



# **Brand Performance Check**

## **HAVEP**

**Publication date: June 2020**

This report covers the evaluation period 01-01-2019 to 31-12-2019

## About the Brand Performance Check

Fair Wear Foundation (Fair Wear) 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. Fair Wear, however, believes that the management decisions of clothing brands have an enormous influence for good or ill on product location conditions.

Fair Wear's Brand Performance Check is a tool to evaluate and report on the activities of Fair Wear's member companies. The Checks examine how member company management systems support Fair Wear'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 Fair Wear 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 Fair Wear 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 Fair Wear's work.

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

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

# Brand Performance Check Overview

## HAVEP

**Evaluation Period: 01-01-2019 to 31-12-2019**

Member company information	
Headquarters:	Goirle , Netherlands
Member since:	2004-01-01
Product types:	Workwear
Production in countries where Fair Wear is active:	Bangladesh, North Macedonia, Tunisia, Viet Nam
Production in other countries:	Kosovo
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	83%
Benchmarking score	79
Category	Good

## **Disclaimer**

*This performance check was conducted amidst the COVID-19 outbreak in 2020. Due to travel restrictions in 2020, the assessment methodology for this check was modified to adapt to an online version.*

*While the performance check does cover all indicators, Fair Wear was not able to cross-check information with the member company's other departments to the extent it would normally do. This may have led to shorter descriptions/comments in the report. We have taken additional measures to ensure the scores are still inclusive and representative of the performance/progress made: more documentation was requested from the member during the preparation phase and other staff members were interviewed to score a specific indicator, where necessary. Furthermore, due to our improved data management system, Fair Wear was able to better track and document progress, mitigating much of the disadvantage of a remote performance check.*

*This modified version was applied consistently to all members' performance checks evaluating the year 2019 in order to maintain fair and comparable data.*

*Fair Wear's performance checks review the progress that was made in the previous financial year. In this case, the 2019 financial year. Thus, this report does not cover the member's response to COVID-19, which will be monitored during the year and evaluated in the next performance check.*

## Summary:

In 2019, HAVEP has shown progress and met most of Fair Wear's performance requirements. With 83% of its supplier base being monitored, HAVEP meets the threshold for member companies after the 3rd year of membership. HAVEP has reached a benchmarking score of 79, which has placed the member in the 'Good' category.

HAVEP has maintained long-term relationships with and a high leverage at most of its suppliers. HAVEP determines prices based on product specifications and production minutes per style. HAVEP's planning system supports factories in organising their production time to control and limit overtime. HAVEP has contributed to increasing the wages of workers towards target wages. In 2019, Fair Wear audited four suppliers of HAVEP. HAVEP has worked with suppliers to follow up findings based on the corrective action plan. HAVEP has also reacted to worker complaints swiftly and responsively based on Fair Wear's complaints handling mechanism.

Fair Wear encourages HAVEP to engage more suppliers and provide training to workers to raise awareness of the Code of Labour Practices and to improve worker-management communication. In addition, HAVEP could work with local stakeholders to facilitate and enhance social dialogue at the suppliers.

## Performance Category Overview

**Leader:** This category is for member companies who are doing exceptionally well, and are operating at an advanced level. Leaders show best practices in complex areas such as living wages and freedom of association.

**Good:** It is Fair Wear's belief that member companies who are making a serious effort to implement the Code of Labour Practices—the vast majority of Fair Wear 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.	91%	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:** HAVEP has at least 10% leverage at most of its suppliers. HAVEP has over 40% leverage at more than half of its suppliers

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.	5%	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:** The tail-end production of HAVEP has a slight decrease compared to the previous financial year (2018).

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.	52%	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:** There is a decrease in the percentage of the production volume from long-term suppliers in 2019 compared to 2018.

The reasons are two-fold. On the one hand, HAVEP is in the process of business expansion and identifying new suppliers. since HAVEP already has several suppliers where all production capacity has been used. It is not possible to place more orders at these factories. Therefore, HAVEP had to start production at new suppliers.

On the other hand, HAVEP decided to stop doing business with one long-term supplier in 2018 due to financial fraud. To follow Fair Wear's responsible exit strategy, HAVEP gradually reduced FOB at that supplier within a six-month time span.

**Recommendation:** Fair Wear recommends HAVEP to maintain stable business relationships with suppliers. Long-term relationships support most aspects of the Code of Labour Practices and give factories a reason to invest in improving working conditions.

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:** HAVEP has started to produce at 9 new production locations in 2019. All production locations have signed and returned the questionnaire before the first bulk orders are placed.

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:** There is a formal procedure to assess the compliance risks of new factories before sourcing decisions are made. According to HAVEP, the compliance status and the willingness of factories to comply to Fair Wear requirements are among the determining factors to choose the suppliers. To establish an official business relationship, define responsibilities and collaborate effectively, HAVEP signs contracts with potential suppliers. This is an important step towards due diligence.

The procedure consists of the following steps:



1. HAVEP only looks for potential suppliers in countries where the brand is already active. This reduces time and makes compliance work more efficient.
2. HAVEP asks suppliers to provide basic compliance information, such as existing audit reports when available, Fair Wear questionnaire, and pictures of the factory.
3. HAVEP local office or local consultants visit the potential supplier, discuss with suppliers about Fair Wear requirements and use all existing information to complete a factory assessment chart.
4. Information in the factory assessment chart is sent for approval by three departments: sustainability, supply chain management and production (quality).
5. Contracts are signed between HAVEP and the potential supplier. This step is sometimes taken after the sampling stage is completed.
6. After the approval from all three departments, samples are made and bulk orders can be followed.

Performance indicators	Result	Relevance of Indicator	Documentation	Score	Max	Min
1.5 Production location compliance with Code of Labour Practices is evaluated in a systematic manner.	Yes	A systemic approach is required to integrate social compliance into normal business processes, and supports good decisionmaking.	Documentation of systemic approach: rating systems, checklists, databases, etc.	1	2	0

**Comment:** The CSR and production department of HAVEP discuss weekly to assess suppliers on the following aspects:

- production quality
- efficiency
- progress on Corrective Action Plans and complaints
- other pressing issues

The evaluation of suppliers does not lead to production decisions. For HAVEP, making production decisions based on supplier evaluation has been a dilemma. HAVEP has high leverage and long-term relationship with many factories. HAVEP cannot significantly increase the volume at suppliers that are already producing at their full capacity. At the same time, HAVEP needs to consider the impact on the factories and workers if they will decrease the volume at those factories. HAVEP is working on a strategy to solve the dilemma.

**Recommendation:** HAVEP could establish a policy to evaluate its suppliers systematically. Rewards to suppliers do not have to be exclusively in order volume. Rewards can be an acknowledgment of good practice, ranking, or training opportunities. According to HAVEP, it is possible for the member company to change production volume at factories where there is medium to low leverage. Fair Wear encourages HAVEP to set up a practical system to reward suppliers with good performance in social compliance.

Fair Wear recommends HAVEP to share the evaluation results with their suppliers and whenever applicable, with worker representatives.

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:** HAVEP's planning system has remained to be the same in the past several years. HAVEP provides suppliers with a long-term forecast and discusses with suppliers weekly to adjust planning whenever necessary.

All fabrics are sourced in the EU from specific material suppliers. These material suppliers have worked with HAVEP for many years. Many of them have allocated regular stocks for HAVEP. Material delivery is reliable and predictable. That provides certainty for CMT factories in terms of planning.

HAVEP develops garment tech-packs (Fiche technique) in their own fabrication department in the headquarter located in the Netherlands. All specifications of the products are listed in the tech-packs. The labour minutes are calculated by the fabrication department and tested in HAVEP's own factory in North Macedonia. HAVEP uses labour minutes per style to determine the overall time needed for products. The CMT manufacturers report back to HAVEP local teams weekly on the progress and adjust the work plan based on available time.

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:** Fair Wear audits found that 3 out of 4 audited suppliers are regularly working excessive overtime. Weekly overtime is around 2-8 hours at 3 suppliers in Macedonia and Tunisia.

In order to reduce excessive overtime, HAVEP conducted a root cause analysis at one supplier. It was discovered that low efficiency and lack of production incentives are among the main causes of overtime. Low efficiency is caused by high overhead costs (high proportion of management and admin staff costs in factory costs), and workers spending too much time walking rather than producing. Low efficiency is further compounded by the fact that workers are not motivated due to the reduction of bonuses, which is partly the result of high overhead costs. Since bonuses are reduced, workers want to work overtime to get extra money.

In addition, HAVEP found several other issues contributing to excessive overtime. For example, the workforce in North Macedonia is aging. Workers are not used to communicating through means other than talking face-to-face. Therefore they spend a lot of time walking to one another when delivering messages. According to HAVEP, it is also the norm in this factory, and in most factories in North Macedonia that workers work on Saturdays. HAVEP feels that it is hard to change the norm.

To address root causes and reduce overtime, HAVEP is working closely with the factory to implement changes. The first intervention was to increase communication with management and workers. The factory now hosts frequent meetings among worker representatives and management to discuss needs and suggestions. Secondly, the factory starts to train workers to use computer networks to communicate on production progress. Thirdly, the factory is trying to reduce excessive overhead. If workers' regular wages could be increased, there would be less incentive for them to work overtime.

At own company level, HAVEP has also taken several internal steps to support factories in increasing efficiency. For example, it tries to place the same style model in the same factory. HAVEP found that reducing variety can improve factory efficiency in general.

**Recommendation:** Fair Wear encourages HAVEP to extend the root cause analysis to other suppliers and conduct prevention programmes throughout the whole supply chain. Preventive programmes could include improvement of factory management systems, raising workers' awareness on efficiency, decreasing absenteeism and provide support at brand-level to facilitate factories' needs.

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:** HAVEP sources fabric in the EU and works with CMT manufacturers to process garment products. HAVEP works with a professional tech-pack development company to identify details and technology per style. Production minutes per style are known to HAVEP and the CMT suppliers. Purchasing prices are determined together with factories using a number of indicators, such as production minutes, factory efficiency, labour costs. In addition, HAVEP uses the labour cost calculation sheet developed by Fair Wear to further identify worker wages and its proportion in buying prices.

In order to pay higher wages to workers towards the target wages, HAVEP has increased its buying price by paying an extra fixed amount.

**Recommendation:** Fair Wear recommends HAVEP to expand the knowledge of cost break down of all product groups. A next step would be to calculate the labour minute costs of all products and link this to the buying prices. The first priority would be to make sure this level of transparency can be achieved with all suppliers, going beyond the main production locations in Macedonia and Tunisia.

Performance indicators	Result	Relevance of Indicator	Documentation	Score	Max	Min
1.9 Member company actively responds if production locations fail to pay legal minimum wages and/or fail to provide wage data to verify minimum wage is paid.	Yes	If a supplier fails to pay minimum wage or minimum wage payments cannot be verified, FWF member companies are expected to hold management of the supplier accountable for respecting local labour law. Payment below minimum wage must be remediated urgently.	Complaint reports, CAPs, additional emails, FWF Audit Reports or additional monitoring visits by a FWF auditor, or other documents that show minimum wage issue is reported/resolved.	0	0	-2

**Comment:** It was found in a Fair Wear audit that a supplier located in North Macedonia did not pay minimum wages to some workers. The employer said that the workers lost their working card, therefore they could not determine if the worker had completed the working hours required as a full-time worker.

After receiving the audit report, HAVEP discussed it with the factory immediately and required remediation. According to the report given by the factory, this issue has been remediated. The factory has set up a system to track working hours and committed to paying minimum wages in the future. The audit was conducted in December 2019 and the report was received in January 2020. HAVEP has not yet started its verification due to the COVID-19 pandemic. Verification is expected to be done in 2020.

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

**Comment:** No evidence of late payment

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.	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	6	6	0

**Comment:** HAVEP has invited 9 factories in the living wage costing training conducted by Fair Wear in 2019. HAVEP has prioritised factories where it has high leverage (above 50%) to work together because it could make a higher impact on wages of workers. These 9 factories account for the majority of HAVEP's production volume. During the training, HAVEP and the suppliers calculated the required cost per minute based on target wages. It is identified by HAVEP and the suppliers that production minute prices and efficiency are the main factors where they could improve to reach target wages.

Since 2018, HAVEP has increased its minute prices by 23% to enable all suppliers in North Macedonia, Tunisia and Kosovo to pay the target wages. This has been written in the contracts with the suppliers. During the supplier seminar, four suppliers said that their efficiency is reduced because HAVEP orders a small quantity with different styles. HAVEP had added an additional lump sum to the total order prices.

Increasing buying prices is one of the steps of paying living wages. According to HAVEP's own study at its EU suppliers, many more need to be done at the factory level. First of all, increasing efficiency and decreasing factory overhead, so that the factory has more room to increase worker wages. Secondly, some factories are reluctant to pay the workers higher wages as they worry that they will lose support in case HAVEP stops producing there. These factories requested HAVEP to sign long-term contracts with them. HAVEP is discussing with the suppliers to overcome these root causes at the factory level.

**Recommendation:** Fair Wear encourages HAVEP to involve worker representatives and local organisations in assessing the root causes of wages lower than living wages.

Performance indicators	Result	Relevance of Indicator	Documentation	Score	Max	Min
1.12 Percentage of production volume from factories owned by the member company (bonus indicator).	10%	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.	1	2	0

**Comment:** One of the suppliers in North Macedonia is owned by HAVEP.

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.	6	6	0

**Comment:** HAVEP has set the target wages together with all its suppliers in Tunisia, North Macedonia and Kosovo. The Fair Wear wage ladders and costing sheets were used as a reference to determine purchasing prices. HAVEP has increased its minute prices by 23% since 2018 at all factories in these three countries. These factories accounted for 87% of HAVEP's total FOB. The minute price increase has been written in the contracts with the suppliers.

After the increase in price, HAVEP expects all factories to start paying towards target wages to workers. However, some factories communicated to HAVEP about the difficulties in paying the target wages. For example, HAVEP's orders are too small, it reduces efficiency. To address this issue in 2019, HAVEP pays an extra fixed fee weekly to counter the problem on efficiency created by small order sizes. The extra fixed fees were paid to four factories in Tunisia, in addition to the minute price increases.

**Recommendation:** In determining what is needed and how wages should be increased, Fair Wear recommends HAVEP to involve workers and their representatives.

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.	11%	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	6	0

**Comment:** In 2019, Fair Wear audits found that wages at one factory in Tunisia were increased to a level that is above minimum wage and the national CBA wage. Wages at another supplier in North Macedonia were above the living wage benchmark estimated by the Clean Clothes Campaign network.

**Recommendation:** HAVEP is encouraged to show that target wages have been paid to workers at all factories where minute prices have increased.

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## Purchasing Practices

**Possible Points: 52**

**Earned Points: 43**

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## 2. Monitoring and Remediation

Basic measurements	Result	Comments
% of production volume where approved member own audit(s) took place.	0%	
% of production volume where approved external audits took place.	12%	
% of production volume where Fair Wear audits took place.	71%	
% of production volume where monitoring requirements for low-risk countries are fulfilled.	0%	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.)
% of production volume where an audit took place.	83%	
Member meets monitoring requirements for tail-end production locations.	N/A	
Total monitoring threshold:	83%	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:** Specific staff person is designated to follow up on problems identified by monitoring system.

Performance indicators	Result	Relevance of Indicator	Documentation	Score	Max	Min
2.2 Quality of own auditing system meets FWF standards.	Member makes use of FWF audits and/or external audits only	In case FWF teams cannot be used, the member companies' own auditing system must ensure sufficient quality in order for FWF to approve the auditing system.	Information on audit methodology.	N/A	0	-1

**Comment:** HAVEP does not have its own auditing system. It makes use of Fair Wear audits and collects existing audit reports when available.

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:** HAVEP shared the audit report and corrective action plans with the factory management timely. HAVEP has not yet shared the audit report with worker representatives.

**Recommendation:** Whenever applicable, HAVEP should share and discuss the findings from audits with worker representatives. Worker representatives could provide valuable input and suggestions for remediation.

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:** HAVEP has made improvements in following up on the corrective action plans with suppliers. HAVEP held regular discussions with factory management on the progress to remediate audit findings. The factories are required to provide progress reports several times a year. For OSH findings and lacking policy documents, the factory was required to show photo evidence.

Issues such as wages, overtime, and social dialogue, HAVEP visits the suppliers and has conversations on how the member can support the factory management. At one factory in Tunisia, HAVEP has conducted a workplace study to identify root causes. It was found that the workers were encouraged to work overtime because their bonuses had been reduced. HAVEP has worked on a plan to support the factory in improving workers' regular income by reducing factory overheads. At a factory in Macedonia, two issues were found: overtime was not paid at a premium rate, and workers felt the communication with their supervisors were unpleasant. HAVEP followed up on both issues through visiting and discussion with the management. A worker of that factory had contacted Fair Wear helpline to inform that communication at the factory had improved and overtime premium is paid. Further verification by Fair Wear is yet to be conducted.

According to HAVEP's self-verification, audit findings with urgent and very high priority at 3 out of 4 audited factories were either remediated or in progress. HAVEP is aware that it cannot verify all actions of the factories via photos and factory visits. HAVEP has consulted Fair Wear local team on how Fair Wear can support its monitoring and verification.

**Recommendation:** HAVEP could consider organizing a joint training for their suppliers in the same country on common issues such as overtime work, wages, and worker-management communication, to ensure more commitment from the suppliers to remediate these more structural issues and facilitate peer to 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.	100%	Formal audits should be augmented by annual visits by member company staff or local representatives. They reinforce to production location managers that member companies are serious about implementing the Code of Labour Practices.	Member companies should document all production location visits with at least the date and name of the visitor.	4	4	0

**Comment:** HAVEP staff or consultants are present at all factories when production is on-going.

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:** HAVEP has collected five audit reports from three different auditing initiatives. Four of the reports met Fair Wear's basic quality requirements, while one report lacks details on several labour standards. HAVEP has also discussed suppliers and monitored the implementation of the corrective action plans of those audit reports.

**Recommendation:** Existing reports form a basis for understanding the issues and strengths of a supplier and reduces double work. Existing audits can be counted towards the monitoring threshold if the quality of the report meets Fair Wear audit quality requirements and corrective actions are implemented. HAVEP is encouraged to use the Fair Wear quality assessment tool to assess the quality of external audit reports.

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	Intermediate			3	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:** Country specific risks - Bangladesh:

HAVEP works with three suppliers located in Bangladesh. HAVEP did not sign the Bangladesh Accord on Fire and Building Safety (hereafter: the Accord). All three factories are covered by the Accord. HAVEP uses the Accord database to follow up on the Corrective Action Plans on safety. Factories are required to provide the letter of recognition issued by the Accord to prove that required remediation is completed. HAVEP works with a local consultant to explain the requirements to the factories when needed. Pictures of improvement were provided by factories.

HAVEP is present at a factory to observe production during the production process. According to HAVEP, it is nearly impossible to subcontract the products of the company. HAVEP has collected existing audit reports to assess the risks of individual suppliers.

HAVEP has not conducted a preventive programme to reduce the risk of violence and harassment in Bangladesh. HAVEP mainly uses audit reports to identify existing labour violations. Since there is no report on violence and harassment, HAVEP has not taken further action.

Country specific risks - Other:

In 2019, HAVEP has not changed the countries where it sources its products. HAVEP is aware of the risks of working in these countries. HAVEP has local offices in North Macedonia and Tunisia. The local offices collect specific risk information and share it internally with HAVEP. HAVEP also analyses existing audit reports to identify general risks. For example, HAVEP identifies that, in North Macedonia and Tunisia, the main issue is worker representation and social dialogue. In Vietnam, the main issue are working hours and wages.

HAVEP has approached Fair Wear to help them in conducting audits and provide information on the risks of working in Kosovo. It is in the process of understanding labour-related risks in Kosovo.

**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. HAVEP can take additional measures to support suppliers to minimize risks pertaining to the production country.

In Bangladesh, HAVEP could encourage the suppliers to join Fair Wear's Violence and Harassment Prevention Programme. The suppliers could first join an induction meeting to have more information about the programme.

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:** In Tunisia, HAVEP is working with another Fair Wear member to follow up on an audit.

Performance indicators	Result	Relevance of Indicator	Documentation	Score	Max	Min
2.9 Percentage of production volume where monitoring requirements for low-risk countries are fulfilled.	No production in low-risk countries	Low-risk countries are determined by the presence and proper functioning of institutions which can guarantee compliance with national and international standards and laws. FWF has defined minimum monitoring requirements for production locations in low-risk countries.	Documentation of visits, notification of suppliers of FWF membership; posting of worker information sheets, completed questionnaires.	N/A	3	0

Performance indicators	Result	Relevance of Indicator	Documentation	Score	Max	Min
2.10 Extra bonus indicator: in case FWF member company conducts full audits at tail-end production locations (when the minimum required monitoring threshold is met).	No	FWF encourages its members to monitor 100% of its production locations and rewards those members who conduct full audits above the minimum required monitoring threshold.	Production location information as provided to FWF and recent Audit Reports.	N/A	2	0

Performance indicators	Result	Relevance of Indicator	Documentation	Score	Max	Min
2.11 Questionnaire is sent and information is collected from external brands resold by the member company.	No external brands resold	FWF believes it is important for affiliates that have a retail/wholesale arm to at least know if the brands they resell are members of FWF or a similar organisation, and in which countries those brands produce goods.	Questionnaires are on file.	N/A	2	0

Performance indicators	Result	Relevance of Indicator	Documentation	Score	Max	Min
2.12 External brands resold by member companies that are members of another credible initiative (% of external sales volume).	No external brands resold	FWF believes members who resell products should be rewarded for choosing to sell external brands who also take their supply chain responsibilities seriously and are open about in which countries they produce goods.	External production data in FWF's information management system. Documentation of sales volumes of products made by FWF or FLA members.	N/A	3	0

Performance indicators	Result	Relevance of Indicator	Documentation	Score	Max	Min
2.13 Questionnaire is sent and information is collected from licensees.	No licensees	FWF believes it is important for member companies to know if the licensee is committed to the implementation of the same labour standards and has a monitoring system in place.	Questionnaires are on file. Contracts with licensees.	N/A	1	0

## Monitoring and Remediation

**Possible Points: 27**

**Earned Points: 22**



### 3. Complaints Handling

Basic measurements	Result	Comments
Number of worker complaints received since last check	3	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	3	
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

**Comment:** A specific employee has been designated to address worker 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:** HAVEP has a system to ensure CoLP with the complaints hotline number is posted at the factory. At four out of four audits conducted last year, the CoLP was posted at the factories as required.

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.	10%	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:** One WEP session was conducted at HAVEP's own factory in Macedonia.

**Recommendation:** Fair Wear recommends members to actively raise awareness about the Code of Labour Practices and the complaint hotline among a larger portion of its suppliers. HAVEP should ensure good quality systematic training of workers and management on these topics. To this end, HAVEP can either use Fair Wear's Workplace Education Programme (WEP) basic module or implement training related to the CoLP and complaint hotline through service providers or brand own 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	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:** HAVEP has resolved two complaint cases in 2019. Both cases were raised by workers from the same factory in North Macedonia regarding discrimination and health & safety. HAVEP has responded swiftly to the case. It was identified that the factory internal communication was not effective. There is a lack of internal grievance mechanisms and a lack of trust in the worker representative.

HAVEP has taken the following remediation steps:

- directly addressing the issues to supervisors
- sharing experience of its own factories with this factory to improve social dialogue
- hiring an experienced consultant to investigate root causes and find solutions
- discussing with the factory to organise a WEP basic session with a focus on internal communication

**Recommendation:** Where applicable, worker representation should be involved in agreeing to the Corrective Action Plans. In addition, HAVEP is encouraged to take measures to prevent similar issues at other factories.

Performance indicators	Result	Relevance of Indicator	Documentation	Score	Max	Min
3.5 Cooperation with other customers in addressing worker complaints at shared suppliers.	No complaints or cooperation not possible / necessary	Because most production locations supply several customers with products, involvement of other customers by the FWF member company can be critical in resolving a complaint at a supplier.	Documentation of joint efforts, e.g. emails, sharing of complaint data, etc.	N/A	2	0

**Comment:** No complaints received at shared suppliers.

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## Complaints Handling

**Possible Points: 15**

**Earned Points: 10**

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## 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:** The staff at member company are aware of Fair Wear membership.

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:** All staff in direct contact with suppliers are informed of Fair Wear requirements.

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

**Comment:** HAVEP does not use any agents or contractors.

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:** HAVEP's suppliers have not participated in training programmes that support transformative processes related to human rights.

**Recommendation:** Fair Wear recommends HAVEP 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.

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:** No transformative training had been conducted.

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## **Training and Capacity Building**

**Possible Points: 9**

**Earned Points: 3**

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## 5. Information Management

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

**Comment:** HAVEP has put in the contracts with suppliers that unauthorised subcontracting is not allowed. There are local offices of HAVEP located in Tunisia and Macedonia. The local staff visit production locations bi-weekly. In Bangladesh, HAVEP hires a consultant to visit factories. During production, HAVEP staff or consultants are present to observe the process. These interventions prevent subcontracting.

Performance indicators	Result	Relevance of Indicator	Documentation	Score	Max	Min
5.2 CSR and other relevant staff actively share information with each other about working conditions at production locations.	Yes	CSR, purchasing and other staff who interact with suppliers need to be able to share information in order to establish a coherent and effective strategy for improvements.	Internal information system; status CAPs, reports of meetings of purchasing/CSR; systematic way of storing information.	1	1	-1

**Comment:** CSR and other relevant staff actively share information with each other about working conditions at production locations.

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## Information Management

**Possible Points: 7**

**Earned Points: 7**

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## 6. Transparency

Performance indicators	Result	Relevance of Indicator	Documentation	Score	Max	Min
6.1 Degree of member company compliance with FWF Communications Policy.	Minimum communications requirements are met AND no significant problems found	FWF's communications policy exists to ensure transparency for consumers and stakeholders, and to ensure that member communications about FWF are accurate. Members will be held accountable for their own communications as well as the communications behaviour of 3rd-party retailers, resellers and customers.	FWF membership is communicated on member's website; other communications in line with FWF communications policy.	2	2	-3

**Comment:** HAVEP's communication on its work regarding Fair Wear's requirements is in line with Fair Wear communications 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:** HAVEP has published the brand performance check report on its website. HAVEP has also shared the brief names of the suppliers on their website. However the full names of the suppliers and addresses are not available to the public.

**Recommendation:** Fair Wear recommends HAVEP to publish one or more of the following reports on its website: audit reports, supplier list with names and addresses. Good reporting by members helps to ensure the transparency of the member and Fair Wear's work.

Performance indicators	Result	Relevance of Indicator	Documentation	Score	Max	Min
6.3 Social Report is submitted to FWF and is published on member company's website.	Complete and accurate report submitted to FWF AND published on member's website.	The social report is an important tool for members to transparently share their efforts with stakeholders. Member companies should not make any claims in their social report that do not correspond with FWF's communication policy.	Social report that is in line with FWF's communication policy.	2	2	-1

**Comment:** Social Report is submitted to Fair Wear and is published on member company's website.

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## Transparency

**Possible Points: 6**

**Earned Points: 5**

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## 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:** CSR manager has been a member of the management team, who reports directly to the CEO. Social compliance is a KPI of the company. HAVEP reports to the board of directors on the achievements through the brand performance check report. Based on the evaluation of the last brand performance check report, HAVEP has made the 2019 annual plan and carried out the plan to focus on making progress towards living wages..

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.	66%	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:** There were three requirements in the last performance check. HAVEP has made improvements in two requirements.

- 1) HAVEP has made improvements in systematically following up on corrective action plans. (see more details in 2.4)
- 2) HAVEP has started to evaluate its suppliers based on several indicators, but the evaluation result does not influence sourcing decisions. (see more details in 1.5)
- 3) HAVEP has not audited all production locations, which need to be monitored according to Fair Wear's monitoring requirements. For example, all factories where HAVEP has at least 10% leverage or at least 2% FOB, and all factories located in Bangladesh.

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

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## **Evaluation**

**Possible Points: 6**

**Earned Points: 6**

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### **Additional comments on Evaluation :**

NA

# Recommendations to Fair Wear

NA

## Scoring Overview

Category	Earned	Possible
Purchasing Practices	43	52
Monitoring and Remediation	22	27
Complaints Handling	10	15
Training and Capacity Building	3	9
Information Management	7	7
Transparency	5	6
Evaluation	6	6
Totals:	96	122

### Benchmarking Score (earned points divided by possible points)

79

### Performance Benchmarking Category

Good

## Brand Performance Check details

Date of Brand Performance Check:

14-04-2020

Conducted by:

Juliette Li, Biljana Solakovska-Mihajlovska.

Interviews with:

Jobien Laurijssen.