



Brand Performance Check
Hess Natur-Textilien GmbH

Publication date : February 2020

this report covers the evaluation period 01-08-2018 to 31-07-2019

About the Brand Performance Check

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

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

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

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

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

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

Brand Performance Check Overview

Hess Natur-Textilien GmbH

Evaluation Period: 01-08-2018 to 31-07-2019

| Member company information | |
|--|---|
| Headquarters: | Butzach , Germany |
| Member since: | 2005-03-03 |
| Product types: | Fashion |
| Production in countries where FWF is active: | Bulgaria, China, India, North Macedonia, Romania, Tunisia, Turkey, Viet Nam |
| Production in other countries: | Austria, Bahrain, Belarus, Bosnia and Herzegovina, Croatia, Czech Republic, Germany, Greece, Hungary, Italy, Lithuania, Mongolia, Nepal, Peru, Poland, Portugal, Slovakia, Spain, Thailand, 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 | 99% |
| Benchmarking score | 86 |
| Category | Leader |

Summary:

Hessnatur has shown advanced results on performance indicators and has made exceptional progress. Hessnatur has monitored 99% of its supply chain by using Fair Wear and other third party audits and by monitoring low-risk production locations. This, together with a benchmarking score of 86, means that Hessnatur maintains its place in Fair Wear's 'Leader' category.

Hessnatur employs a dedicated CR team and has established a thorough system involving all relevant departments to assess risks as well as monitor and remediate labour conditions along its broad supply chain. Two thirds of Hessnatur's factories have been its partners for over five years, which enables cooperation.

The company's strong production planning in principle allows factories to plan their workflow within reasonable working hours. While excessive overtime is still documented in Hessnatur's supply chain, the brand works on effective remediation by assessing root causes on brand and supplier level. A webinar during its last financial year facilitated peer learning among suppliers.

Hessnatur knows the labour cost per working minute and ensures it pay a price that allows for payment of a living wage. Currently, 21% of its production locations in high risk countries pay a living wage.

Active lobby work for mandatory due diligence legislation in Germany and raising consumer awareness on sustainability have been focal points of the brand's communication strategy.

As a recommended next step, Fair Wear encourages Hessnatur to continue its path towards ensuring wage levels are raised towards a living wage, excessive overtime hours are reduced and an enabling environment for meaningful worker representation is created. To achieve this, Fair Wear recommends that Hessnatur further increases cooperation with other customers at shared factories, intensify trainings and exchange good practices among suppliers and within the industry.

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. | 55% | Member companies with less than 10% of a production location's production capacity generally have limited influence on production location managers to make changes. | Supplier information provided by member company. | 3 | 4 | 0 |

Comment: Similar to the previous year Hessnatur buys more than 10% of the production volume of a factory at the majority of its suppliers (55% of its overall production volume). This allows Hessnatur to work effectively on improving working conditions. To manage risks Hessnatur does not book more than 30% of a factory's production volume.

| 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: Hessnatur produces a variety of products from a variety of fibers for a variety of clients: fashion (clothing, accessories, shoes) for women, men, kids, baby, as well as homeware. To manage risks no product is produced in a single factory, which results in a broad value chain. In addition, Hessnatur prefers selecting sewing facilities close to the source of the natural fibre which also limits consolidation opportunities.

Hessnatur aims to consolidate their supply chain as much as possible within their current business model and focuses on a limited number of sourcing countries with Germany, Lithuania and Turkey being their main sourcing markets.

Hessnatur's supply chain in the assessed financial year was slightly more fragmented than in the previous financial year, which is mainly due to the companies' growth. While Hessnatur tries to place orders as much as possible with existing production locations, not all suppliers can match the capacity or technical requirements needed.

Recommendation: Recognizing Hessnatur's sourcing strategy, Fair Wear recommends the company to continue consolidating its supply base by limiting the number of suppliers in its 'tail end'. To achieve this, Hessnatur should determine whether suppliers 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. | 64% | 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: Hessnatur's focus on high quality products that require a certain skill level and eco certification results in a stable supplier base. Suppliers are considered partners and working together on improving labour conditions is a key element of that partnership. Investments are made with a long term partnership in mind. During its last financial year Hessnatur only saw a limited number of changes in production facilities. If the relationship with a production location is terminated, the supplier receives advance notice and production is phased out gradually.

| 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: As part of the onboarding process a new supplier has to sign Hessnatur's Code of Conduct including the FWF Code of Labour Practices before first bulk orders are placed. In addition Hessnatur asks existing suppliers to update their information annually to ensure no new production sites are added without Hessnatur's consent.

| Performance indicators | Result | Relevance of Indicator | Documentation | Score | Max | Min |
|---|----------|---|---|-------|-----|-----|
| 1.4 Member company conducts human rights due diligence at all (new) production locations before placing orders. | Advanced | Due diligence helps to identify, prevent and mitigate potential human rights problems at suppliers. | Documentation may include pre-audits, existing audits, other types of risk assessments. | 4 | 4 | 0 |

Comment: Corporate Responsibility (CR) and sourcing staff follow a joint strategy. While the sourcing department takes the lead in proposing new suppliers, the CR department has a decisive voice in the selection process. The sourcing department relies on an assessment of the CR department before initiating a collaboration as CR staff has the right and responsibility to stop production in case risks increase to a critical level. A social risk analysis is part of the decision-making process when selecting new suppliers. Fair Wear country studies, risk policies and webinars are used to stay up to date with the situation in a production country. When no Fair Wear reports are available Hessnatur uses other sources, e.g. Human Rights Watch, Amnesty International. To understand the situation of a new supplier a visit or audit always precedes a collaboration. When non-compliance is observed this information is used to formulate a Corrective Action Plan (CAP) that is followed up according to the set timeline.

In 2018 Hessnatur also decided that CR would report directly to top management. In the past it had been part of the sourcing department.

| Performance indicators | Result | Relevance of Indicator | Documentation | Score | Max | Min |
|---|--|--|---|-------|-----|-----|
| 1.5 Production location compliance with Code of Labour Practices is evaluated in a systematic manner. | Yes, and leads to production decisions | A systemic approach is required to integrate social compliance into normal business processes, and supports good decisionmaking. | Documentation of systemic approach: rating systems, checklists, databases, etc. | 2 | 2 | 0 |

Comment: Individual suppliers are evaluated twice a year during the main seasons. Various departments such as purchasing, technology, financial accounting and Corporate Responsibility (CR) take part in the evaluation. Together they decide on an equally-weighted basis as to whether collaboration with a supplier should be expanded or curtailed. Information related to the compliance of a supplier with social standards comes from Osca®. This system includes a database with the data on all eight CoLP (including CAP and complaints follow-up), as well as audit and training (e.g. WEP) planning. The company focuses on improving labour conditions at production locations (instead of abandoning a factory that does not comply with the CoLP). Only when suppliers show a constant unwillingness to collaborate with Hessnatur on improving labour conditions, the company decides on an exit.

The evaluations of the previous financial year confirmed that the highest rated suppliers are also key suppliers in terms of production volume. Strong sales increases allowed Hessnatur to reward these suppliers by placing additional orders with them.

At the same time collaboration with one supplier that performed adequately in general, but repeatedly failed to improve working conditions, was terminated. Prior to the decision CR had intensified resources to support improvement.

| Performance indicators | Result | Relevance of Indicator | Documentation | Score | Max | Min |
|--|--------------------------------------|---|---|-------|-----|-----|
| 1.6 The member company's production planning systems support reasonable working hours. | Strong, integrated systems in place. | Member company production planning systems can have a significant impact on the levels of excessive overtime at production locations. | Documentation of robust planning systems. | 4 | 4 | 0 |

Comment: Hessnatur has a strong production planning system in place that supports reasonable working hours.

Around one-fifth of Hessnatur products classify as Never Out of Stock (NOS) products. Hessnatur gives NOS suppliers a quantified purchase commitment for 1 - 2 years for a certain design and/or colour. Hessnatur has two seasons per year, for every season the exact amount is communicated to the suppliers. Suppliers are then asked to maintain minimum and maximum stock quantities of these products, but are free to plan production times within these parameters independently. This allows them to level out production and avoid peaks that could result in excessive overtime. If Hessnatur's overall prediction has to be adjusted to a lower number Hessnatur still buys all the fabric and/or products. The surplus is used for other models.

The seasonal products (for four seasons) are designed twice a year, and production is then coordinated with the suppliers who are also involved in the design process. Forecasts are shared with the supplier early on. Customers that place early orders receive a discount. Once catalogue pre-orders have been received, Hessnatur places 70% of the bulk order. Re-orders later in the season might fluctuate. Hessnatur aims to maintain order volumes comparable to previous years and as forecasted. In case of significant changes the brand looks for solutions together with the supplier.

Suppliers can schedule production in advance due to this early planning and their feedback on lead times is accommodated. Regular status updates during production are used to monitor progress. Hessnatur is aware of the production capacity based on an 8-hour day of most suppliers and takes this into account for its planning. Hessnatur also supports suppliers with a weaker internal production planning to improve.

Since the natural fabrics that Hessnatur uses are not always readily available the company makes use of nominated fabric suppliers and calculates the time needed to obtain a certain material in the production planning. Some fabrics are therefore pre-ordered by Hessnatur. Also here, the surplus is used for other models.

During the financial year under assessment Hessnatur restructured its production department to increase internal alignment and efficiency. Hessnatur also aims to further reduce complexity of the design and production planning process and increase transparency on order placement towards suppliers. Possible effects of these changes will be assessed in the next Brand Performance Check.

| Performance indicators | Result | Relevance of Indicator | Documentation | Score | Max | Min |
|---|------------------|--|--|-------|-----|-----|
| 1.7 Degree to which member company mitigates root causes of excessive overtime. | Advanced 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. | 6 | 6 | 0 |

Comment: While Hessnatur has a strong production planning system in place to facilitate reasonable working hours, excessive overtime remains an issue in their supply chain that is frequently documented in audits.

Hessnatur always discusses excessive overtime findings with suppliers, looks for root causes on both brand and supplier level and then agrees on a plan together with the supplier. Buyers are informed to ensure their actions support improvements. To monitor progress, Hessnatur asks suppliers to submit production records regularly. Hessnatur verifies those documents applying thorough plausibility checks. For suppliers with less sophisticated systems in place that do not allow for meaningful verification, Hessnatur engages in detailed discussions with the supplier to understand how production is currently structured and how it affects working hours.

During the Performance Check Hessnatur could demonstrate that several suppliers had managed to reduce excessive overtime to working hours within legal limits.

To promote peer learning, Hessnatur invited suppliers to a webinar in January 2019 where they shared various strategies to manage excessive overtime. A supplier that made considerable progress in the past was invited to present their learnings. When following up in June 2019, several suppliers confirmed that they were able to implement improvements based on what they learned at the webinar.

When Hessnatur shares a supplier with other Fair Wear brands, they collaborate to reduce excessive overtime. Hessnatur has asked suppliers whether they could also reach out to other customers that are not Fair Wear members, but most suppliers were not open to the idea.

| 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. | Advanced | 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. | 4 | 4 | 0 |

Comment: Hessnatur has started to implement labour minute costing for their products several years ago. For two seasons every style originating from a high risk country was analysed to check whether Hessnatur's prices were sufficient to pay legal minimum wage rates and living wage estimates. The company used the highest living wage benchmark available. Based on the analysis Hessnatur concluded that their prices are sufficient to pay a living wage for their production minutes. In some cases where the calculation indicated that this was not the case, Hessnatur increased prices. Calculations are updated annually.

For suppliers that are not yet willing to commit to open costing, Hessnatur's CR team develops a calculation based on estimates and cross checks these calculations with the supplier if there is an indication that prices might not support payment of a living wage.

Purchaser are trained and informed about current benchmarks. They know how many minutes are needed to make a certain product and cross-check on invoices if the amount that is paid allows for the payment of minimum wage and living wage. Hessnatur also monitors increases in legal minimum wage rates and accepts price increases in such cases. If a supplier does not raise their price after a legal minimum wage increase, Hessnatur questions how the costs have been absorbed.

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

| Performance indicators | Result | Relevance of Indicator | Documentation | Score | Max | Min |
|--|--------|---|---|-------|-----|-----|
| 1.10 Evidence of late payments to suppliers by member company. | No | Late payments to suppliers can have a negative impact on production locations and their ability to pay workers on time. Most garment workers have minimal savings, and even a brief delay in payments can cause serious problems. | Based on a complaint or audit report; review of production location and member company financial documents. | 0 | 0 | -1 |

Comment: Hessnatur has contracts with suppliers that specify payment terms.

| 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: Two years ago Hessnatur investigated whether their prices did impact actual wage levels.

For this they analysed wage levels in their seven main sourcing countries (excluding low-risk countries) accounting for 88% of high-risk FOB: Turkey, Macedonia, China, Thailand, Romania, Bosnia and Herzegovina and Bulgaria, where the legal minimum wage is significantly lower than the living wage benchmark. The analysis showed that 80% of all suppliers pay at least half the living wage. 83% pay wages at least 10% above the applicable legal minimum wage. 63% pay at least a third above the applicable legal minimum wage. Hessnatur could also demonstrate a correlation between higher wage levels and their leverage at the production location which indicates that their prices impact wages of workers.

55% of Hessnatur's overall production originates in low-risk countries, which was not included in the analysis as higher wage levels are presumed.

Beyond this analysis Fair Wear audits confirmed that some of their other suppliers are reaching living wage benchmarks or pay at least above industry average. At the same time Fair Wear audits also found wage levels below living wage benchmarks at suppliers where Hess Natur's leverage ranged from 30-80%.

Hessnatur discusses wage levels with suppliers on an on-going bases. Worker representatives are included in these discussions when possible. Hessnatur's goal is that wages at their suppliers reach the highest available living wage benchmark. Most suppliers argue that prices of other customers do not allow for these kind of wage increases. Some suppliers reported that they might consider sharing an open costing approach where labour costs are ring-fenced with other clients, but most suppliers were reluctant.

Recommendation: Fair Wear encourages Hessnatur to discuss with suppliers that do not yet reach living wage benchmarks how to work towards higher wages. It is advised to start with suppliers where Hessnatur is responsible for a large percentage of production and has a long term business relationship and/or suppliers that have shown openness to include other customers in the discussion.

Especially for production locations where Hessnatur has a considerable leverage, Fair Wear recommends Hessnatur to investigate whether their prices translate into increased wages for workers and if not, whether price calculations should be adjusted to reflect for example lower productivity rates or higher overhead costs than average.

| 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 | Advanced | 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 | 4 | 0 |

Comment: Hessnatur considers the highest available living wage benchmark for a region or country as their target wage. They ensure that the labour component of a minute price calculation allows for the payment of this wage for their production minutes.

| 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 | 100% | 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. | 3 | 3 | 0 |

Comment: Hessnatur could demonstrate that their share of a living wage, based on the highest available benchmark, is factored into their prices. At seven production locations (accounting for 21% of Hessnatur's production volume in high-risk countries) mode wage levels reach the target wage set by Hessnatur; the highest available living wage benchmark.

Purchasing Practices

Possible Points: 47

Earned Points: 39

2. Monitoring and Remediation

| Basic measurements | Result | Comments |
|---|--------|--|
| % of own production under standard monitoring (excluding low-risk countries) | 45% | |
| % of production volume where monitoring requirements for low-risk countries are fulfilled | 54% | To be counted towards the monitoring threshold, FWF low-risk policy should be implemented. See indicator 2.9. (N/A = no production in low risk countries.) |
| Meets monitoring requirements for tail-end production locations. | Yes | |
| Requirement(s) for next performance check | | |
| Total of own production under monitoring | 99% | Measured as percentage of production volume (Minimums: 1 year: 40%; 2 years 60%; 3 years+: 80-100%) |

| Performance indicators | Result | Relevance of Indicator | Documentation | Score | Max | Min |
|--|--------|--|--|-------|-----|-----|
| 2.1 Specific staff person is designated to follow up on problems identified by monitoring system | Yes | Followup is a serious part of FWF membership, and cannot be successfully managed on an ad-hoc basis. | Manuals, emails, etc., demonstrating who the designated staff person is. | 2 | 2 | -2 |

Comment: Two staff members are dedicated to follow-up on CAPs and complaints.

| 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 |

Comment: In countries where FWF is not active Hessnatur seeks to hire credible auditors. The company also formulated a policy for monitoring of low risk and tail end production locations.

| 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: Hessnatur uses the Osca® system to follow-up on CAPs, after sharing the audit report and CAP with the factory and establishing timelines.

Wherever possible Hessnatur tries to involve worker representatives. For example translators are organised for worker representatives when Hessnatur discussed the audit results with the supplier. Hessnatur also tries to ensure that worker representatives are part of the opening and closing meeting of an audit.

| Performance indicators | Result | Relevance of Indicator | Documentation | Score | Max | Min |
|---|--------------|---|--|-------|-----|-----|
| 2.4 Degree of progress towards resolution of existing Corrective Action Plans and remediation of identified problems. | Intermediate | FWF considers efforts to resolve CAPs to be one of the most important things that member companies can do towards improving working conditions. | CAP-related documentation including status of findings, documentation of remediation and follow up actions taken by member. Reports of quality assessments. Evidence of understanding relevant issues. | 6 | 8 | -2 |

Comment: Hessnatur has a strong monitoring system in place to identify and remediate problems. Besides on-site visits and meetings at the Hessnatur office or trade fairs, emails and Skype calls are used to discuss remediation. Both CSR staff members in charge of CAP follow-up are trained SA8000 auditors and always request documents or other evidence to validate improvements.

Other departments such as purchasing are updated about progress and involved when needed. This includes checking improvements during visits. Local CSR staff in Turkey and Peru also supports remediation efforts.

Hessnatur makes use of its network and shares knowledge to support the factory in remediation. Collaboration with factory management leads to solutions that go beyond remediation of a single issue, e.g. conducting awareness training or strengthening worker representation. Hessnatur ensures to assess root causes on brand as well as supplier level.

During the Brand Performance Check Hessnatur could demonstrate meaningful progress on corrective actions, including more complex findings such as ensuring proper payment of social security contributions. At the same time systemic issues that require industry-wide action remain a challenge.

The company has also started to facilitate peer learning by organising supplier webinars (see also indicator 1.7).

Recommendation: To further strengthen its mature monitoring and remediation system, Fair Wear recommends Hessnatur to:

- Continue to collaborate with other brands (at shared suppliers and through platform organisations) on structural issues and to improve sector conditions.
- Further strengthen independent worker representation and support them taking an active role in defining and monitoring corrective actions.
- Continue to facilitate solving of similar issues across their supply chain for example through supplier peer learning.

| 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. | 51% | 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: Before a staff member visits a production location s/he inquires what (social and labour) issues have to be discussed during the visit. Standard practice is to verify whether the Worker Information Sheet (WIS) is posted.

| 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: Hessnatur collects existing audit reports from (new) production locations and uses the information to formulate CAPs or follow-up on them whenever possible. In many cases Hessnatur finds the quality of audits from other sources insufficient and therefore commissions audits by Fair Wear or other trusted providers. To avoid duplication, Hessnatur often asks to focus the audit on areas where information is missing, such as wage levels.

| Performance indicators | Result | Relevance of Indicator | Documentation | Score | Max | Min |
|--|---|---|---|-------|-----|-----|
| 2.7 Compliance with FWF risk policies. | Advanced result on all relevant policies | Aside from regular monitoring and remediation requirements under FWF membership, countries, specific areas within countries or specific product groups may pose specific risks that require additional steps to address and remediate those risks. FWF requires member companies to be aware of those risks and implement policy requirements as prescribed by FWF. | Policy documents, inspection reports, evidence of cooperation with other customers sourcing at the same factories, reports of meetings with suppliers, reports of additional activities and/or attendance lists as mentioned in policy documents. | 6 | 6 | -2 |
| Compliance with FWF enhanced monitoring programme Bangladesh | Policies are not relevant to the company's supply chain | | | N/A | 6 | -2 |
| Compliance with FWF Myanmar policy | Policies are not relevant to the company's supply chain | | | N/A | 6 | -2 |
| Compliance with FWF guidance on abrasive blasting | Advanced | | | 6 | 6 | -2 |
| Compliance with FWF guidance on risks related to Turkish garment factories employing Syrian refugees | Advanced | | | 6 | 6 | -2 |
| Other risks specific to the member's supply chain are addressed by its monitoring system | Policies are not relevant to the company's supply chain | | | N/A | 6 | -2 |

Comment: Hessnatur has a strong risk management system in place and is well informed about risks in their supply chain. While no country is excluded as a possible sourcing country per se, Hessnatur prefers to work only through social projects in countries where they have identified additional risks such as Nepal. When they do start sourcing from a new country an extensive risk assessment is conducted.

Compliance with FWF guidance on abrasive blasting: Hessnatur's products are made from natural materials that are subjected to several ecological/environmental standards. In line with these standards abrasive blasting is banned from the supply chain. In addition, all companies engaged in washing of jeans are frequently visited by Hessnatur staff.

Compliance with FWF guidance on risks related to Turkish garment factories employing Syrian refugees:

- Hessnatur has shared Fair Wear's questionnaire on Syrian refugees with all Turkish suppliers and checked whether they have a policy in place for registering Syrian refugee employees.
- One production site is employing a small number of Syrian refugees. Hessnatur could verify that they are employed legally and are not subjected to wage discrimination.
- Hessnatur staff, most suppliers and Turkish agents have been attending Fair Wear events and training on the topic.
- The agency visits suppliers frequently and has been trained on the issue. Hessnatur has also visited some suppliers at the beginning of its financial year. Unauthorised subcontracting is not a high risk for Hessnatur at this point, which was also confirmed through Fair Wear audits. No new business relationships were started in Turkey during Hessnatur's last financial year.

Hessnatur has used Fair Wear's guidance on Syrian migrant/refugee workers to prevent and mitigate risks related to migrant workers in other countries, such as Bangladeshi migrants in Bulgaria or migrants from Myanmar working at their supplier in Thailand.

| 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: Before engaging in remediation Hessnatur investigates which Fair Wear member or other brands interested in social standards are also sourcing from the factory. When the other brand(s) is(/are) interested in joint action, roles and responsibilities are discussed in line with existing relationship and estimated leverage at the factory, and/or staff availability. During its last financial year Hessnatur often took the lead in remediation processes and/or conducted supplier visits together with other brands.

| Performance indicators | Result | Relevance of Indicator | Documentation | Score | Max | Min |
|---|--|---|---|-------|-----|-----|
| 2.9 Percentage of production volume where monitoring requirements for low-risk countries are fulfilled. | 50-100% AND member undertakes additional activities to monitor suppliers | Low-risk countries are determined by the presence and proper functioning of institutions which can guarantee compliance with national and international standards and laws. FWF has defined minimum monitoring requirements for production locations in low-risk countries. | Documentation of visits, notification of suppliers of FWF membership; posting of worker information sheets, completed questionnaires. | 3 | 3 | 0 |

Comment: Most factories that produce for Hessnatur in low risk countries are GOTS certified and therefore subjected to regular audits. If no external audit is available, Hessnatur will visit the production location at least once every five years. This has been implemented for all factories with the exception of nine sites each accounting for less than 2% of Hessnatur's production volume.

The Worker Information Sheet is posted in all locations and questionnaires including the Fair Wear Code of Labour Practices are signed by all factories.

| Performance indicators | Result | Relevance of Indicator | Documentation | Score | Max | Min |
|---|--------|---|--|-------|-----|-----|
| 2.10 Extra bonus indicator: in case FWF member company conducts full audits at tail-end production locations (when the minimum required monitoring threshold is met). | Yes | FWF encourages its members to monitor 100% of its production locations and rewards those members who conduct full audits above the minimum required monitoring threshold. | Production location information as provided to FWF and recent Audit Reports. | 2 | 2 | 0 |

Comment: Hessnatur monitors 93% of its supply chain including several tail-end production locations. During the year under assessment Hessnatur did not audit two locations belonging to the same supplier that would have required an audit. However, Hessnatur could demonstrate that they made genuine efforts to schedule audits. The relationship with the supplier has since been discontinued.

| 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. | Yes, and member has collected necessary information | 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. | 2 | 2 | 0 |

Comment: Hessnatur resells one external brands with strict CSR policies in place. Production takes place in Germany.

| 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). | 100% | 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. | 3 | 3 | 0 |

Comment: Besides having their own Code of Conduct, the resold brand is a member of the International Association of Natural Textile Industry (IVN). Their production location is GOTS certified.

| 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: 37

Earned Points: 34

3. Complaints Handling

| Basic measurements | Result | Comments |
|--|--------|--|
| Number of worker complaints received since last check | 4 | 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 | 4 | |
| Number of worker complaints resolved since last check | 0 | |

| Performance indicators | Result | Relevance of Indicator | Documentation | Score | Max | Min |
|--|--------|--|--|-------|-----|-----|
| 3.1 A specific employee has been designated to address worker complaints | Yes | Followup is a serious part of FWF membership, and cannot be successfully managed on an ad-hoc basis. | Manuals, emails, etc., demonstrating who the designated staff person is. | 1 | 1 | -1 |

Comment: Two staff members are dedicated to follow-up on audits and complaints.

| Performance indicators | Result | Relevance of Indicator | Documentation | Score | Max | Min |
|---|--------|--|--|-------|-----|-----|
| 3.2 Member company has informed factory management and workers about the FWF CoLP and complaints hotline. | Yes | Informing both management and workers about the FWF Code of Labour Practices and complaints hotline is a first step in alerting workers to their rights. The Worker Information Sheet is a tool to do this and should be visibly posted at all production locations. | Photos by company staff, audit reports, checklists from production location visits, etc. | 2 | 2 | -2 |

Comment: A new supplier is asked submit a photo of the posted Worker Information Sheet with the questionnaire and visiting staff always checks if the document is still posted.

| 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. | 58% | 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: 19 locations accounting for 58% of Hessnatur's production volume in high-risk countries participated in Fair Wear's Workplace Education Programme basic module that promotes awareness of Fair Wear's Code of Labour Practices and complaint system or received training that meets Fair Wear quality standards. Four of these locations participated in training developed by Hessnatur. The Hessnatur Awareness Training was developed for countries where the WEP basic module is not offered based on the same methodology. The training was translated to several local languages and includes country specific information. A "train the trainer" guideline was developed to promote consistency and skilled trainers are selected to implement the programme.

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

| Performance indicators | Result | Relevance of Indicator | Documentation | Score | Max | Min |
|--|------------------------------|--|--|-------|-----|-----|
| 3.4 All complaints received from production location workers are addressed in accordance with the FWF Complaints Procedure | Yes + Preventive steps taken | 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. | 6 | 6 | -2 |

Comment: During its last financial year, Hessnatur received four complaints from the same production location in Turkey. The complaints were investigated by Fair Wear as well as by Sumations, an audit provider that Hessnatur collaborates closely with to monitor its supply chain. All investigations confirmed that some points were grounded, but not all. The complaint processes are on-going. Hessnatur has been in intense discussion with the supplier to determine root causes and underlying issues. They have been working to improve internal communication and HR structures. The factory has participated in advanced training on communication in April 2018, prior to the complaints. As a next step, Hessnatur and the supplier have agreed on a worker survey.

Recommendation: Fair Wear recommends Hessnatur to continue investigating and addressing underlying issues. Transparency by the factory and collaboration with investigation teams should be promoted.

| 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: Hessnatur collaborated with another Fair Wear brand sourcing from the same supplier that has since terminated their business relationship.

Complaints Handling

Possible Points: 17

Earned Points: 15

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: Whenever a new staff member joins Hessnatur s/he is onboarded through several training modules: a training on social standards and the Hessnatur way of working is included. The CR team also conducted tailored workshops related to social standards with individual departments.

| 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: Besides the general training on social standards a specific workshop has been developed for purchasing staff. Employees that deal directly with suppliers are trained to include social and labour condition discussions into their work and use the Fair Wear Health&Safety checklist. The workshop is repeated every year for staff to become acquainted with updates and new insights. Hessnatur also conducted training with their category management and technics team, on how they can influence social standards at production sites and support when they visit companies on-site.

| Performance indicators | Result | Relevance of Indicator | Documentation | Score | Max | Min |
|--|-----------------------------|--|---|-------|-----|-----|
| 4.3 All sourcing contractors/agents are informed about FWF's Code of Labour Practices. | Yes + actively support COLP | Agents have the potential to either support or disrupt CoLP implementation. It is the responsibility of member company to ensure agents actively support the implementation of the CoLP. | Correspondence with agents, trainings for agents, FWF audit findings. | 2 | 2 | 0 |

Comment: In Turkey and Thailand, Hessnatur works with agents who have been trained on Fair Wear and social standards, participated in Fair Wear audits and training at production locations and are involved in monitoring and remediation. In other countries one production site often acts as intermediary for other sites. Support for the CoLP is included in the contract of these intermediaries. They are required to support Hessnatur in improving labour conditions through CAPs and in remediation of complaints.

| 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. | 12% | 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. | 2 | 6 | 0 |

Comment: Three locations accounting for 12% of Hessnatur's production volume in high-risk countries participated in training supporting transformative processes. The training programmes in Turkey and Thailand were developed and arranged by Hessnatur, in one case in collaboration with a brand that is not a Fair Wear member. The programmes focused on improving internal communication structures and establishing independent worker representation through elections. One location had also participated in Fair Wear's WEP communication module. Fair Wear verified that the training programmes met Fair Wear's quality standards.

Recommendation: Fair Wear 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 Fair Wear's Workplace Education Programme communication or violence prevention module or implement advanced training through service providers or brand staff. Fair Wear guidance on good quality training is available on the Member Hub.

| Performance indicators | Result | Relevance of Indicator | Documentation | Score | Max | Min |
|---|------------------|---|--|-------|-----|-----|
| 4.5 Degree to which member company follows up after a training programme. | Active follow-up | After factory-level training programmes, complementary activities such as remediation and changes on brand level will achieve a lasting impact. | Documentation of discussions with factory management and worker representatives, minutes of regular worker-management dialogue meetings or anti-harassment committees. | 2 | 2 | 0 |

Comment: Hessnatur continuously engages with their production locations on the points addressed in the training as part of their structural monitoring. Hessnatur also verified whether regular worker representation meetings took place or whether re-elections were needed due to turnover. During visits Hessnatur also met worker representatives to discuss their concerns.

Training and Capacity Building

Possible Points: 13

Earned Points: 9

5. Information Management

| Performance indicators | Result | Relevance of Indicator | Documentation | Score | Max | Min |
|--|----------|---|--|-------|-----|-----|
| 5.1 Level of effort to identify all production locations | Advanced | Any improvements to supply chains require member companies to first know all of their production locations. | Supplier information provided by member company. Financial records of previous financial year. Documented efforts by member company to update supplier information from its monitoring activities. | 6 | 6 | -2 |

Comment: Hessnatur does not allow subcontracting of production unless the supplier reports it and the location is checked by Hessnatur prior to production. Suppliers are also not allowed to switch production location without informing the company. This is included in the contract with suppliers. Hessnatur verified this through production visits, exchange of information with other customers and through audits. Since Hessnatur uses natural fibers that are often certified the company dives deeper into the supply chain. The company uses nominated fabric suppliers, and knows many of their yarn and raw material suppliers. Fair Wear audits confirmed no issues with unauthorised subcontracting at audited sites.

| 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: Purchasing/sourcing decisions always involve CR staff. When purchasers are visiting a supplier the staff member meets with a CR colleague before and after the visit. CR and purchasing have regular meetings to update each other on working and senior management level. Also, twice a year all departments discuss supplier performance during the supplier evaluation meeting. The information exchange includes supplier performance in each category, e.g. quality, labour conditions, communication.

Information Management

Possible Points: 7

Earned Points: 7

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: The communications department is familiar with the Fair Wear communication guidelines and all communication complies with Fair Wear's policy.

| Performance indicators | Result | Relevance of Indicator | Documentation | Score | Max | Min |
|---|---|---|--|-------|-----|-----|
| 6.2 Member company engages in advanced reporting activities | Published Brand Performance Checks, audit reports, and/or other efforts lead to increased transparency. | Good reporting by members helps to ensure the transparency of FWF's work and shares best practices with the industry. | Member company publishes one or more of the following on their website: Brand Performance Check, Audit Reports, Supplier List. | 1 | 2 | 0 |

Comment: Raising consumer awareness plays a large role in Hessnatur's communication strategy. During its last financial year, Hessnatur produced videos explaining the price break down of a garment and production in Europe and collaborated with a mainstream fashion influencer. Its website features an encyclopedia explaining common terms around social and environmental standards. The company also developed a consumer-friendly application for the website that shows all production countries, the number and type of factories sourced from in those countries and relates individual stories from factories and workers. Visitors can browse through all the data by navigating on a world map:

<https://www.hessnatur.com/transparenz>.

In addition Hessnatur increased its advocacy efforts and lobbied publicly for mandatory due diligence legislation in Germany.

Recommendation: Fair Wear encourages Hessnatur to disclose individual production locations on their transparency portal.

| 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: Hessnatur publishes an extensive social report.

Transparency

Possible Points: 6

Earned Points: 5

7. Evaluation

| Performance indicators | Result | Relevance of Indicator | Documentation | Score | Max | Min |
|--|--------|---|--|-------|-----|-----|
| 7.1 Systemic annual evaluation of FWF membership is conducted with involvement of top management | Yes | An annual evaluation involving top management ensures that FWF policies are integrated into the structure of the company. | Meeting minutes, verbal reporting, Powerpoints, etc. | 2 | 2 | 0 |

Comment: Social and environmental sustainability are at the heart of Hessnatur's brand identity. Fair Wear membership is Hessnatur's chosen way to work on improving social and labour conditions in its garment factories. The Head of CR reports directly to Hessnatur's CEO and annually discusses the value of Fair Wear membership with the management team.

| 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. | 100% | 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. | 4 | 4 | -2 |

Comment: The previous Brand Performance Check had included a requirement to follow up on a finding related to payment below legal minimum wage. Hessnatur had discussed the issue with the supplier shortly after the initial audit, but it was not clear during the previous Performance Check whether the situation was fully resolved. During the current Performance Check Hessnatur could demonstrate that they had continued efforts to resolve the issue, but the supplier failed to make significant progress on this and other key points. Hessnatur therefore decided to terminate the relationship with the supplier.

Evaluation

Possible Points: 6

Earned Points: 6

Recommendations to FWF

Hessnatur would prefer it if Fair Wear's Workplace Education Programme training modules were more flexible and could be used to address particular issues that need specific attention at a given supplier; for example because an audit indicated non-compliances in a given area.

Scoring Overview

| Category | Earned | Possible |
|--------------------------------|--------|----------|
| Purchasing Practices | 39 | 47 |
| Monitoring and Remediation | 34 | 37 |
| Complaints Handling | 15 | 17 |
| Training and Capacity Building | 9 | 13 |
| Information Management | 7 | 7 |
| Transparency | 5 | 6 |
| Evaluation | 6 | 6 |
| Totals: | 115 | 133 |

Benchmarking Score (earned points divided by possible points)

86

Performance Benchmarking Category

Leader

Brand Performance Check details

Date of Brand Performance Check:

27-01-2020

Conducted by:

Lisa Suess

Interviews with:

Kristin Heckmann (Head of CR department)

Luisa Denter (Social Standards Manager)

Tanja Lehmann (Accountant)

Lisa Wagner (Group Manager Marketing / Brand Communication)

Caroline Palhano (Head of Supply Chain)

Patrick Götz (Chief Purchase Officer)