Local staff as well as headquarter staff has visited most subcontractors. The company is aware where production took place in 2018 including subcontractors. It is working toward creating a list of approved subcontractors. Subcontracting locations have not been included in Star Sock's formal monitoring system and the FWF database.

Requirement: After the end of each financial year, Star Sock must confirm their list of production locations to FWF and provide relevant financial data. A complete list means all production locations are included of all production processes the member uses in the stages after fabric production.

| 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: Star Sock has an internal database where FWF documentation, audit reports and other information is stored. This information is accessible to all staff. Star Sock's staff consists of a small team that regularly exchanges information about suppliers and takes important decisions together.

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: Star Sock communicates about FWF membership through the company's website and adheres to FWF communications policy.
Star Sock's owner also presented at FWF's 2018 Annual Conference.

| PERFORMANCE INDICATORS | RESULT | RELEVANCE OF INDICATOR | DOCUMENTATION | SCORE | MAX | MIN |
|---|---|---|--|-------|-----|-----|
| 6.2 Member company engages in advanced reporting activities | Supplier list is 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: Star Socks publishes its Brand Performance Check report on its website and discloses supplier names in its public 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 submitted to FWF AND 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 |

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: Major achievements and challenges related to CoLP implementation and FWF membership are discussed regularly during meetings with Star Sock's owner. A formal assessment of FWF membership takes place after the Brand Performance Check.

| 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. | 20% | 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. | 2 | 4 | -2 |

Comment: Star Sock received two requirements related to indicators 1.5 and 1.11 during its last Brand Performance Check. Limited progress has been made on those topics compared to the previous year.

EVALUATION

Possible Points: 6

Earned Points: 4

RECOMMENDATIONS TO FWF

Currently, Star Sock's customers do not see the value in FWF membership over other initiatives. Star Sock would appreciate FWF working together with its member brands to promote FWF membership externally.

SCORING OVERVIEW

| CATEGORY | EARNED | POSSIBLE |
|--------------------------------|--------|----------|
| Purchasing Practices | 26 | 47 |
| Monitoring and Remediation | 24 | 28 |
| Complaints Handling | 7 | 9 |
| Training and Capacity Building | 3 | 9 |
| Information Management | 4 | 7 |
| Transparency | 6 | 6 |
| Evaluation | 4 | 6 |
| Totals: | 74 | 112 |

BENCHMARKING SCORE (EARNED POINTS DIVIDED BY POSSIBLE POINTS)

66

PERFORMANCE BENCHMARKING CATEGORY

Good

BRAND PERFORMANCE CHECK DETAILS

Date of Brand Performance Check:

05-06-2019

Conducted by:

Lisa Suess

Interviews with:

Eric Roosen, Owner

Willem Schilders, Supply Chain Manager

Iris Vrijssen, Merchandiser