



BRAND PERFORMANCE CHECK

DW-Shop GmbH

PUBLICATION DATE: NOVEMBER 2019

this report covers the evaluation period 01-07-2018 to 30-06-2019

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

DW-Shop GmbH

Evaluation Period: 01-07-2018 to 30-06-2019

| MEMBER COMPANY INFORMATION | |
|--|---------------------------------|
| Headquarters: | Konigswinter, Germany |
| Member since: | 01-02-2012 |
| Product types: | Fashion, Bags & Accessories |
| Production in countries where FWF is active: | China, India, Indonesia, Turkey |
| Production in other countries: | Peru |
| 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 | 98% |
| Benchmarking score | 60 |
| Category | Good |

Summary:

DW-Shop has met most of Fair Wear's performance requirements. It monitored 98% of its total purchasing volume, which is well above the 80% required by members after three years of membership. The benchmarking score of 60 places DW-Shop in the 'Good' category.

DW-Shop has a well-functioning internal information system which stores all required documents for its suppliers. Furthermore, the internal communications and management involvement in supplier evaluation and sourcing decisions is an important element for working towards an increase in the social compliance of DW-Shop's suppliers. In the 2019 financial year, DW-Shop increased the share of production volume that was produced at suppliers with which it has a long term business relationship. This helps with the implementation of the Fair Wear Code of Labour Practices in the long run. Furthermore, DW-Shop improved and formalised its approach to adding new production locations to its supplier list. The steps and decision-making points are now clearly stated in a formal policy. In order to facilitate more effective audit follow-up, DW-Shop began working with an Indian consultant. Although progress on audit findings is still limited, this is a good step forward. Also important in this process is the fact that the DW-Shop CSR representative visits nearly all suppliers and discusses audit findings as well as other CSR-related issues directly with factory management, if possible.

Although DW-Shop already works with an evaluation sheet for its suppliers, CSR-related topics could be evaluated in more detail. With regard to Fair Wear's risk policies, it is important that DW-Shop and its Turkish suppliers develop a policy on working with Syrian migrant workers. Furthermore, Fair Wear encourages DW-Shop to be more active in implementing a living wage benchmark at its suppliers. The first step in this process is getting insight into the link between buying prices and wages through open costing. Then, together with its suppliers, DW-Shop should define a target wage and start implementing measures to close this gap. For the next Brand Performance Check, DW-Shop needs to make sure to meet the monitoring requirements for its tail-end production locations.

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. | 48% | 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 the 2019 financial year, DW-Shop bought 48% of its production volume from production locations where the brand buys at least 10% of the production capacity. This is a decrease of 10% compared to last year. All of DW-Shop's production takes place in the so-called high-risk countries. Its main supplier is located in Peru and about 57% of the production takes place in India. Other production countries are China, Indonesia, and Turkey.

Supplier base consultation is discussed regularly with top management. DW-Shop tries to consolidate its supplier base by placing orders at existing suppliers as much as possible. Although new styles and the lack of quality do require DW-Shop to add new suppliers. In general, DW-Shop tries to work with the smaller production locations with up to 500 workers as this could make it easier to enforce improvements in social compliance.

Leverage is part of internal meetings between the Purchase department, the Managing Director Purchasing, the CEO and the CSR department where strategy/order planning is discussed. Although final sourcing decisions are based on social standards, rather than leverage at suppliers. The brand's experience is that higher leverage does not necessarily increase the willingness of suppliers to work towards the implementation of the Code of Labour Practices.

Until now, DW-Shop has calculated the leverage at its suppliers that are used for subcontracting, by dividing the leverage of the main supplier according to the % of FOB bought at the subcontractors.

Recommendation:

Fair Wear recommends DW-Shop to consolidate its supplier base where possible, and increase leverage at main supplier(s) 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.

In order to get a more accurate picture of the leverage at suppliers that are used for subcontracting, DW-Shop is advised to enter actual leverage figures of subcontractors, instead of the calculated figures used until now.

| 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. | 18% | 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. | 2 | 4 | 0 |

Comment: In the 2019 financial year, 18% of DW-Shop's production volume came from production locations where the brand buys less than 2% of its total FOB. This is a reduction from last year's 27%.

Recommendation: Fair Wear recommends DW-Shop to consolidate its supply base by limiting the number of suppliers in its 'tail end'. To achieve this, DW-Shop should determine whether suppliers where it buys less than 2% of its FOB are of strategic relevance. Shortening the tail will reduce the social compliance risks the member is exposed to and will allow the member to improve working conditions in a more efficient and effective way.

| 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. | 63% | 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 the 2019 financial year, 63% of DW-Shop's production volume came from production locations where a business relationship exists for at least five years. This is an increase compared to last year's 50%. DW-Shop placed more orders at suppliers it works with for a long time. The brand prefers to work with these suppliers because this enables a more sustainable way of working on the implementation of the Code of Labour Practise. Furthermore, adding new suppliers is time-consuming as these suppliers have to get used to DW-Shop's way of working.

Recommendation: It is advised to describe policies regarding maintaining long term business relationships in a sourcing strategy that is agreed upon with top management/sourcing staff.

| 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 the 2019 financial year, DW-Shop started working with four new suppliers. DW-Shop has a formal onboarding process in place for new suppliers. Completing the questionnaire and signing the Code of Labour Practices is part of this procedure. DW-Shop stores the completed questionnaires with the signed Code of Labour Practices in folders per supplier on its server. All questionnaires are on file, including the date the Code of Labour Practices was signed.

| 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: Since the 2019 financial year, DW-Shop formalised its onboarding process for new suppliers in a written policy. The process was already in place, but now also in a written policy. Requesting existing audit reports, visiting the supplier, completing the Health & Safety Check, as well as reading Fair Wear country studies and checking for specific risk policies is part of this onboarding process.

For new suppliers, there are two decision-making points. One after assessing the social standards of a production location based on existing audit reports, the company profile, and a discussion on social standards. The other decision-making point is after the supplier visit where social standards are checked and the production options of the supplier are inspected. Both the CSR and the Purchase department have the final say regarding adding new production locations to the supplier base.

In three cases a newly added supplier has not been visited by DW-Shop. This was due to small FOB amounts and isolated locations, an unforeseen move of production to another production location, and turnover in buyers. With two of these suppliers, DW-Shop is planning to stop business.

Recommendation: A risk analysis as part of the decision-making process of selecting new production locations is an important step to mitigate risk and prevent potential problems. Fair Wear recommends DW-Shop to clearly define preventive actions for identified risks and connect them to sourcing decisions. This also includes strategies to tackle structural risks such as low wage levels in the country, limited freedom of association and restricted civil society that are beyond the brand's individual sphere of influence.

| 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: DW-Shop tries to reward good performance of suppliers by increasing orders but is also depended on the capacity of the suppliers, which is often limited. Suppliers are informed when they score insufficiently on the implementation of the Code of Labour Practices or when there is a specific CSR related problem.

Sourcing decisions are influenced by suppliers' performance on the implementation of the Code of Labour Practices, as well as by their ability to meet the demand for (new) styles, the quality of the products, and delivery dates. When DW-Shop wants to stop business with a supplier, because of the lack of improvements on social compliance, communication problems, or other issues, it makes sure to announce this well in advance by email.

DW-Shop works with a supplier evaluation form. This form includes some basic supplier information, like the number of (home)workers, audit dates, date of the Questionnaire, and date of proof of a posted Worker Information Sheet. Furthermore, communication with purchasing, quality, prices, and delivery time are evaluated with a grade between one and six. One stands for very good and six stands for insufficient. With regard to CSR, only communication with the CSR department and audit performance/follow-up are graded. The above indicators all have the same weight in the overall end scoring of each supplier. This overall score is used in the Excel overview of all DW-Shop's suppliers. Here, it is combined with other basic supplier data like FOB, leverage, audit dates, and training dates.

Suppliers' performance is evaluated in the quarterly meetings with the Purchase department, the Managing Director Purchasing, the CEO and the CSR department. This evaluation is based on DW-Shop's evaluation form. These meetings help to align the understanding of social compliance among both departments and to incorporate social compliance in sourcing decisions.

Recommendation: Fair Wear recommends DW-Shop to in-cooperate more social compliance-related topics in its supplier evaluation form.

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

Comment: DW-Shop works with a calendar overview of its production planning at its different suppliers. The Purchase department informs the suppliers two months in advance about planned styles, discusses in detail the schedule (incl. lead times for strike offs, bulk fabrics, sampling, etc). The suppliers inform DW-Shop about realistic shipping dates upon receipt of these details. While setting lead times, DW-Shop takes into account country-specific events like Chinese New Year and Diwali in India as well as special requirements of some suppliers who need more production time for example. DW-Shop is aware of the machine capacity of its suppliers.

When suppliers cannot meet the delivery date DW-Shop is aiming for, the brand tries to analyse why a supplier needs a longer lead time, and if possible changes the design in order to shorten the lead time. For some suppliers, DW-Shop orders the fabrics before orders are placed. DW-Shop gives around four months' time from order to shipping date, sometimes nearly six months.

In case that the supplier informs DW-Shop about any problem which delays the shipment, DW-Shop asks for new delivery dates excluding overtime. Furthermore, there is the possibility to shift styles ordered for the first catalog per season, for example from the autumn catalog to the winter catalog. Sometimes styles are even shifted to the next year. In order to be able to do this, DW-Shop keeps a large number of stock styles that can replace styles that are delayed. Furthermore, these last-minute catalog changes require flexibility from the Marketing/Sales department as these result in last-minute changes in the catalog layout. In case a delayed style cannot be moved to the next catalog, DW-Shop pays for airfreight.

Recommendation: A good production planning system needs to be established based on the production capacity of the factory for regular working hours. Fair Wear recommends DW-Shop to learn more about the standard minute per style and how the production of its products impacts the total production capacity of the supplier.

| 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: In the 2019 financial year, DW-Shop continued to follow-up after the audit findings on excessive overtime from the 2018 financial year. Its approach of buying more cutting tables for a supplier seemed to be effective as DW-Shop checked the wage attendance records and no excessive overtime was found.

In the 2019 financial year, three cases of excessive overtime and/or incorrect time registration were found. DW-Shop discussed the audit findings with its suppliers. At its Chinese supplier, excessive overtime was caused because of the delayed delivery of raw materials. At a Turkish supplier, the payment of overtime and national holidays changed in order to be in line with legal requirements, after discussions with DW-Shop. DW-Shop checked this by requesting wage overviews. Furthermore, the audit finding on incorrect overtime registration at an Indian supplier was denied by the factory management, which was confirmed by a Sedex audit later in the year.

| 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. | Insufficient | 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. | 0 | 4 | 0 |

Comment: Buyers ask suppliers for prices of planned styles and negotiate if necessary. In these price negotiations costs of materials, style/pattern, production time, and increases of wages are taken into account. DW-Shop has an overview of the legal minimum wages in its production countries/regions. Suppliers give input for this overview. The CSR department makes sure to inform the Purchase department in case of minimum wage or tax increases. Buyers are aware of minimum wages in different countries but DW-Shop doesn't know if prices paid to its suppliers allow payments of minimum wages. Factory audits and wage record checks during supplier visits are used as the main source of information on wages paid at suppliers.

In order to get more insight into the link between buying prices and wages, three of DW-Shop's Indian suppliers attended FWF's living wage seminar in February in India. The factory manager of DW-Shop's main supplier in India could not attend because of health problems and still has difficulties working with the costing sheet. This is partly caused by the fact that he only has six machines and no actual line production. DW-Shop tried to convince other suppliers to start working with the costing sheet, but these are not willing to be transparent on costs yet and/or have difficulties using the costing sheet. DW-Shop tries to change this attitude by continued discussions with its suppliers. For one Indian supplier where DW-Shop has rather high leverage, DW-Shop discussed the order quantity needed in order for regular use of the production capacity and regular employment of permanent workers. DW-Shop tries to increase orders at this supplier by introducing new products.

Requirement: DW-Shop needs to demonstrate an understanding of the link between buying prices and wage levels, to ensure their pricing allows the payment of the legal minimum wage.

Recommendation: Fair Wear recommends DW-Shop to expand its 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.

| 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. | Yes | 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. | 0 | 0 | -2 |

Comment: At an audit at one of DW-Shop's Chinese suppliers, it was found that the payment of legal minimum wages could not be verified because the workers were paid by piece rate instead of per hour. As this audit was shared with another Fair Wear member with higher leverage at this supplier, they took the lead in the follow-up after the audit. The factory has been visited by the other Fair Wear member. The factory manager flagged that he has not enough work to pay hourly salaries for its employees. Furthermore, he stressed that if his payments would be too low, workers would leave. DW-Shop is looking into ways to increase orders at this supplier.

At an Indonesian supplier, it was found that minimum wages were not always paid. Because of daily wages, when a month has fewer working days, not all workers received the legal minimum wage. DW-Shop visited the supplier and discussed daily versus monthly wages. Although the factory manager wants to switch to monthly wages, this has not happened yet. DW-Shop checked payslips from different workers, and these showed that legal minimum wages are paid.

| 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: No evidence of late payment was found during Fair Wear audits.

| 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. | Insufficient | 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 | 6 | 0 |

Comment: DW-Shop discussed living wages with two Indian suppliers where it has 76% and 100% leverage. Factory management is not familiar with the concept of living wages yet and rather focuses on wages that prevent the workers from moving to another factory. Furthermore, they flagged that there is an unspoken agreement between factories in a region to keep a certain wage level so that workers stay at one factory instead of hopping from factory to factory.

DW-Shop uses the Fair Wear living wage benchmarks provided in the audit reports, as well as living wage information from other audit reports. All suppliers in the region were invited to Fair Wear's living wage seminar in India. As mentioned above, three suppliers took part in the seminar.

Requirement: DW-Shop must assess the root causes of wages that are lower than living wages, taking into account its leverage and effect of its own pricing policy. DW-Shop is expected to take an active role in discussing living wages with its suppliers. The Fair Wear wage ladder can be used as a tool to implement living wages, to document, monitor, negotiate and evaluate the improvements at its suppliers.

Recommendation: Fair Wear encourages DW-Shop 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.

Fair Wear encourages DW-Shop to involve worker representatives and local organisations in assessing root causes of wages lower than living wages.

| 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: Until now DW-Shop has not yet determined the increase needed to bring all wages at the level of a living wage benchmark. DW-Shop sees it as its responsibility to contribute to fair wages at its suppliers. Once there is more insight into the cost breakdown, and DW-Shop is able to ensure that higher prices contribute to the payment of living wages at its suppliers, it is willing to increase buying prices.

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

Recommendation: To support companies in analysing the wage gap, Fair Wear has developed a calculation model that estimates the effect on FOB and retail prices under different pricing models.

| 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: DW-Shop has not yet agreed on target wages with its suppliers.

Requirement: DW-Shop is expected to begin setting a target wage for its suppliers.

PURCHASING PRACTICES

Possible Points: 47

Earned Points: 17

2. MONITORING AND REMEDIATION

| BASIC MEASUREMENTS | RESULT | COMMENTS |
|---|--|--|
| % of own production under standard monitoring (excluding low-risk countries) | 50% | |
| % of production volume where monitoring requirements for low-risk countries are fulfilled | | 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. | No | FWF members must meet tail-end monitoring requirements. Implementation will be assessed during next Brand Performance check. |
| Requirement(s) for next performance check | All tail-end suppliers must be visited by DW-Shop's staff at least once every three years. During factory visits, labour conditions and the use of subcontractors must be discussed, outcomes of the discussion must be documented, and the Fair Wear health and safety check-list must be completed and filed for Fair Wear to assess during a Brand Performance Check. | |
| Total of own production under monitoring | 98% | 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: DW-Shop has one person dedicated to CSR with the support of another person who can also function as a replacement if needed.

| 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: When DW-Shop receives a Fair Wear audit report, it marks the findings that require immediate action and other important issues. Thereafter reports are shared with factory management. DW-Shop tries to agree on time frames with the suppliers, but experience learned that this is rather difficult as factory management often does not want to provide a time frame for the planned improvements.

Worker representatives are not involved in the initial email with the audit report and the CAP because they often do not speak English. During factory visits, DW-Shop always tries to talk to the worker representatives if there are any.

Recommendation: Before an audit takes place, DW-Shop 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 prioritisation 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. | Basic | FWF considers efforts to resolve CAPs to be one of the most important things that member companies can do towards improving working conditions. | CAP-related documentation including status of findings, documentation of remediation and follow up actions taken by member. Reports of quality assessments. Evidence of understanding relevant issues. | 4 | 8 | -2 |

Comment: DW-Shop uses a colour coded spreadsheet system to keep track of the progress on the corrective action plans. Each non-compliance is given a colour based on completeness. Corrective Action Plans and follow-up are discussed during the annual supplier visits, as well as via email. Improvements are re-checked and documented. Worker representatives are only involved during the factory visits, not in email conversations, which are usually with HR managers of the suppliers. The Indian agent, as well as technicians in other countries usually assist in the follow-up after audits.

DW-Shop hired a local consultant to work on the CAP follow-up at its Indian supplier where it has 100% leverage. Although the audit took place in March 2018, most progress is made in the second half of 2019. Some easier health and safety findings like missing first aid boxes and emergency lights, as well as the lack of fire drills, are resolved. Also on the more difficult findings, like the election of a female worker representative and setting up an effective grievance system, progress has been made. Still limited progress on the findings of wages below living wages. At another Indian supplier, where DW-Shop has limited leverage, most progress is made on health and safety issues and awareness-raising on the Fair Wear Code of Labour Practices.

In the three follow-up audits at suppliers of DW-Shop (partly shared with another Fair Wear member), it became clear that very limited progress on the non-compliance issues has been made since the first Fair Wear audit. DW-Shop pointed out that proper documentation is often lacking at its suppliers and this is difficult to change as it requires changing the supplier's systems and working processes. In the 2019 financial year, DW-Shop continued stressing the need for effective documentation such as time registration. Furthermore, some health and safety issues are difficult to address as there are underlying problems. For example, workers are not willing to use safety needle guards as these slow down their work, and a fire extinguisher was missing as the filling is rather expensive and workers need to be trained on how to use it. In this last case, DW-Shop offered to pay for the fire extinguisher, as well as for the filling.

Recommendation: To facilitate remediation, DW-Shop could consider:

- Hire local consultants in the other production countries, besides India, to assist the factories in developing action plans and to assist factory management in investigating root causes.
- Organise supplier seminars.
- Provide financial support to the supplier for implementing improvements.

Fair Wear recommends DWS to use its high leverage at main supplier(s) to effectively request improvements of working conditions.

| 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. | 94% | 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: Nearly all DW-Shop's suppliers have been visited in the 2019 financial year. In total, 94% of the FOB is bought at suppliers that have been visited.

During supplier visits, DW-Shop's CSR representative discusses the Fair Wear Code of Labour Practice, co-operation with subcontractors, risks of labour violations, and women's safety/gender-based violence. When other staff from DW-Shop visits a supplier, issues that need to be flagged are discussed with the CSR representative beforehand. This can include the Fair Wear checklist for health & safety, assessment of audit finding improvements or other aspects which need checking. Travel reports are composed after all factory visits and sent to everyone in the Purchasing department, the Managing Director Purchasing, the CEO, and CSR department.

| PERFORMANCE INDICATORS | RESULT | RELEVANCE OF INDICATOR | DOCUMENTATION | SCORE | MAX | MIN |
|--|--|---|--|-------|-----|-----|
| 2.6 Existing audit reports from other sources are collected. | Yes, quality assessed and corrective actions implemented | Existing reports form a basis for understanding the issues and strengths of a supplier, and reduces duplicative work. | Audit reports are on file; evidence of followup on prior CAPs. Reports of quality assessments. | 3 | 3 | 0 |

Comment: DW-Shop's CSR representative collects external audit reports and assesses the quality by using the Fair Wear quality assessment tool. CAP follow-up is discussed with suppliers.

| 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. | 4 | 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 | Advanced | | | 6 | 6 | -2 |
| Compliance with FWF guidance on risks related to Turkish garment factories employing Syrian refugees | Intermediate | | | 3 | 6 | -2 |
| Other risks specific to the member's supply chain are addressed by its monitoring system | Intermediate | | | 3 | 6 | -2 |

Comment: DW-Shop's jeans producing supplier signed a "no sandblasting policy". The supplier was visited at the beginning of co-operation and the buyer could confirm that no sandblasting was done.

DW-Shop sources at four Turkish suppliers. Three of the suppliers have been audited and all Turkish suppliers have been visited by DW-Shop. During these visits, the employment of Syrian refugees and subcontracting have been discussed and technicians are instructed to pay extra attention to possible subcontracted production by checking the machinery and compare this with the delivered products. DW-Shop, nor its Turkish suppliers have a written policy on the employment of Syrian migrant workers.

DW-Shop has a significant number of suppliers working with homeworkers and uses FWF's Homeworkers guidance document, as well as reports from other organisations, to monitor its production. Special attention is paid to working hours, payments, contracts, and social security.

At its Chinese suppliers, DW-Shop has continued discussions on the reduction of overtime and proper production planning. DW-Shop discussed the employment of Venezuelan workers with its supplier in Peru and stressed the need for proper working contracts. At all its suppliers, DW-Shop discusses the anti-sexual harassment committees and female supervisors. Furthermore, social dialogue and freedom of association are discussed during supplier visits, according to the CNV questionnaire.

Requirement: Fair Wear requires DW-Shop to take concrete steps by mapping its supply chains in Turkey and ensure that audits take place in first-tier production locations including all authorized subcontractors. Alongside this process, formulating policies on the employment of Syrian refugees in Turkey is a necessary step. This policy should encourage the disclosure of unauthorized subcontractors. When conducting in-person visits, brands (and/or their representatives) must notify their suppliers on their policies concerning Syrian migrant workers.

| 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: Two Fair Wear audits are currently shared with other Fair Wear members and remediation is a collaborative effort.

| PERFORMANCE INDICATORS | RESULT | RELEVANCE OF INDICATOR | DOCUMENTATION | SCORE | MAX | MIN |
|---|-------------------------------------|---|---|-------|-----|-----|
| 2.9 Percentage of production volume where monitoring requirements for low-risk countries are fulfilled. | No production in low-risk countries | Low-risk countries are determined by the presence and proper functioning of institutions which can guarantee compliance with national and international standards and laws. 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. | N/A | 3 | 0 |

| 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: 27

Earned Points: 21

Additional comments on Monitoring and Remediation:

Tail-end requirements not met: Not at all tail-end suppliers working conditions have been discussed (and the H&S checklist completed) during a factory visit in the last three years.

Two suppliers with leverage of 20% and 100% have not been audited by DW-Shop in the last three financial years.

3. COMPLAINTS HANDLING

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

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

Comment: The CSR representative is in charge of following up on complaints with the support of another person.

| 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 suppliers of DW-Shop received the Fair Wear Workers Information Sheet (WIS). The posting of the WIS (at the notice board and close to washrooms) is proven by pictures from the supplier, agency or technicians and checked during each visit of a DW-Shop representative. DW-Shop has proof of the posted WIS on file for each supplier.

| 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. | 11% | 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: During the last three financial years, three Chinese suppliers of DW-Shop, accounting for 11% of its production volume in high-risk countries, participated in FWF's Workplace Education Programme (WEP) Basic. The technicians, DW-Shop works with joined the WEP training.

Recommendation: Fair Wear recommends DW-Shop to actively raise awareness about the Fair Wear Code of Labour Practices and Fair Wear complaint hotline among a larger portion of its suppliers. The member should ensure good quality systematic training of workers and management on these topics. To this end DW-Shop can either use FWF's Workplace Education Programme (WEP) basic module, or implement training related to the Fair Wear CoLP and complaint hotline through service providers or brand staff. Fair Wear guidance on good quality training is available on the Member Hub.

| 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: DW-Shop has a quarterly internal newsletter that is distributed to all staff together with their payslips. The newsletter includes information about Fair Wear requirements, DW-Shop's brand performance check, factory audits, reports of CSR staff travel and supplier stories. Furthermore, Fair Wear is presented during the annual staff meeting, and all CSR related events are posted on the notice board at DW-Shop's office.

| 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: Quarterly internal meetings take place between the Purchase department, the Managing Director Purchasing, the CEO and the CSR department. If any urgent problems are discovered, the same group will meet immediately. CSR representative prepares buyers before business trips to suppliers and updates information about the social standards of suppliers. All new colleagues are informed about social standard basics and Fair Wear membership. Additionally, a half-day round table training took place in August 2019.

DW-Shop participated in the Fair Wear annual conference 2018 and the German Stakeholder meeting.

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

Comment: DW-Shop has a direct business relationship with most suppliers. Technicians abroad and an Indian agency support quality issues and monitoring of social standards. DW-Shop visited the Indian agent several times a year. DW-Shop updated its agent on Fair Wear requirements and discussed the necessary support. The Indian agent, as well as the technicians in the other countries, take part in DW-Shop's factory visits and support DW-Shop in audit follow-up. Generally, the agent and technicians receive all correspondence concerning social compliance, audits, and CAP follow-up. Meanwhile, they took part in Fair Wear audits and WEPs for better knowledge about requirements and recommendations.

| 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. | 29% | 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. | 4 | 6 | 0 |

Comment: During the last three financial years, seven Indian suppliers of DW-Shop, accounting for 29% of its production volume in high-risk countries, participated in FWF's Workplace Education Programme (WEP) Violence prevention. The CSR member of the Indian agency DW-Shop works with joined the WEP training.

| PERFORMANCE INDICATORS | RESULT | RELEVANCE OF INDICATOR | DOCUMENTATION | SCORE | MAX | MIN |
|---|------------------|---|--|-------|-----|-----|
| 4.5 Degree to which member company follows up after a training programme. | Active follow-up | 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. | 2 | 2 | 0 |

Comment: DW-Shop contacted all suppliers that participated in the WEP Violence prevention, and follow-up meetings took place between the agency DW-Shop works with and factory management. Audit reports are checked concerning committees, suggestion boxes, and workers representatives, and re-checked during factory visits (incl. committee meeting minutes). All Sedex audit reports at the trained factories state that the H&S committee and sexual harassment prevention committee/complain committees were in place, except for one factory. DW-Shop is following after this finding.

TRAINING AND CAPACITY BUILDING

Possible Points: 13

Earned Points: 11

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: DW-Shop discussed production locations with all new suppliers and checked machinery and production capacity during supplier visits. Furthermore, the identification of production locations is supported by the Indian agency DW-Shop works with and local technicians (during inline inspections). All suppliers have to sign an agreement stating that they need to inform DW-Shop in case they make use of subcontractors.

During the audit at a Chinese supplier, it became clear that washing was subcontracted by that supplier, without DW-Shop knowing this. DW-Shop added the washing subcontractor to its supplier list.

| 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: Social compliance issues like audit results, improvements as per CAP, or any finding during factory visits are discussed in the quarterly meetings with the Purchase department, the Managing Director Purchasing, the CEO and the CSR department. Meeting minutes are shared with all members of the Purchase department and management. Any urgent issues like worker complaints are communicated immediately. Travel reports of factory visits are sent to all members of the CSR and Purchase department.

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: DW-Shop's catalog contains a two-page feature about Fair Wear in which the guiding principles are presented and usually a story about a Fair Wear related theme. Furthermore, every new customer receives a brochure that also features a double page of information about FWF. DW-Shop store in Bonn uses multiple stickers on its windows to communicate the Fair Wear membership to visitors and by-passers.

| PERFORMANCE INDICATORS | RESULT | RELEVANCE OF INDICATOR | DOCUMENTATION | SCORE | MAX | MIN |
|---|---|---|--|-------|-----|-----|
| 6.2 Member company engages in advanced reporting activities | Published Brand Performance Checks, audit reports, and/or other efforts lead to increased transparency. | Good reporting by members helps to ensure the transparency of FWF's work and shares best practices with the industry. | Member company publishes one or more of the following on their website: Brand Performance Check, Audit Reports, Supplier List. | 1 | 2 | 0 |

Comment: DW-Shop published Brand Performance Check reports on its 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: DW-Shop shared its social report with Fair Wear and posted it on its website.

TRANSPARENCY

Possible Points: 6

Earned Points: 5

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: DW-Shop's CSR representative makes a summary of BPC requirements and recommendations, which is shared with the Purchase department. The requirements and recommendations of the Brand Performance Check are discussed during the following quarterly meeting with the Purchase department, the Managing Director Purchasing, the CEO and the CSR department.

| 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. | 30% | 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: These were the requirements from last years' Brand Performance Check:

- 1.4 Due diligence: improved process.
- 1.5 Supplier evaluation/formal sourcing strategy: no change.
- 1.7 Mitigation of excessive overtime: root cause analysis continued.
- 1.8 Payment of legal minimum wage: little progress in the insight of cost breakdown.
- 2.4 Progress on CAP follow-up: starting to work with a consultant, still many findings in follow-up audits.

Requirement: It is required to work towards remediation of previous requirements from the last Brand Performance Check. Further engagement needs to be taken with regard to the following requirements mentioned in the last Brand Performance Check.

EVALUATION

Possible Points: 6

Earned Points: 4

RECOMMENDATIONS TO FWF

- In order to facilitate effective follow-up, audit and training reports need to be shared with DW-Shop in a timely matter (within four weeks).
- When audit findings require immediate action, Fair Wear should make sure to inform DW-Shop immediately, instead of waiting for the report to be sent.
- The audit teams should make sure to discuss all audit findings during the closing meeting.
- DW-Shop would like to get more guidance on labour minute costing sheets.
- It would help DW-Shop if Fair Wear would be more visible and known in Germany (e.g. by taking part in the Fair Week in Bonn).

SCORING OVERVIEW

| CATEGORY | EARNED | POSSIBLE |
|--------------------------------|--------|----------|
| Purchasing Practices | 17 | 47 |
| Monitoring and Remediation | 21 | 27 |
| Complaints Handling | 7 | 9 |
| Training and Capacity Building | 11 | 13 |
| Information Management | 4 | 7 |
| Transparency | 5 | 6 |
| Evaluation | 4 | 6 |
| Totals: | 69 | 115 |

BENCHMARKING SCORE (EARNED POINTS DIVIDED BY POSSIBLE POINTS)

60

PERFORMANCE BENCHMARKING CATEGORY

Good

BRAND PERFORMANCE CHECK DETAILS

Date of Brand Performance Check:

10-10-2019

Conducted by:

Linda van IJzendoorn

Interviews with:

Regine Henschel (CSR manager)

Maria Busch (Marketing and CSR support)

Daniela Bunea (Managing Director Purchasing)

Birgit Lang (Buyer)

Petra Barnickel (Buyer)

Jörg Fauck (Marketing)

Irene Hanak (Sales)