



# BRAND PERFORMANCE CHECK

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ECG NV

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this report covers the evaluation period 01-03-2018 to 28-02-2019

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

# BRAND PERFORMANCE CHECK OVERVIEW

ECG NV

Evaluation Period: 01-03-2018 to 28-02-2019

MEMBER COMPANY INFORMATION	
Headquarters:	Sint-Niklaas, Belgium
Member since:	01-04-2018
Product types:	Fashion
Production in countries where FWF is active:	Bangladesh, Bulgaria, China, India, Macedonia, Republic of, Romania, Tunisia, Turkey
Production in other countries:	Czech Republic, France, Italy, Lithuania, Poland, Portugal, Ukraine
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	48%
Benchmarking score	36
Category	Good

## Summary:

In its first year of Fair Wear membership, ECG has shown progress and met most of FWF's performance requirements. With a benchmarking score of 36 and a monitoring percentage of 48%, ECG is awarded the 'good' category.

The brand started working on Fair Wear membership requirements focusing on identifying production locations, setting up systems on processes to support effective implementation of Code of Labour Practices. These efforts were impacted by organizational restructuring and physical move of the brand's headquarters, also leading to staff changes. Hence, in the first year of membership, the brand has not been able to achieve progress it initially planned for. This performance check report will acknowledge that some of the efforts may have still been 'in progress' for the performance check period.

At 72 of the 96 production locations the brand buys less than 2% of its total production volume. These locations contribute to 52% of total production volume. The brand has started reviewing its supply chain and is currently incorporating mechanisms to engage buyers in the process to work towards supplier consolidation, maintain a good supplier base with long-term suppliers and a focus on quality, price and social performance.

ECG has worked on setting-up of a due diligence process when deciding to work with new production locations. The brand worked on defining an integrated sourcing strategy, covering commercial, quality and FWF requirements through one process. That apart, the brand worked on developing a process for supplier evaluation, where social compliance accounts for 10% of the total score which provides information to buyers to make informed decisions when placing orders. The implementation of the supplier evaluation and due diligence process will be verified in the next performance check.

The brand is not aware of the cost buildup of its products (generally has price level discussions with suppliers), is yet to work on defining a responsible exit strategy and begin work on living wage. As a first step, the brand has begun the discussion with some suppliers when asking a reaction to CAPs which also includes findings pertaining to Living Wage.

FWF recommends that ECG learns more about the standard minute per style and how the production of its products impacts the total production capacity of the factory. As a first step, a good production planning system should also take into account the production capacity (and resulting leverage) of the factory for regular working hours.

ECG 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. 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.

## 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.	35%	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:** Of the 96 production locations where the brand had active production in 2018, ECG is aware of its leverage at 85 locations, which is based on the information shared by the supplier.

Of this 35% of the production volume the brand buys is from locations where it at least has 10% of production capacity. Additionally, this is mostly in countries where the brand has a sourcing office or has direct relationships with the supplier.

**Requirement:** ECG is required to be aware of leverage information at all its production locations as a first step to increase leverage and consolidate its supplier base.

**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.	52%	FWF provides incentives to clothing brands to consolidate their supplier base, especially at the tail end, as much as possible, and rewards those members who have a small tail end. Shortening the tail end reduces social compliance risks and enhances the impact of efficient use of capital and remediation efforts.	Production location information as provided to FWF.	0	4	0

**Comment:** At 72 of the 96 production locations the brand buys less than 2% of its total production volume. These locations contribute to 52% of total production volume. The brand has started reviewing supplier management and is currently incorporating mechanisms to engage buyers in the process to work towards supplier consolidation, maintain a good supplier base with long-term suppliers and a focus on quality, price and social liability performance.

**Recommendation:** FWF recommends the member to consolidate its supply base by limiting the number of production locations in its 'tail end'. To achieve this, members should determine whether production locations where they buy less than 2% of their 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.

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
1.2 Percentage of production volume from production locations where a business relationship has existed for at least five years.	45%	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.	2	4	0

**Comment:** ECG strives to maintain a long-term relationship with suppliers with 45% of the production volume coming from production locations where a business relationship has existed for at least five years.

**Recommendation:** FWF recommends ECG to maintain stable business relationships with suppliers. Long term relationships support most aspects of the Code of Labour Practices and give factories a reason to invest in improving working conditions. 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.	No	The CoLP is the foundation of all work between production locations and brands, and the first step in developing a commitment to improvements.	Signed CoLPs are on file.	0	2	0

**Comment:** The brand has not received signed questionnaires from 9, mostly tail-end, production locations contributing to a total of over 4% of production volume.

**Requirement:** ECG needs to ensure that all production locations sign and return the questionnaire before the next orders are placed.

**Recommendation:** ECG is encouraged to follow up with suppliers in case they do not endorse the Code of Labour Practices or show resistance in some of the replies.

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:** In the first year of FWF membership, ECG has worked on setting-up of a due diligence process when deciding to work with new production locations. The brand worked on defining an integrated sourcing strategy, covering commercial, quality and FWF requirements through one process, including the below aspects:

1. The sourcing manager or buyers define a requirement list of where and what needs to be sourced, based on which a target list of potential suppliers is developed;
2. Each potential supplier provides the brand information pertaining to
  - factory profile (including products and processes available)
  - cost quotation
  - samples

The above is used for initial screening, then the shortlisted suppliers are visited (where possible), audit reports collected, this information is used for final evaluation and selection of suppliers. Each supplier has a dedicated file(online) where all information about the supplier is documented. In the new process, a supplier cannot be added to the financial system until the compliance team approves it.

The brand does not intend to actively start sourcing in new countries or add new suppliers (with an already existing large tail-end). The brand uses the FWF country studies and media reports to stay updated on country-specific risks.

The implementation of the due diligence process will be checked in the next performance check as many existing and new suppliers were onboarded before the start of FWF membership/ by when the process was set-up.

For existing suppliers, as part of due diligence, the brand has created a folder for each supplier to document

- 1) commitment to COLP through the signing of the supplier questionnaire
- 2) Proof (e.g. pictures) that Worker Information Sheet is posted in local language in every production location
- 3) A recent and complete social compliance audit report of the production location.

In the period of the performance check, the brand was not aware of some production locations, specifically when sourcing through an agent, but worked on changing the nature of engagement with the agent to be able to know all production locations.

**Requirement:** A formal process should exist to evaluate the risks of labour violations in the production areas the member is operating. This evaluation should influence the decision on whether to place orders, how to prevent and mitigate risks, and what remediation steps may be necessary. Hence the brand should be aware of all production locations before orders are placed.

**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. FWF recommends ECG 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.

FWF advises to use information from FWF country studies and wage ladders and use the FWF Health and Safety guidelines. The member can use the CSR Risk Check (<https://www.mvorisicochecker.nl/en/risk-check>) to further assess the risks in (potential new) sourcing countries. For gender risk assessments, the brand can use the FWF gender-toolkit that has factsheets per country, supplier checklists and a model policy on Sexual Harassment. The brand is encouraged to use this information to develop and update country risk profiles for countries where ECG sources.

FWF recommends ECG to ensure that the suppliers cannot select and place production at new production locations before the brand has completed the human rights due diligence process. FWF recommends putting this agreement with the intermediary platform in writing.

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

**Comment:** Through this first year of FWF membership, ECG has worked on developing a process for supplier evaluation, social compliance accounts for 10% of the total score. Based on the review of audit reports and progress made on CAP, the social compliance evaluation looks at if and how suppliers cooperate in addressing COLP issues and level of progress made. A final score provides information to buyers to make informed decisions when placing orders. If a supplier is in 'red category' no new orders can be placed with that supplier. The implementation of this process will be checked in the next performance check.

The brand is yet to work defining a responsible exit strategy.

**Recommendation:** FWF encourages the member to implement a responsible exit strategy and make sure all relevant staff is informed about this. Please see FWF's guidelines on a responsible exit strategy.

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:** ECG works with an annual buying calendar, starts working on a development timeline based on a backtracked date from when the product needs to be in store. The timelines are mapped out considering holidays at production locations and other elements that can impact production schedules. The timelines are shared with suppliers and updated based on feedback and confirmation from the suppliers. The brand is aware of lead times for each country but is not aware of capacities and linked leverages at all suppliers.

ECG works closely with its China office for production planning at a product level, which is one of its biggest production countries. The brand's policy does not allow changes to design after the pre-production sample stage. In general, the brand monitors the production flow and deadlines, incase some deadlines are missed then the brand helps suppliers prioritise and where possible also adjusts in-store delivery dates.

Going forward the brand intends to implement an internal market supply chain planning component which will allow for more integrated planning, blocking of minimum capacity at suppliers, discussion with suppliers beyond one season.

**Recommendation:** FWF recommends that ECG learn more about the standard minute per style and how the production of its products impacts the total production capacity of the factory. As a first step, a good production planning system should also take into account the production capacity (and resulting leverage) of the factory for regular working hours.

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:** Through this first year of FWF membership, ECG has worked on setting up a process to monitor and follow-up audit reports and CAPs. Tracking issues pertaining to overtime is part of this process. FWF audits and external audits at some of the suppliers indicate the presence of excessive overtime and lack of systems to track working hours at some production locations as well. The follow-up on these issues using the new process established will be verified in the next performance check.

**Recommendation:** Besides discussing overtime with the supplier and assessing root causes, FWF strongly recommends ECG to actively take measures when excessive overtime is found. Measures such as regular checks by the local technician, document checking, and interviewing workers help assess whether excessive overtime takes place.

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:** In general, buyers ask suppliers for the price and are not aware of the cost build-up. But based on experience the buyers can estimate the cost of raw materials based on fabric costs and consumption estimates. Meeting the legal minimum wage is checked using information from audit reports. Going forward the brand would like to have 'cost discussions' with the suppliers vs the 'price' discussions.

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

**Recommendation:** At a minimum, members are recommended to investigate wage levels in production countries, among others by making use of FWFs Wage Ladder and country studies. As an advanced step, increased transparency in costing and productivity gives insight into the labour costs per product. This forms the basis for ensuring enough is paid to cover at least minimum wage and for making steps towards living wages.

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

Comment: FWF audits at 3 supplier locations of the brand did not indicate any findings pertaining to payment of legal minimum wages.

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.	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: Being the first year of FWF membership, the brand is yet to working on living wage. As a first step, the brand has begun the discussion with some suppliers when asking a reaction to CAPs which also includes findings pertaining to Living Wage.

Requirement: ECG 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. The brand 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.

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:** ECG is yet to set target wages for its production locations.

**Requirement:** ECG 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, FWF 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: ECG is yet to set target wages for its production locations.

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

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## PURCHASING PRACTICES

Possible Points: 47

Earned Points: 12



## 2. MONITORING AND REMEDIATION

BASIC MEASUREMENTS	RESULT	COMMENTS
% of own production under standard monitoring (excluding low-risk countries)	4%	
% of production volume where monitoring requirements for low-risk countries are fulfilled	7%	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.	N/A	1st or 2nd year member and tail-end monitoring requirements do not apply.
Requirement(s) for next performance check		
Total of own production under monitoring	48%	Measured as percentage of production volume (Minimums: 1 year: 40%; 2 years 60%; 3 years+: 80-100%)

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
2.1 Specific staff person is designated to follow up on problems identified by monitoring system	Yes	Followup is a serious part of FWF membership, and cannot be successfully managed on an ad-hoc basis.	Manuals, emails, etc., demonstrating who the designated staff person is.	2	2	-2

Comment: The compliance assistant is designated to follow up on problems identified by the monitoring system. The sourcing manager supports follow-up when visiting production locations.

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
2.2 Quality of own auditing system meets FWF standards.	Member makes use of FWF audits and/or external audits only	In case FWF teams cannot be used, the member companies' own auditing system must ensure sufficient quality in order for FWF to approve the auditing system.	Information on audit methodology.	N/A	0	-1

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
2.3 Audit Report and Corrective Action Plan (CAP) findings are shared with factory and worker representation where applicable. Improvement timelines are established in a timely manner.	No	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.	-1	2	-1

**Comment:** In the first year of membership, ECG focussed on setting up systems and processes to collect and share audit report findings with their suppliers. This could not have necessarily been achieved for all suppliers and will be verified in the next performance check. The brand has not yet mapped the presence of worker representatives at supplier locations.

**Requirement:** ECG is required to share and discuss the audit report and CAP findings with the factory within 2 months. A reasonable time frame should be specified for resolving findings. In case worker representation is applicable the CAP should be shared with worker representative as well as involved in setting the timeframe for realising improvements.

**Recommendation:** Before an audit takes place, ECG 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.

When the audit report and CAPs are shared a reasonable time frame should be specified for resolving findings. In case worker representation is applicable the CAP should be shared with worker representative as well as involved in setting the timeframe for realising improvements.

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:** In the first year of membership, ECG focussed on setting up systems and processes to collect and share audit report findings with their suppliers. That apart, the brand also created a CAP overview system to track progress on audit findings using excel sheets. This system helps ECG keep track of status, timelines and send reminders to suppliers when needed. At present, the brand is not yet playing an active role in working in partnership with the suppliers in resolving CAPs.

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

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

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.	64%	Formal audits should be augmented by annual visits by member company staff or local representatives. They reinforce to production location managers that member companies are serious about implementing the Code of Labour Practices.	Member companies should document all production location visits with at least the date and name of the visitor.	3	4	0

**Comment:** The brand visited 46 of 96 production locations. In the visit, brand representatives observe Health and Safety conditions, the general impression of the production location and also make note of the production processes and factory capacity.

**Recommendation:** FWF recommends to document the outcome of visits and ensure checking whether the CoLP is posted is part of every visit. Reporting back to the whole team on the discussions and follow up of CAPs with the supplier will help towards setting up an integrated system for improving working conditions. FWF has developed a Health & Safety checklist that can be used during these visits.

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
2.6 Existing audit reports from other sources are collected.	Yes	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.	1	3	0

**Comment:** Assessment of quality of audits started after the closing of the financial year.

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.	0	6	-2
Compliance with FWF enhanced monitoring programme Bangladesh	Insufficient			-2	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	Insufficient			-2	6	-2
Other risks specific to the member's supply chain are addressed by its monitoring system	Intermediate			3	6	-2

**Comment:** In order to lower risks pertaining to social compliance risks the brand decided to phase out production in Bangladesh and not have production in Myanmar.

The brand has 4 active production locations in Bangladesh but does not have the necessary checks to address risks pertaining to Fire safety. The brand is not a signatory of the Bangladesh Accord on Fire and Building Safety.

Turkey: The previous compliance manager of ECG was based in Turkey, hence visited factories and sub contactors. Due to organization restructuring and change in employees the details pertaining to this were lost in transition. FWF audits indicate the presence of Juvenile workers at two production locations. The brand is yet to follow-up on this issue.

Tunisia: The brand has not visited suppliers in Tunisia and is yet to develop an understanding of risks pertaining to Tunisia.

India: Based on the information from FWF country study the brand had conversations with two suppliers on gender issues and during visits to production location the brand specifically observes if women are employed (if not checks with the supplier the reasons), checks if working conditions are safe for women and at one location also noted the presence of women in key positions.

China: The brand monitors its production location through their local buying office, but is yet to set-up a proactive monitoring approach to address risks.

**Requirement:** Bangladesh: FWF requires that members sourcing in Bangladesh ensure credible fire and building safety inspections at all of their suppliers. These inspections must be based on the standards agreed on by Bangladesh's National Tripartite Committee on Fire and Building Safety in the garment industry.

Turkey:  
ECG should schedule visits to Turkish suppliers and their known subcontractors at least annually. Member brands have the responsibility to remediate unfair treatment of Syrian workers, whether found at their suppliers, or authorized or unauthorized subcontractors. If undocumented workers are found via audits or other means, they should be enrolled in the process to obtain work permits.

**Recommendation:** Turkey: Production locations who appear to be at particular risk of violation to Syrian refugees -or at risk of using unauthorized subcontractors- should be scheduled for an audit focused on these risks; As many Syrian refugee workers are working in subcontractor factories, FWF encourages members to ensure the subcontractors are included whenever main suppliers are audited. All standard FWF procedures (e.g. posting of Code of Labour Practices, option to participate in the Workplace Education Programme, Arabic and Turkish helpline etc.) also apply to subcontractors.

- FWF members should ensure that all suppliers have a policy in place on the registering of Syrian refugee workers. See for an example/draft policy the FWF Guidance for members: Risks related to Turkish garment factories employing Syrian refugees

- FWF members should emphasize that the employment of underage workers is in violation of the FWF Code of Labour Practices

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

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
2.9 Percentage of production volume where monitoring requirements for low-risk countries are fulfilled.	50-100%	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:** ECG has visited over 50% of the production locations in low-risk countries, except a few in Italy. That apart the brand collected and reviewed audit reports for one location in Italy. Due to staff change, the brand is not entirely aware of the details of what was discussed with suppliers in the visits but is confident of at least a basic level of monitoring done by the previous staff member. Being a first-year member the brand is awarded the score here based on efforts to reach out to suppliers and also visit them, despite the fact that the same standard of monitoring efforts might not have been done at all suppliers.

**Requirement:** Monitoring requirements need to be fulfilled for production in low-risk countries in order for it to be counted towards the monitoring threshold. All production sites in low-risk countries must:

- 1) Ensure up to date information on the labour conditions in the location either by a regular visit and/or a report by a third party;
- 2) Be informed of FWF membership and return the completed CoLP questionnaire before production orders are placed;
- 3) Be aware of specific risks identified by FWF;
- 4) Have the FWF Worker Information Sheet posted in local languages.

**Recommendation:** ECG is advised to conduct a mapping of its supply chain in Italy that includes: an investigation of subcontractors, the ownership structure of production locations, the number of workers and the type of employment relationship (irregular and migrant employment) to identify and mitigate potential labour rights violations. Members are encouraged to visit their production locations in Italy to discuss the risks associated with irregular and migrant employment relationships.

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

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## MONITORING AND REMEDIATION

Possible Points: 28

Earned Points: 11

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### 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 compliance assistant is designated to follow up on and address worker complaints. The sourcing manager supports follow-up when visiting production locations.

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:** Being a first-year member, ECG has set-up the below process to inform suppliers about FWF COLP and the complaints hotline.

- 1) The brand maintains a list of suppliers to whom they must send the questionnaire and the worker information sheet
- 2) This list is updated with details of the suppliers to have sent back the signed questionnaires and posted worker information sheets
- 3) These documents are saved in the supplier folder
- 4) The worker information sheets are checked during factory visits and brand staff additionally carry with them the worker information cards and sheets to handover during visits.

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:** The brand is a first-year member and is yet to organise awareness programmes on FWF CoLP and complaints hotline at the supplier locations.

**Requirement:** FWF requires members to actively raise awareness about the FWF Code of Labour Practices and FWF complaint hotline. The member should ensure good quality systematic training of workers and management on these topics. To this end, members can either use FWF's Workplace Education Programme (WEP) basic module or implement training related to the FWF CoLP and complaint hotline through service providers or brand staff. FWF's guidance on training quality standards 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: 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:** In May 2018, ECG organized a FWF member kick-off day at their head office for all staff. During this day all employees of ECG were introduced to the Fair Wear and their role to improve working conditions in factories.

**Recommendation:** It is advised to develop a standard procedure for all new employees to get familiar with FWF membership. FWF has material available that can be used to inform (sales) staff.

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:** Every six months the Sourcing manager plans a meeting with all the buyers and the social compliance assistant to give an update on social compliance. Major issues are discussed directly with the buying manager and responsible buyer. That apart the regular buyer team meetings are used to keep the teams updated on specific issues.

The sourcing manager also conducted a workshop for buyers on the health and safety checklist which they could use during factory visits.

**Recommendation:** A training session on labour standards can be held for purchasing staff. FWF can support or facilitate in providing trainings. In addition, it is recommended to actively take part in training opportunities FWF offers such as: seminars, webinars.

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	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.	1	2	0

Comment: The brand has trained its agents who support their sourcing in China and Lithuania on FWF requirements.

Recommendation: FWF recommends the member to actively train their sourcing contractors/agents on monitoring and remediating gender-related problems and enable them to support the implementation of the CoLP.

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

Comment: As a first-year member the brand is yet to enroll its production locations in training programmes that support transformative processes related to human rights.

**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

## TRAINING AND CAPACITY BUILDING

Possible Points: 11

Earned Points: 4



## 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:** In the first year of FWF membership, the brand undertook significant efforts to identify production locations especially given the case that one agent did not disclose its production locations to the brand. For the period of this performance check, the brand indeed was not aware of certain production locations, but the score provided here is for the efforts taken by the brand to engage with agents to change their working arrangement to ensure the brand is aware of all its production locations. The outcome of this engagement will be evaluated in the next performance check.

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

**Recommendation:** Members are advised to develop a systematic approach to complete the production location list. Part of the approach can be:

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

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:** Every six months the Sourcing manager plans a meeting with all the buyers and the social compliance assistant to give an update on social compliance. Major issues are discussed directly with the buying manager and responsible buyer. That apart the regular buyer team meetings are used to keep the teams updated.

The sourcing manager also conducted a workshop for buyers on the health and safety checklist which they could use during factory visits.

**Recommendation:** It is advised to make relevant staff aware of the available tools FWF offers, such as the Health and Safety guides, monitoring CAP documents, access to FWF's online information system. Purchasing staff is recommended to share reports from factory visits that include a status update of implementing the CoLP.

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## INFORMATION MANAGEMENT

Possible Points: 7

Earned Points: 4

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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: ECG communicates about FWF on its website, stores/ point of sales and meets the FWF communication requirements.

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
6.2 Member company engages in advanced reporting activities	No	Good reporting by members helps to ensure the transparency of FWF's work and shares best practices with the industry.	Member company publishes one or more of the following on their website: Brand Performance Check, Audit Reports, Supplier List.	0	2	0

Comment: The brand is a first-year member and does not yet publish audit reports or others supporting increased transparency.

Recommendation: FWF recommends the member to publish one or more of the following reports on its website: brand performance check, audit reports, supplier information. Good reporting by members helps to ensure the transparency of the member and FWF's work.

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
6.3 Social Report is submitted to FWF and is published on member company's website	Complete and accurate report 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: The brand has submitted the social report and published on the brand's website.

## TRANSPARENCY

Possible Points: 6

Earned Points: 4

## 7. EVALUATION

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
7.1 Systemic annual evaluation of FWF membership is conducted with involvement of top management	Yes	An annual evaluation involving top management ensures that FWF policies are integrated into the structure of the company.	Meeting minutes, verbal reporting, Powerpoints, etc.	2	2	0

Comment: As a first-year member, the brand's CEO was involved in the FWF membership decision making and assigning of resources and budget.

Recommendation: FWF advises organising a meeting with management and sourcing staff to discuss the outcomes of this performance check and use those to formulate future plans.

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

## SCORING OVERVIEW

CATEGORY	EARNED	POSSIBLE
Purchasing Practices	12	47
Monitoring and Remediation	11	28
Complaints Handling	3	9
Training and Capacity Building	4	11
Information Management	4	7
Transparency	4	6
Evaluation	2	2
Totals:	40	110

BENCHMARKING SCORE (EARNED POINTS DIVIDED BY POSSIBLE POINTS)

36

PERFORMANCE BENCHMARKING CATEGORY

Good

## BRAND PERFORMANCE CHECK DETAILS

Date of Brand Performance Check:

16-09-2019

Conducted by:

Supraja Suresh

Interviews with:

Alexander Talpe - CEO

Bert Vanwambeke - Buying Manager

Diana Lehman - Sourcing & Quality Manager

Kelly Maran Van Lith - Sourcing & Compliance Assistant

Oliva DeVuyst - Marketing Manager

Ruben Buyck - Financial Controller