



## BRAND PERFORMANCE CHECK

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HempAge AG

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

# BRAND PERFORMANCE CHECK OVERVIEW

HempAge AG

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

MEMBER COMPANY INFORMATION	
Headquarters:	Adelsdorf, Germany
Member since:	01-10-2009
Product types:	Fashion
Production in countries where FWF is active:	China, Tunisia
Production in other countries:	Hungary, Poland
BASIC REQUIREMENTS	
Workplan and projected production location data for upcoming year have been submitted?	Yes
Actual production location data for evaluation period was submitted?	Yes
Membership fee has been paid?	Yes
SCORING OVERVIEW	
% of own production under monitoring	100%
Benchmarking score	78
Category	Leader

## Summary:

HempAge has shown some good results on FWF performance indicators. With a monitoring percentage of 100% and a benchmarking score of 78, it remains in the 'Leader' category.

In 2018, a considerable 91% of the company's production volume came from its Chinese suppliers. This is due to special techniques required to produce garments made of fabrics containing hemp, which are not available in other countries. HempAge continues its stable, long-term relationship with its main supplier in China. When introducing new products to the market (knitwear), HempAge was able to further consolidate its supplier base due to various circumstances at three suppliers.

The main challenge remains working towards increasing transparency within factories to obtain the labour cost of garments and to further assess the impact of its prices on living wages. FWF encourages HempAge to connect with other FWF members at shared suppliers and discuss the possibility to jointly work towards higher wage benchmarks for their workers.

## 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.	25%	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.	2	4	0

**Comment:** In 2018, 25% of HempAge's production volume came from factories where the company buys at least 10% of production capacity. This is an increase by 23% in comparison to the previous financial year. This improvement has been reached by the consolidation of its suppliers.

**Recommendation:** FWF recommends the member to consolidate its supplier base where possible, and increase leverage at main production locations to effectively request improvements of working conditions. It is advised to describe the process of consolidation in a sourcing strategy that is agreed upon with top management/sourcing staff.

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.	0%	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.	4	4	0

**Comment:** HempAge sourced as little as 0.35% of its products from production locations where it buys less than 2% of its total FOB.

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.	71%	Stable business relationships support most aspects of the Code of Labour Practices, and give production locations a reason to invest in improving working conditions.	Supplier information provided by member company.	3	4	0

Comment: In 2018, 71% of its production is sourced from production locations where a business relationship has existed for at least five years. The company focuses on long-term business relationships, which is part of its sourcing strategy.

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: In 2018, HempAge added two new production locations (China, Tunisia). The production location in China started to supply knitwear whereas production location in Tunisia was added to supply jeans. HempAge collected the signed questionnaires from its new production locations. The evidence was provided.

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.	Advanced	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.	4	4	0

**Comment:** HempAge has an onboarding factory procedure for new suppliers and conducts thorough due diligence before starting to work with new suppliers. This procedure includes onsite factory visits, risk assessments regarding working conditions and quality checks. HempAge uses FWF's health and safety checklist during their initial visit to the factory. A supplier visit report is created after every visit, including discussions over potential risks and areas for improvement at the factories and the pictures are taken of the productions site. Furthermore, HempAge collects existing audit reports from its suppliers to further review of the working conditions within the factory. The company works together with the factory (and other FWF member were applicable) on implementation of the Corrective Action Plan's (CAP). In addition, the company uses existed FWF audit reports and the country studies to assess the country risks. HempaAge has one supplier only for each product category. This is based on long-term business partnerships strategy and trust.

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:** HempAge visits their suppliers on regular basis. During those visits, they review and evaluate their compliance with the Code of Labour Practices. Throughout the year, HempAge is in continuous contact with its suppliers discussing both production status and the progress on CAP's implementation. Compliance and transparency is an important basis for a business relationship with suppliers, especially because HempAge works with a high-end, high-skill based production thus the ability to fulfil all their quality and social compliance highly influence their production decisions.

HempAge stopped working with one supplier in Poland due to the closure of the factory. Another business relationship has ended with the production site in China due to product change to mass production and poor product quality. A supplier in Germany has changed its business plan and therefore the business relationship had to end.



**Recommendation:** As it is not always possible to reward suppliers with more volumes, the member could look into other incentives that reward supplier's commitment towards the CoLP. An example would be to offer training for skill building/capacity development, placing more NOS styles.

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:** Because the production of HempAge's products contains hemp, it requires specific technical skills and techniques that differ from other products. As an innovative company with the aim to include hemp in the products in the best possible way, HempAge is involved in the process with an open attitude towards the factories in case there are barriers in the production process. Therefore, the production planning is always done along with factory management where lead times, production timelines and deadlines are discussed and set together with factories.

HempAge maintains a forecasting and production planning system that enables good planning at the production level to avoid the effects of peaks in demand. HempAge has a very close working relationship with its main suppliers in China and therefore is able to monitor closely how the production flow is progressing.

HempAge does two collections per year. A big part of which is "Never Out of Stock" (NOS) styles which can be produced in the low seasons. In addition, HempAge gives estimates on fabrics to its suppliers as far in advance as possible. The suppliers are asked to set the lead times and the company adjust its operations to this and place orders according to deadlines received from the 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:** Due to the strong long-term relationship between HempAge and its suppliers, the company is in constant discussions with factory managements on issues within the factory including excessive overtime and its root causes.

In 2018, the excessive overtime issue was found during the audit at the company's main supplier in China. HempAge conducted the root cause analysis and discussed the results with the factory management. This main supplier is vertically integrated company producing fabrics and sewing ready main garments. HempAge was able to record the points where there was an increase in working hours, which lead to further discussions with management on how the overtime could be reduced. In addition, the company is placing their more flexible NOS articles out of the peak periods.

HempAge has identified periods of excessive overtime and is in discussions on how best to reduce it. Therefore, the factory hired an external expert to work on the labour minute costing as the production process of hemp's garments differs from the usual textile garment production.

**Recommendation:** FWF recommends to discuss the conclusions of the hired expert on the labour minute costing not only with the factory but also with other factory customers in order to mitigate excessive overtime hours.

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:** HempAge has over 15 years of experience in working with its suppliers in China and the company is aware of the wage levels through FWF wage ladders (audits) and country studies. The garment products containing hemp are still considered niche products and the production cost is much higher. HempAge discusses the prices with its suppliers to make sure the minimum wage is covered but usually pays the price given by the supplier.

In 2017, HempAge started working on the link between its buying prices and wage levels in its production locations in China. In the past two years, HempAge was able to obtain wages for workers from different production stages but not yet at the style level from its main supplier. Both parties came to an agreement and the supplier hired an expert to assess the labour minute cost per style. This is currently in progress and the first results are expected later this year in September.

From its another supplier in China, HempAge was able to receive labour cost per product and completed costing sheet.

**Recommendation:** FWF recommends HemAge to expand their knowledge of cost break downs of all product groups. A next step would be to calculate the labour minute costs of its products to be able to calculate the exact costs of labour and link this to their own buying prices. First priority would be to make sure this level of transparency can be achieved with their suppliers.

HempAge could provide suppliers who don't use open costing, training on product costing and how to quote prices including (direct and indirect) labour costs.

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

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:** HempAge has a good understanding of the living wage concept and tries to start a business relationship only with suppliers who are open to work on a living wage. The company has analysed the root cause analysis and as a result, an external expert was hired to help its main supplier with the labour minute cost.

**Requirement:** HempAge is expected to take an active role in discussing living wages with its suppliers. The FWF wage ladder can be used as a tool to implement living wages, to document, monitor, negotiate and evaluate the improvements at its suppliers.

**Recommendation:** FWF encourages HempAge to involve worker representatives and local organisations in assessing the 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.

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	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.	2	4	0

**Comment:** In 2018 HempAge started to work with a new supplier in China. Based on the commitment of factory management and HempAge, it was determined by both parties to pay higher wages in comparison to other factories. According to the latest audit report result, one worker (machine operator) is paid above the Asia Floor Wage (AFW) for the regular working hours. The average monthly wage for the rest of the workers is around 70% of the AFW. HempAge sourced 22.7% of its total FOB from this supplier.

**Recommendation:** FWF recommends HempAge to develop a policy and a process on setting target wages, based on up-to-date living wage benchmarks, and ways of financing these, which will help the brand to communicate the HempAge living wage approach internally and externally.

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

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:** HempAge has not yet agreed on target wages with suppliers.

**Requirement:** The member is expected to begin setting a target wage for its production locations.

**Recommendation:** 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. In addition, FWF advises HempAge to start verifying and checking if the target wage is actually paid to the workers.

HempAge is encouraged to roll out its approach to other suppliers.

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## PURCHASING PRACTICES

Possible Points: 47

Earned Points: 32

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## 2. MONITORING AND REMEDIATION

BASIC MEASUREMENTS	RESULT	COMMENTS
% of own production under standard monitoring (excluding low-risk countries)	92%	
% 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	100%	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: CSR person and CEO follow 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.	Yes	2 part indicator: FWF audit reports were shared and discussed with suppliers within two months of audit receipt AND a reasonable time frame was specified for resolving findings.	Corrective Action Plans, emails; findings of followup audits; brand representative present during audit exit meeting, etc.	2	2	-1

**Comment:** FWF audit reports and Corrective Action Plan (CAP) findings are shared on time with factory management and followed up during skype, mail or visit. The audit reports and CAP's were not yet shared with worker representation.

**Recommendation:** Before an audit takes place, HempAge 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:** In 2018, two audits were conducted at its suppliers in China. HempAge is following up with both factories on both CAP remediations. Most of the major issues have been closed as per timelines set up together with the factory. HempAge continues to work on its long-term plans to address the overtime issue with management and how best to increase wages.

HempAge established a workers' representative committee in each factory that they work within China. All workers' complaints are directly addressed to this committee voted by workers directly. HempAge receives the reports from the meetings of the committees from its suppliers.

**Recommendation:** FWF encourages HempAge to continue strengthening their system to analyse how they might have contributed to findings and what changes they can make in their purchasing practices

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.	92%	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:** 92% of the production volume is visited last year.

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

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
2.7 Compliance with FWF risk policies.	Advanced result on all relevant policies	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.	6	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	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	Advanced			6	6	-2

Comment: China:

Approximately 91% of HempAge's production in 2018 comes from China. The production volume remains relatively very high also due to the country's ability to produce garment including hemp. CEO and the company staff are visiting their suppliers regularly and are aware of all the country risks. The monitoring of the country risk is through the audit reports, country studies and other parties (environment monitoring). The company is aware of country-specific risks; only one governmental trade union, difficulties within the freedom of association and collective bargaining. HempAge established a workers' representative committee in each factory that they work with in China.

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: HempAge communicates with other FWF member who sources at the same Chinese suppliers. Information on CAPs and remediation plans are shared and discussed with other participating brands.

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
2.9 Percentage of production volume where monitoring requirements for low-risk countries are fulfilled.	50-100%	Low-risk countries are determined by the presence and proper functioning of institutions which can guarantee compliance with national and international standards and laws. 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.	2	3	0

**Comment:** In 2018, HempAge sourced from two production location (Poland, Hungary) and fulfilled most of the requirements for low-risk countries. However, the production location in Hungary is a one-man workshop and it was not visited by HempaAge and the Worker Information Sheet (WIS) is not posted.

**Recommendation:** FWF encourages members to go beyond the minimum required monitoring threshold and rewards members who audit production locations in the tail end as well to mitigate potential social compliance risks.

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).	Yes	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.	2	2	0

**Comment:** HempAge has one tail end supplier in Tunisia and FWF audit has been conducted at this production location.

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: 29

Earned Points: 26

### 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: HempAge has a CSR manager responsible for addressing worker complaints as well as any other problems identified by monitoring system.

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: HempAge visits production locations twice a year and checks on the presence of the Worker Information Sheets. When other staff visits production locations they are asked to take a picture of the Worker Information Sheet as evidence.

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.	0%	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.	0	6	0

**Comment:** In 2018, one WEP Basic training was conducted at new supplier in Tunisia. HempAge sourced only 0.4% of its total FOBvolume from this supplier. Another supplier in China conducted internal training for its workers as this supplier did not want to repeat WEP Basic training.

**Recommendation:** The member could consider implementing additional activities to raise awareness about the FWF Code of Labour Practices and FWF complaint hotline next to providing good quality training. This could include providing the FWF worker information cards to workers during visits or when handing out payslips, making use of FWF's Factory Guide, stimulating peer-to-peer learning among workers and ensuring factory management regularly informs workers, in particular, new workers, about their rights and available grievance mechanisms

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

**Comment:** At HempAge's main supplier, a functioning worker representative group regularly discusses complaints with management. These complaints from workers have all been resolved internally after consultation between worker representatives and factory management.



At another supplier, HempAge works closely with the factory management with occasional involvement of the worker representative.

Requirement: .

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: 3

## 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:** Environmentally friendly and socially responsible production is part of HempAge's core values. The company's employees have a high awareness of the relevance of respecting worker's rights in factories. HempAge is a small company where information is easily shared among relevant staff, therefore, all staff is aware of FWF membership. Additionally, HempAge holds a bi-annual briefing and review of FWF membership progress presented by their CSR manager.

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:** In 2018, HempAge participated in the FWF member seminar in Amsterdam as well as in the German stakeholder. All information on the meetings was relayed back to the team at the office. This is also easily circulated as the HempAge team is relatively small and meets regularly. CSR manager holds a presentation about FWF with the values for the customers during the fairs.

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.	91%	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.	6	6	0

**Comment:** HempAge established a workers' representative committee in each factory that they work with China. All complaints are handled and solved by the internal grievance committee. No complaints were received by FWF hotline after workers' representative committees were established.

**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, members can make use of FWF's Workplace Education Programme communication or violence prevention module or implement advanced training through service providers or brand staff. FWF guidance on 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

Comment: HempAge receives the minutes from the meetings of the workers' committee on a regular basis.

Recommendation: FWF recommends members to discuss outcomes of dialogue sessions with their supplier and what steps management is planning to further strengthen dialogue between workers and management? This may include holding an independent worker representative election; regular meetings between worker representatives and management to discuss improvements to working conditions or allowing worker representatives to conduct a worker survey on specific issues. The member should also investigate how they can contribute to implementing the action plan workers and management have agreed on (e.g. by adjusting sourcing practices).

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## TRAINING AND CAPACITY BUILDING

Possible Points: 9

Earned Points: 9

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## 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: HempAge has a consolidated supply chain having only a few suppliers, thus they are able to monitor and to be well informed about all its production locations. Due to the nature of their product, size of production and ease of quality assessments, HempAge has not found any issues with subcontracting.

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: Also in 2018, the social and ecological standards are HempAge's biggest priorities. Therefore being informed about working conditions at production sites is important and shared by the CEO, CSR manager or other staff members who visit production location. This is internally shared on a regular basis.

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## INFORMATION MANAGEMENT

Possible Points: 7

Earned Points: 7

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## 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: HempAge communicates about FWF on its website. All their 2018 communication adheres to FWF's communication policy. As a leader, HempAge also communicates FWF membership accordingly on their products.

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: HempAge published the FWF Brand Performance Check on its website. All suppliers are disclosed (including address) in its annual social report, which is published on the company's website.

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

Comment: HempAge submitted and published its annual social report for 2018 on its website.

## 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: The company CEO holds the meetings where the outcomes of the FWF brand performance check are discussed with the entire organisation as well as overall discussions over the company's FWF membership.

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

## EVALUATION

Possible Points: 2

Earned Points: 2

## RECOMMENDATIONS TO FWF

HempAge is keen to learn about new FWF programs. FWF is discussing factory membership, ambassador program and transparency.

Low-risk countries should be reviewed. There are too many issues in Italy, Portugal all Eastern European countries, which are not visible yet.

## SCORING OVERVIEW

CATEGORY	EARNED	POSSIBLE
Purchasing Practices	32	47
Monitoring and Remediation	26	29
Complaints Handling	3	9
Training and Capacity Building	9	9
Information Management	7	7
Transparency	6	6
Evaluation	2	2
Totals:	85	109

BENCHMARKING SCORE (EARNED POINTS DIVIDED BY POSSIBLE POINTS)

78

PERFORMANCE BENCHMARKING CATEGORY

Leader

## BRAND PERFORMANCE CHECK DETAILS

Date of Brand Performance Check:

08-07-2019

Conducted by:

Terezia Haselhoff

Interviews with:

Robert Hertel - CEO

Thorsten Keil - CSR and Marketing Manager

Bernd Hartner - Ecology & In-House Process