



BRAND PERFORMANCE CHECK

Hydrowear B.V.

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

ABOUT THE BRAND PERFORMANCE CHECK

Fair Wear Foundation believes that improving conditions for apparel product location workers requires change at many levels. Traditional efforts to improve conditions focus primarily on the product location. FWF, however, believes that the management decisions of clothing brands have an enormous influence for good or ill on product location conditions.

FWF's Brand Performance Check is a tool to evaluate and report on the activities of FWF's member companies. The Checks examine how member company management systems support FWF's Code of Labour Practices. They evaluate the parts of member company supply chains where clothing is assembled. This is the most labour intensive part of garment supply chains, and where brands can have the most influence over working conditions.

In most apparel supply chains, clothing brands do not own product locations, and most product locations work for many different brands. This means that in most cases FWF member companies have influence, but not direct control, over working conditions. As a result, the Brand Performance Checks focus primarily on verifying the efforts of member companies. Outcomes at the product location level are assessed via audits and complaint reports, however the complexity of the supply chains means that even the best efforts of FWF member companies cannot guarantee results.

Even if outcomes at the product location level cannot be guaranteed, the importance of good management practices by member companies cannot be understated. Even one concerned customer at a product location can have significant positive impacts on a range of issues like health and safety conditions or freedom of association. And if one customer at a product location can demonstrate that improvements are possible, other customers no longer have an excuse not to act. The development and sharing of these types of best practices has long been a core part of FWF's work.

The Brand Performance Check system is designed to accommodate the range of structures and strengths that different companies have, and reflects the different ways that brands can support better working conditions.

This report is based on interviews with member company employees who play important roles in the management of supply chains, and a variety of documentation sources, financial records, supplier data. The findings from the Brand Performance Check are summarized and published at www.fairwear.org. The online [Brand Performance Check Guide](#) provides more information about the indicators.

BRAND PERFORMANCE CHECK OVERVIEW

Hydrowear B.V.

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

MEMBER COMPANY INFORMATION	
Headquarters:	Emmen, Netherlands
Member since:	01-07-2009
Product types:	Workwear
Production in countries where FWF is active:	China, India
Production in other countries:	Croatia
BASIC REQUIREMENTS	
Workplan and projected production location data for upcoming year have been submitted?	Yes
Actual production location data for evaluation period was submitted?	Yes
Membership fee has been paid?	Yes
SCORING OVERVIEW	
% of own production under monitoring	97%
Benchmarking score	64
Category	Good

Summary:

Hydrowear B.V. (hereafter Hydrowear) has shown progress and met most of FWFs' performance requirements. It has monitored 97% of its total production volume, which is above the monitoring threshold. Hydrowear scored 64 based on its performance in implementing the FWF Code of Labour Practices. Therefore, Hydrowear is rated in the 'good' category in this brand performance check.

Hydrowear sources from three countries: China, Croatia and India. Its supplier base is rather stable. Half of the suppliers have worked with Hydrowear for over five years. Most of Hydrowear's production volume is made at suppliers where it has at least 10% leverage. Hydrowear has a small tail-end production, which is necessary due to production requirements. In this brand performance check period, Hydrowear has developed one new supplier in China, which has been audited and trained by FWF local teams.

FWF had audited two factories of Hydrowear in the brand performance check period. Both factories paid minimum wages, while still did excessive overtime. Hydrowear has continuously worked with the factories to support them in improving working conditions based on the Corrective Action Plans. Working towards payment of living wages, Hydrowear financed labour cost increase following the request of the factory management of one supplier. The supplier was able to provide a detailed costing sheet and identified direct labour costs.

Hydrowear should be more proactively setting target wages and work with more suppliers to increase wages. FWF encourages Hydrowear to involve and consult the existing factory union on wage discussions. Hydrowear could also use its knowledge and experience in costing calculations to train more suppliers in labour minute cost calculation. In the coming year, Hydrowear should invite more suppliers to join the Workplace Education Programme to increase labour rights awareness and facilitate communication between workers and management.

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.	80%	Member companies with less than 10% of a production location's production capacity generally have limited influence on production location managers to make changes.	Supplier information provided by member company.	4	4	0

Comment: Hydrowear maintains considerably high leverages at most of its production locations, which provides Hydrowear a solid basis to influence its suppliers in social compliance. The result of this indicator is ten percentage point less than that of last year. This was because Hydrowear started to work with a large producer located in China for an important order.

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.	3%	FWF provides incentives to clothing brands to consolidate their supplier base, especially at the tail end, as much as possible, and rewards those members who have a small tail end. Shortening the tail end reduces social compliance risks and enhances the impact of efficient use of capital and remediation efforts.	Production location information as provided to FWF.	3	4	0

Comment: Three percent of Hydrowear's production volume comes from production locations where it buys less than 2% of its total FOB.

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
1.2 Percentage of production volume from production locations where a business relationship has existed for at least five years.	50%	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: Hydrowear has started to work with a new supplier in China in 2018, which had agreed to produce temporary for Hydrowear for a major order. As a result, the percentage of the production volume from long-term business partners seemed to be decreased.

Recommendation: FWF encourages Hydrowear to continue its work in maintaining 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.

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: Hydrowear does not look for new suppliers frequently. A new supplier is only needed when existing suppliers do not have the capacity to produce an important order. That was the reason why Hydrowear needed to identify a new supplier in 2018. Hydrowear has chosen the particular new supplier partly due to the fact that the factory had been audited by FWF and was working with another FWF member. Prior to production, Hydrowear has double-checked and confirmed that the Code of Labour Practices has been posted.

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: Hydrowear had conducted human rights due diligence at its new supplier in 2018. Since Hydrowear is a small company and does not look for new suppliers regularly, it has not established a formal system to check potential suppliers before placing orders.

Requirement: Hydrowear should set up a formal process to evaluate the risks of labour violations in potential production locations before production. This evaluation should influence the decision on whether to place orders, how to prevent and mitigate risks, and what remediation steps may be necessary.

Recommendation: Although Hydrowear is a small and informal company, it's important to systematically integrate CSR process into supplier selection to prevent risks. This can also save time and effort in terms of further due diligence and possible remediation.

Topics to be covered in the systematic approach of human right due diligence are:

- Requesting an existing audit report from the potential supplier
- Requesting additional information if not available in the existing audit report, such as social dialogue, wages, working hours and gender equality
- Gaining the potential supplier's commitment to improving working conditions
- In case Hydrowear wants to source from a new country, a country-specific risk analysis should be conducted before the decision is made.

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.	No	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.	0	2	0

Comment: Hydrowear works with a small and stable number of suppliers. Each supplier is specialised in a certain kind of products. There is no competition among different suppliers. Therefore Hydrowear does not have an official system to evaluate and reward suppliers based on their compliance with the Code of Labour Practices (CoLP).

Recommendation: Hydrowear is encouraged to make more explicit how social compliance in the supplier rating system in which quality, relationship, price, and planning are assessed is weighted and how compliance with CoLP leads to production decisions.

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
1.6 The member company's production planning systems support reasonable working hours.	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: Hydrowear shares the annual production plan with suppliers. The annual production plan is developed based on sales figures in the previous year plus an expected increase. The plan provides expected production data per item per size, which give a fairly accurate figure to factories for their own production planning.

Hydrowear works with predictable fixed lead time. The lead time only starts after designs have been approved and when fabrics and other materials are in place. Producing a regular Hydrowear order takes around 10-12 weeks. Hydrowear uses several Excel spreadsheets to track the status of the orders. This enables the production staff to communicate with suppliers and adjust plans timely.

Over 90% of Hydrowear's products are never-out-of-stock. Hydrowear usually has one year products in stock, thus it can tolerate slight delays in delivery. In rare cases when customers ask for fast delivery, Hydrowear requires the customers to pay for air freight.

Recommendation: Hydrowear is encouraged to intensify the integration of their planning with their suppliers. A step forward is to learn more about the total production capacity of their suppliers and the working minutes.

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: FWF had conducted audits at two factories supplying Hydrowear in December 2017 (reports delivered in 2018). Excessive overtime was found at both production locations. The factories occasionally worked over 70 hours per week, which is common practice in India and China.

In order to support suppliers to reduce excessive overtime, Hydrowear had invested in fabric stock - paid for fabric in advance - at three of its main suppliers. To increase the efficiency of planning and communication of production progress, Hydrowear introduced a system "ABC list". It is a system based on an Excel spreadsheet. Lead time starts only when all materials are in place. Before materials arrive, all production staff will focus on getting the materials delivered. This process could contribute to prioritising at Hydrowear headquarter and help suppliers to plan based on the most recent information.

Recommendation: Despite various efforts of Hydrowear, some suppliers are still working excessive overtime. FWF encourage Hydrowear to discuss with factory management on the causes of excessive overtime and provide support to manage overtime. If necessary, Hydrowear could hire local experts to analyse the root cause of excessive overtime in cooperation with the supplier. FWF could recommend qualified persons upon request.

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

Comment: Progressing from last year, Hydrowear started to negotiate the price with one of its main suppliers in India based on a detailed cost sheet. This was the request of the supplier. The cost sheet includes a comprehensive list of production cost items, such as energy cost, water consumption, etc. The direct labour cost is a dependent variable of production minutes and labour cost per minute.

Other suppliers of Hydrowear do not use costing sheets and do not know the methodology of labour minute calculation. It seemed to be too technical for many other suppliers. Hydrowear found it difficult to motivate other suppliers in China to use a similar costing sheet.

Recommendation: FWF recommends Hydrowear to expand their knowledge of cost break downs of all product locations. 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. The first priority would be to make sure this level of transparency can be achieved with their suppliers.

Hydrowear is also encouraged to provide buyers (or other employees involved in price negotiations with suppliers) training on cost breakdown.

In addition, Hydrowear could provide suppliers who don't use open costing, training on product costing and how to quote prices including (direct and indirect) labour costs. FWF is organising workshops in India and China on costing calculation and living wages. Hydrowear could invite their suppliers to join the workshops.

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: Minimum wages were paid at the two audited factories.

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

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

Comment: At one of the main suppliers in India, Hydrowear has regular discussions with the factory on living wages. The CEO of Hydrowear has an investment in the factory. The factory uses a costing sheet to negotiate the price with Hydrowear. The factory has a legally registered union. Hydrowear trusted that the factory respects the workers. In 2018, the factory requested a 10% increase in direct labour cost to meet the workers' demand. Hydrowear had matched the price increase.

At other suppliers, Hydrowear included the discussion of the living wage when following up on CAPs. Root causes of not paying minimum wages were not discussed with the suppliers. In some suppliers, especially those in China, Hydrowear found it difficult to have an open discussion on wages.

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

Recommendation: Hydrowear is encouraged to be part of the social dialogue on wages with the factory union in India. This would help Hydrowear to identify and address the root causes of payment lower than living wages.

At other suppliers, FWF encourages Hydrowear to discuss with management about different strategies to work towards higher 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	Intermediate	Assessing the root causes for wages lower than living wages will determine what strategies/interventions are needed for increasing wages, which will result in a systemic approach.	Evidence of how payment below living wage was addressed, such as: internal policy and strategy documents, reports, correspondence with factories, etc.	2	4	0

Comment: At one factory in India, Hydrowear had matched the 10% increase in labour cost. According to Hydrowear, factory management said that the workers wanted higher wages, which resulted in labour cost increase.

Requirement: Hydrowear is expected to begin setting target wages for more production locations.

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. Hydrowear is encouraged to use the calculation model to work towards living wages at all suppliers.

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	32%	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.	2	3	0

Comment: Hydrowear had financed a wage increase at its main supplier (two production locations) in India, which accounts for 32% of its total FoB.

Recommendation: Hydrowear could analyse the impact of the increased wage at the Indian supplier

PURCHASING PRACTICES

Possible Points: 47

Earned Points: 29

2. MONITORING AND REMEDIATION

BASIC MEASUREMENTS	RESULT	COMMENTS
% of own production under standard monitoring (excluding low-risk countries)	58%	
% of production volume where monitoring requirements for low-risk countries are fulfilled	8%	To be counted towards the monitoring threshold. FWF low-risk policy should be implemented. See indicator 2.9. (N/A = no production in low risk countries.)
Meets monitoring requirements for tail-end production locations.	No	FWF members must meet tail-end monitoring requirements. Implementation will be assessed during next Brand Performance check.
Requirement(s) for next performance check	Hydrowear had not visited four of its tail-end suppliers in the last three years.	
Total of own production under monitoring	97%	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

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: Hydrowear had shared the audit reports with the suppliers timely and discussed remediation steps. However, Hydrowear is not aware whether the factory management had shared the report with the factory union at the supplier in India.

Recommendation: Hydrowear could reach out to the union representatives through the factory management of the India supplier and involve the union in their remediation on the CAPs.

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: Hydrowear had discussed with factories to follow up on all CAPs after audits. Follow-up strategy is mainly based on exchange emails. Meetings with CEOs of suppliers were also organised to further discuss important points.

Hydrowear had documented follow-up results of CAPs. Improvements were made in various issues: obtaining factory license, increasing workers' awareness of minimum wages and piece rate calculations. There are also challenges that are not yet addressed, such as insufficient pay of overtime premium, paid holidays, and hiring female security staff.

Recommendation: To facilitate remediation, Hydrowear 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.	97%	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

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: One supplier in China was audited by BSCI and SMETA in the last quarter of 2017. Hydrowear had collected the audit report and assessed the quality. CAPs from these audit reports had been discussed with the supplier and improvements were made.

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

Comment: Hydrowear gathered information on country-specific risks mainly through FWF country studies. Hydrowear also collects its own information through visiting suppliers and learning from audit reports. Hydrowear identifies gender inequality and overtime as main issues in India In China, although factories seem to be more organised, it is hard to communicate with factories to make improvements. Payment of living wage is a challenge in all production countries.

Recommendation: Knowing the country-specific risks facilitates the starting point for discussing this with suppliers. Member companies can agree on additional commitments that are required to mitigate risks. Hydrowear can provide additional measures for support and integrate that in the monitoring system.

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: At one supplier in China, Hydrowear actively communicates with other FWF members to share the audit report and make improvements together.

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: Hydrowear had visited its production location in Croatia.

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: 30

Earned Points: 22

3. COMPLAINTS HANDLING

BASIC MEASUREMENTS	RESULT	COMMENTS
Number of worker complaints received since last check	2	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	2	

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

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: Hydrowear was able to show photos of the CoLP posted at the suppliers.

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.	8%	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: WEP basic was conducted at one factory in China.

Requirement: Hydrowear is expected to actively raise awareness about the FWF Code of Labour Practices and FWF complaint hotline. Hydrowear 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.

Recommendation: FWF recommends members to actively raise awareness about the FWF Code of Labour Practices and FWF complaint hotline among a larger portion of its suppliers.

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
3.4 All complaints received from production location workers are addressed in accordance with the FWF Complaints Procedure	Yes	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.	3	6	-2

Comment: Two complaints were received from workers at one supplier regarding two different issues. One complaint in 2017 was about forced overtime work. The audit at the end of 2017 confirmed the situation. Hydrowear had frequent communication with the factory on that. The issue has been remediated and verified by FWF local team. In 2018 some workers complained that they were fired without compensation. Permanent workers were reinstated, while contract workers were fired with compensation according to law.

Recommendation: Where applicable, worker representation should be involved in agreeing to the Corrective Action Plan. It is recommended to uncover the root causes of complaints and prevent them from recurring.

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
3.5 Cooperation with other customers in addressing worker complaints at shared suppliers	Active cooperation	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.	2	2	0

Comment: Hydrowear works with one other FWF member actively in one of the complaint cases.

COMPLAINTS HANDLING

Possible Points: 17

Earned Points: 12

4. TRAINING AND CAPACITY BUILDING

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
4.1 All staff at member company are made aware of FWF membership.	Yes	Preventing and remediating problems often requires the involvement of many different departments; making all staff aware of FWF membership requirements helps to support cross-departmental collaboration when needed.	Emails, trainings, presentation, newsletters, etc.	1	1	0

Comment: Hydrowear is a small company. Most staff have worked in the company for a long time, and are able to explain FWF membership to their customers

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

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

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

Comment: Hydrowear has not enrolled their suppliers to transformative training programmes.

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

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

Comment: The member has not conducted a transformative training programme.

TRAINING AND CAPACITY BUILDING

Possible Points: 9

Earned Points: 3

5. INFORMATION MANAGEMENT

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

Comment: Hydrowear does not allow unauthorised subcontracting since it needs to keep the designs confidential. In 2018, Hydrowear made an extra effort to make precise FOB figures available at two production locations in India, which belong to the same company group. Since it has not visited all tail-end suppliers, there is still a risk of unidentified production locations.

Recommendation: FWF suggested Hydrowear visiting all production locations including tail-end suppliers to mitigate risk.

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: The staff member responsible for placing orders is also the CSR manager.

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

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

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

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: At least twice a year, the top management of Hydrowear and CSR staff discuss and review the work with the factories.

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.	40%	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: There were five requirements made in the previous brand performance check. Hydrowear had met two of the requirements (5.1 and 6.30). It is working on implementing the rest in the coming year.

Requirement 1.4: Hydrowear has not set up an evaluation system to rate its suppliers based on their performance in compliance.

Requirement 1.9: Two audits have been conducted at suppliers of Hydrowear in this performance check period. No minimum wage issues were found. In the previous brand performance check period there was a finding on violation of minimum wage payment, which was not backed by sufficient evidence found during the audit. The management denied the finding. Hydrowear is still working with factory management to resolve the issue.

Requirement 4.4: Hydrowear has started to source from a new supplier, which had received a WEP session. Hydrowear is planning to encourage more suppliers to join WEP.

Requirement 5.1: Hydrowear was able to identify accurate FOB figures in two of its main suppliers in India.

Requirement 6.3: The social report of Hydrowear had been published at its website.

EVALUATION

Possible Points: 6

Earned Points: 4

RECOMMENDATIONS TO FWF

Hydrowear would prefer the same staff member in FWF as its brand liaison and brand performance checker. It is more efficient in terms of communication.

A supplier in India was audited by the FWF audit team. Upon receipt of the audit report, the factory management was furious and expressed that the auditors had gotten all the facts wrong. Hydrowear could not follow up on that audit report. Hydrowear would like to suggest that FWF auditors be more diplomatic, open-minded and less judgemental towards factory management.

SCORING OVERVIEW

CATEGORY	EARNED	POSSIBLE
Purchasing Practices	29	47
Monitoring and Remediation	22	30
Complaints Handling	12	17
Training and Capacity Building	3	9
Information Management	4	7
Transparency	4	6
Evaluation	4	6
Totals:	78	122

BENCHMARKING SCORE (EARNED POINTS DIVIDED BY POSSIBLE POINTS)

64

PERFORMANCE BENCHMARKING CATEGORY

Good

BRAND PERFORMANCE CHECK DETAILS

Date of Brand Performance Check:

06-08-2019

Conducted by:

Juliette Li

Interviews with:

Laurens Voors, CSR and production manager
Winfrid Pereboom, Quality control manager