



Brand Performance Check

Haglofs AB

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. The online [Brand Performance Check Guide](#) provides more information about the indicators.

Brand Performance Check Overview

Haglofs AB

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

Member company information	
Headquarters:	Jarfalla , Sweden
Member since:	2012-04-17
Product types:	Outdoor products, outdoorwear
Production in countries where Fair Wear is active:	China, Indonesia, Turkey, Viet Nam
Production in other countries:	Cambodia, Estonia, Poland, Portugal, Sweden
Basic requirements	
Workplan and projected production location data for upcoming year have been submitted?	Yes
Actual production location data for evaluation period was submitted?	Yes
Membership fee has been paid?	Yes
Scoring overview	
% of own production under monitoring	98%
Benchmarking score	81
Category	Leader

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:

Haglöfs has shown advanced results on performance indicators and has made exceptional progress. The member company has monitored 98% of its total purchasing volume in 2019. This is well above the threshold for 3+ years of membership. With a benchmark score of 81, Haglöfs has achieved 'Leader' status.

For several years, Haglöfs has been following a strong due diligence procedure. Yet, in 2019, the company showed significant progress in updating and formalising its policies and processes, making the procedure and decision-making more sustainable and transparent towards both the company as a whole and its suppliers. As part of this, a new CSR role was created, which increased Haglöfs' CSR resources tremendously.

Haglöfs has been actively following up on CAPs and complaints. A comprehensive analysis of all audits and complaints has been done and new data is shared internally in a structured way. Haglöfs has taken notable steps on analysing and preventing the root causes of excessive overtime. The company has adapted its production planning to mitigate risks related to seasonal peaks and late changes by moving 33% (28% growth compared to the previous year) of its total production volume away from peak months and adding flexibility to delivery dates.

Due to circumstances, the living wage project in Vietnam that Haglöfs was part of has been paused. Fair Wear recommends Haglöfs to start focusing on other suppliers and integrate the financing of wage increases in its own systems, thus committing to a long term process that leads to sustainable implementation of living wages.

Haglöfs maintains an advanced approach to transparency. Production locations and aggregated audit results are published on its website.

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.	50%	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: Haglöfs works with a total of 34 CMT suppliers. The member brand has a leverage of at least 10% at 10 of those production locations, good for more than 50% of production volume. This is an increase of 5% compared to the previous year, showing that last year's intention to continue consolidation has led to action.

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.	11%	FWF provides incentives to clothing brands to consolidate their supplier base, especially at the tail end, as much as possible, and rewards those members who have a small tail end. Shortening the tail end reduces social compliance risks and enhances the impact of efficient use of capital and remediation efforts.	Production location information as provided to FWF.	2	4	0

Comment: In 2019, 11% of Haglöfs' production volume was purchased from production locations where the member company buys less than 2% of its total production volume.

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

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.	57%	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: Haglöfs has a business relationship existing for at least five years with 19 factories, representing 57% of their total production volume. With these factories, a stable, long-term relationship is maintained.

Recommendation: Fair Wear recommends Haglöfs AB to maintain stable business relationships with suppliers. Long term relationships support most aspects of the Code of Labour Practices, and give factories a reason to invest in improving working conditions. It is advised to describe policies regarding maintaining long term business relationships in a sourcing strategy that is agreed upon with top management/sourcing staff.

Performance indicators	Result	Relevance of Indicator	Documentation	Score	Max	Min
1.3 All (new) production locations are required to sign and return the questionnaire with the Code of Labour Practices before first bulk orders are placed.	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: Haglöfs placed orders at six new production locations. Signed questionnaires with the FWF Code of Labour Practices was shown during the performance check. A formal system is used to ensure all new production locations are required to sign and return the questionnaire with the CoLP before 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: Prior to entering any new sourcing country, Haglöfs carries out a country risk assessment, using external sources, such as FWF country studies, NGO reports, World Bank reports, etc, to evaluate possible risks in countries where it plans to source from. In case a supplier is suggested that is located in a new country for Haglöfs, this risk analysis is conducted to assess whether it has the resources available to conduct proper due diligence. Several ratings are included in the country assessment, such as corruption index, freedom rating, UNICEF index, FoA ratings, BSCI analysis and FWF classifications.

In 2019, no new sourcing country was added to Haglöfs' production base. To enter new suppliers, Haglöfs has a written Factory Approval process, which has been formalised in 2019, detailing the steps that need to be taken before on-boarding a new supplier. A clear list of steps is followed, including OHS checks and onsite visits. This Factory Approval document has led to better control and visibility of decision making. This resulted in the blocking of five potential suppliers.

Part of the on-boarding process is requesting a previous audit report. If there is no report available, Haglöfs will arrange a Fair Wear audit before proceeding. The decision to approve a new factory is taken jointly between the sourcing and sustainability teams. The member's Policy of Engagement sets out the minimum requirements regarding human rights, labour standards, corruption, occupational health and safety and environmental practices and forms a key element of the Terms of Agreement which all new suppliers must sign to ensure shared values and commitment to respecting international labour and human rights.

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: In 2019, Haglöfs has focused on updating its supplier scoring system, moving to a more solid and factual assessment. The system uses criteria that need to be met to get a certain score. Besides evaluating on general vendor criteria, different CAP findings, whether there has been a complaint, and the supplier's willingness to remedy, are integrated into this scorecard. This evaluation has been part of the consolidation exercise done within the new sourcing strategy and directly leads to production decisions.

Evaluation is done after each season, so twice a year. If a supplier scores comparatively bad, it is informed that this may impact the outcome of the consolidation process. Similar, in case a supplier has improved its scoring on CSR and other criteria, the supplier will be favoured in the consolidation process.

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: Haglöfs has a strong and integrated system in place, focusing on the risks related to peak seasons and late changes. Commitment is shown of all staff involved and clear communication with its suppliers.

Haglöfs maintains a development cycle of two years, in which all suppliers are monitored from the early stages. The timeline includes sample development, material order deliveries, and product delivery by sea. Production planning is started nine months ahead of due delivery dates. Supplier capacity as well as greige fabric bookings are considered in the process.

Planning is always based on ship freight. If production is delayed for some reason, there is always an option to use air freight, preferably only partly through the sea-air option; from Asia by ship to Dubai and air freight from there to Europe.

Haglöfs has meetings with suppliers to discuss overtime, the member always evaluates with suppliers about how the production went and how the member can improve. When products or volumes are added late in the production planning, the buying department assists the supplier in identifying volumes that need to be prioritised and what can be produced later. Both feedback from the suppliers and input from audit results is used to monitor working hours in the factories and to make sure issues are addressed whenever necessary. Outcome of this analysis is used for the planning of the following season, making sure to monitor and improve continuously.

When allocating styles to suppliers, Haglöfs tries to give suppliers both summer and winter styles. This helps suppliers have consistent production throughout the year. Some buffer is always built into the timeline of product development to help avoid squeezing production time.

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: In 2019, FWF audits noted excessive overtime in two Chinese factories and one Vietnamese factory. Haglöfs, having significant leverage in at least two out of the three factories involved, is in close contact with the suppliers to set up a system to closely monitor working hours of all employees and to better forecast. Additionally, Haglöfs showed that the main root causes, seasonal peaks and late changes, have been widely discussed in 2019. The low season production was increased from 5% in 2018 to 33% in 2019, greatly reducing pressure on suppliers during peak season.

With the help of internal consultants, Haglöfs managed to change its buying processes and increase forecasts to have earlier deliveries and more flexibility towards the suppliers. Since the default shipping mode is by sea, there is a two month buffer in the process which means in case of delays/last minute changes, air can be used to still keep to delivery schedules without pushing production times.

Performance indicators	Result	Relevance of Indicator	Documentation	Score	Max	Min
1.8 Member company can demonstrate the link between its buying prices and wage levels in production locations.	Intermediate	Understanding the labour component of buying prices is an essential first step for member companies towards ensuring the payment of minimum wages – and towards the implementation of living wages.	Interviews with production staff, documents related to member's pricing policy and system, buying contracts.	2	4	0

Comment: As a first step in understanding the cost of each style, materials and trims are specified and nominated. This gives a good understanding of the material costs for each style.

In 2019, Haglöfs' development team have been working on open costing system at an increased number of production locations. Open costing has grown to a number of factories covering 84% of the total production volume of the member company. In these cases open costing means the supplier provides a specified labour cost figure, apart from material cost.

In terms of linkage to wages, Haglöfs has started to share wage analyses from FWF audits during monthly staff meetings. The member company found that the type of product drives the wages; for the more technical styles, the wages seem higher, compared to the more competitive styles.

At the moment the company does not connect the costing information to wage information to ensure certain wage levels are paid but relies on factory management to ensure payment of at least legal minimum wage. Audits confirm that suppliers pay minimum wage, and many suppliers have wage levels around one of the living wage benchmarks.

Recommendation: Fair Wear recommends Haglöfs to expand their knowledge of cost break downs of all product groups. A next step would be to calculate the labour minute costs of its products to be able to calculate the exact costs of labour and link this to their own buying prices. First priority would be to make sure this level of transparency can be achieved with their suppliers.

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

Comment: In 2019, 15 audits were conducted by Fair Wear and no legal minimum wage issues were found.

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

Performance indicators	Result	Relevance of Indicator	Documentation	Score	Max	Min
1.11 Degree to which member company assesses and responds to root causes for wages that are lower than living wages in production locations.	Intermediate	Assessing the root causes for wages lower than living wages will determine what strategies/interventions are needed for increasing wages, which will result in a systemic approach	Evidence of how payment below living wage was addressed, such as: Internal policy and strategy documents, reports, correspondence with factories, etc	4	6	0

Comment: Overall, Haglöfs has been focusing on consolidating its supply base to support wage increase; consolidation improves leverages and therefore supports payment of a higher wage.

Additionally, during the trips to China, Vietnam and Turkey in 2019, the Head of Sourcing and the Head of Sustainability took each factory through the status of the latest audits/complaints. Part of that was to look at the wage ladders. Since both Head of Sourcing and Head of Sustainability have only started working at Haglöfs in 2019, their primary role was getting to know the suppliers. Through these conversations, Haglöfs managed to get a good picture of the suppliers' perspective and learned a lot about their views on root causes for low wages.

Where most Chinese suppliers argue that workforce is scarce and therefore wages are higher to attract workers.

Unfortunately, this is also one of the drivers for the industry to move out of China towards South-East Asia.

In Turkey, suppliers argue that the hugely competitive nature of the industry forces factories to keep prices too low.

As an effective way to respond to lower wages, Haglöfs has focused on ensuring healthy worker representation. In 2019, the member company identified a case where freedom of association was being repressed in a Vietnamese factory. During a visit of this factory, posters were found on which factory management called upon workers to identify who had led an earlier worker strike against changes in factory operations in return for a cash reward. The posters were removed and along with other brands sourcing from the factory the issue was taken up with the highest level of management.

At Haglöfs' suggestion, an expert from ILO Better Work was brought in to train the factory management on the right to freedom of association. The brand continues to monitor this factory for any signs of discrimination against striking workers and the rating of the factory has been reduced until they are able to demonstrate ongoing improvements in their dialogue with workers.

This example of FoA will be integrated in monitoring and analysis of other suppliers in order to assess and respond to root causes of wages lower than living wage.

Recommendation: Fair Wear encourages Haglöfs to discuss with suppliers about different strategies to work towards higher wages. It is advised to start with suppliers where the member is responsible for a large percentage of production and long term business relationship.

Performance indicators	Result	Relevance of Indicator	Documentation	Score	Max	Min
1.12 Percentage of production volume from factories owned by the member company (bonus indicator).	None	Owning a supplier increases the accountability and reduces the risk of unexpected CoLP violations. Given these advantages, this is a bonus indicator. Extra points are possible, but the indicator will not negatively affect an member company's score.	Supplier information provided by member company.	N/A	2	0

Performance indicators	Result	Relevance of Indicator	Documentation	Score	Max	Min
1.13 Member company determines and finances wage increases.	Intermediate	Assessing the root causes for wages lower than living wages will determine what strategies/interventions are needed for increasing wages, which will result in a systemic approach.	Evidence of how payment below living wage was addressed, such as: internal policy and strategy documents, reports, correspondence with factories, etc.	2	6	0

Comment: In 2017, Haglöfs started a living wage project together with two other FWF member brands at one of their largest suppliers with two production locations in Viet Nam. A wage structure analysis accounting for the different types of wages and benefits and deductions was completed, a target wage was determined. However, in 2019, as the project looked to move to the next phase of defining how to practically implement the living wages, internal operational issues caused significant changes in how the factories operated meaning most of the previous data analysis was no longer valid. In addition, increasing complaints were received from workers regarding labour rights violations which needed to be resolved. It was agreed between the brands to put this project on hold to ensure resources could be focused on getting the factory to address the most pressing issues first.

Due to the unfortunate situation regarding the living wage project in Viet Nam, the wage increase efforts made could not be integrated further.

Haglöfs is now focusing on strategies that support wage increase; the member company has been consolidating its supplier base to create higher leverage and better wage discussions with the suppliers.

Recommendation: We strongly recommend Haglöfs to integrate the financing of wage increases in its own systems, herewith committing to a long term process that leads to sustainable implementation of living wages.

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.	7%	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: One Vietnamese production sites, with a total of 7% of Haglöfs' production volume has shown payment of higher wages, above Global Living Wage Coalition estimate for the majority of workers.

Recommendation: Haglöfs is encouraged to roll out their approach to other suppliers.

Purchasing Practices

Possible Points: 52

Earned Points: 36

2. Monitoring and Remediation

Basic measurements	Result	Comments
% of production volume where Fair Wear audits took place.	90%	
% of production volume where monitoring requirements for low-risk countries are fulfilled.	6%	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.		
Member meets monitoring requirements for tail-end production locations.	Yes	
Total monitoring threshold:	98%	Measured as percentage of production volume (Minimums: 1 year: 40%; 2 years 60%; 3 years+: 80-100%)

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

Comment: The head of sustainability is responsible for implementing FWF requirements. In 2019 0.9 FTE was added to the CSR team, which increases resources significantly.

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

Performance indicators	Result	Relevance of Indicator	Documentation	Score	Max	Min
2.3 Audit Report and Corrective Action Plan (CAP) findings are shared with factory and worker representation where applicable. Improvement timelines are established in a timely manner.	Yes	2 part indicator: FWF audit reports were shared and discussed with suppliers within two months of audit receipt AND a reasonable time frame was specified for resolving findings.	Corrective Action Plans, emails; findings of followup audits; brand representative present during audit exit meeting, etc.	2	2	-1

Comment: Haglöfs shares the audit reports and Corrective Action Plan findings with factories and internally with all relevant departments in a timely manner. Findings are shared with worker representation where applicable, but involvement of worker representation is not yet actively taken up by Haglöfs.

Recommendation: Before an audit takes place, Haglöfs is recommended to check with the supplier whether worker representatives are active. In this way, they can be involved from the start of an audit and be invited for the audit opening and exit meeting. Including workers when following up on audit reports gives them the opportunity to be informed of issues in the factory and have a voice in the prioritisation of issues.

Performance indicators	Result	Relevance of Indicator	Documentation	Score	Max	Min
2.4 Degree of progress towards resolution of existing Corrective Action Plans and remediation of identified problems.	Advanced	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.	8	8	-2

Comment: In 2019, 15 audits were conducted by FWF on behalf of Haglöfs. In addition, the report of one audit conducted in 2018 by another FWF member was shared in 2019.

Haglöfs has shown active engagement with the factories to resolve Corrective Action Plans and shared efforts with other customers when possible. The member company could show a clear tracking sheet to coordinate follow up of the various CAPs and cooperates with local organisations to be able to verify follow up in factories efficiently. An active dialogue was shown between brand, factories and agents.

Based on the verification audits done in 2019 it was proven that a number of identified problems has been resolved, or at least improvements were made. For those production locations that did not make any progress, Haglöfs could show that necessary steps have been taken; a clear and responsible process is used to discuss the importance of resolution of corrective actions.

As mentioned in chapter 1, Haglöfs identified a case where freedom of association was being repressed in a Vietnamese factory. During a visit of this factory, posters were found on which factory management called upon workers to identify who had led an earlier worker strike against changes in factory operations in return for a cash reward. The posters were removed and along with other brands sourcing from the factory the issue was taken up with the highest level of management.

Haglöfs brought in an expert from ILO Better Work to train the factory management on the right to freedom of association. The brand continues to monitor this factory for any signs of discrimination against striking workers and the rating of the factory has been reduced until they are able to demonstrate ongoing improvements in their dialogue with workers.

Recommendation: Fair Wear encourages Haglöfs to continue strengthening their system to analyse how they might have contributed to findings and what changes they can make in their purchasing practices.

Fair Wear also recommends Haglöfs to gradually ensure factories establish independent worker representation and involve these representatives in monitoring and remediation of findings.

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.	69%	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: Production locations representing 69% of the total production volume have been visited by Haglöfs in 2019.

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: Twelve audit reports were collected from other sources. For other existing audit reports, the FWF audit quality assessment tool was used for those required to meet the monitoring threshold and Corrective Action Plans have been set up for those.

In 2019, Haglöfs has obtained access to the Better Work database to allow better follow up of factories that are part of the Better Work programme.

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.	5	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	Intermediate			3	6	-2

Comment: Haglöfs has visited all six production locations in Turkey, both main suppliers and subcontractors. The compliance of these locations has been reviewed with the FWF risk policy. Several audits confirm there are no Syrian refugee workers employed by these factories. During the visits the topic of Syrian refugee workers was discussed and required policies are in place regarding registration of Syrian refugee workers and underaged workers.

In China and Vietnam, Haglöfs continues to enroll factories in the FWF Workplace Education Programme, to raise workers' awareness. In 2019, two factories in Vietnam attended the seminar Preventing and Addressing Gender Based Violence. With regard to excessive overtime, an issue specific to China and Vietnam, Haglöfs always evaluates together with the supplier on how to improve production planning.

Three issues that are specific to Indonesia are unhealthy and unsafe working conditions, Freedom of Association and issues related to wages. Haglöfs is working on these issues via the CAP of FWF audits. One of the Indonesian production locations is part of the Better Work programme.

Recommendation: For the Indonesian suppliers, FWF recommends to enroll in the ILO BW training on Gender Based Violence and the WEP Communication provided by FWF, to take steps on FoA related issues.

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: Haglöfs actively cooperates with other FWF members where suppliers are shared.

Performance indicators	Result	Relevance of Indicator	Documentation	Score	Max	Min
2.9 Percentage of production volume where monitoring requirements for low-risk countries are fulfilled.	50-100%	Low-risk countries are determined by the presence and proper functioning of institutions which can guarantee compliance with national and international standards and laws. FWF has defined minimum monitoring requirements for production locations in low-risk countries.	Documentation of visits, notification of suppliers of FWF membership; posting of worker information sheets, completed questionnaires.	2	3	0

Comment: Haglöfs could show fulfilment of monitoring requirements for all production location in low risk countries. Monitoring activities beyond the minimum requirements for low risk production locations, for instance audits or participation in supplier seminars was not done.

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: In 2019, Haglöfs conducted five audits at suppliers in their tail-end; two in China and three in Viet Nam.

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: Haglöfs has been reselling one external socks brand since 2018. Instead of receiving the signed questionnaire back, Haglöfs received a Code of Conduct that is similar to FWF. All socks are being produced in USA.

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).	0%	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.	0	3	0

Comment: The external brand that is resold by Haglöfs is not a member of FWF or another credible initiative.

Performance indicators	Result	Relevance of Indicator	Documentation	Score	Max	Min
2.13 Questionnaire is sent and information is collected from licensees.	Yes, and member has information of production locations	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.	1	1	0

Comment: Asics is a licensee and this company is also the owner of Haglöfs.

Monitoring and Remediation

Possible Points: 36

Earned Points: 32

3. Complaints Handling

Basic measurements	Result	Comments
Number of worker complaints received since last check	9	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	2	
Number of worker complaints resolved since last check	7	

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

Comment: The head of sustainability is 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: Haglöfs visits its main suppliers every year. In preparation of these visits, staff is briefed by the sustainability manager on CSR related issues and are asked to take a picture of the Worker Information Sheet.

All suppliers have posted the Worker Information Sheet, evidence is kept on file.

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.	60%	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: In the past three years (2017, 2018, 2019), Haglöfs has enrolled WEP training in 57% of its total production volumes, focusing on the countries Viet Nam and China. This training focuses on raising awareness of the FWF CoLP and complaints hotline.

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: Haglöfs has received nine complaints from workers at factories in China, Viet Nam and Indonesia. The complaints in Viet Nam were all related to the procedures for resignation of workers either making it hard for workers to resign or not making the correct payments due to workers when they left. These issues were taken up in factory audits. Due to the recurring nature of these complaints Haglöfs worked in cooperation with other FWF brands in the factory to identify the root cause of the issues bringing in FWF representatives to meet with management. A lawyer with expertise in labour law was hired too, to educate the HR team on how these cases should be handled. As a follow up, the management has hired CSR personnel for each factory and has made any back payments for the workers affected. In addition, the factory has been asked to review all cases of termination or resignation over the past years and to ensure any additional underpayments found are back paid, this work is ongoing.

The complaints from China were related to working hours and wages, those from Indonesia were related to freedom of association.

All complaints are published online.

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: Active cooperation is shown in addressing worker complaints at shared suppliers in both Viet Nam and China.

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: Haglöfs actively informs all staff of FWF membership requirements. Annual training is implemented for new staff and staff that regularly visit production locations. During the monthly team meetings and product meetings, CSR will often share updates on FWF. During the sales meeting, all sales staff is informed about FWF 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: Haglöfs has monthly social compliance meetings for staff that is in frequent contact with the suppliers; all members of the buying, development and sourcing teams attend these meetings. Audit results are systematically reviewed and coordinated, as well as complaints status, new suppliers approval and itineraries. The head of development and sustainability has attended the FWF member seminar in 2019.

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: All agents and intermediaries are informed about FWF's Code of Labour Practices. Haglöfs prefers to have direct contact with production locations to ensure CoLP implementation. However, the agents help Haglöfs chase suppliers for returning the questionnaire and posting the WIS. Also, the agents verifying that issues in the CAP have been addressed.

An introduction package was created for agents, for consistency and active involvement. Several staff from the main agents observed audits and trainings in 2019, to have a better understanding of the process and be able to actively support the FWF CoLP.

Performance indicators	Result	Relevance of Indicator	Documentation	Score	Max	Min
4.4 Factory participation in training programmes that support transformative processes related to human rights.	18%	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: Five of the factories that Haglöfs work with participated in the GBV training of ILO Better Work. One supplier in Vietnam participated in the FWF WEP Communication module. These six suppliers cover 18% of Haglöfs' total production volume.

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: One WEP Communication training was done in December 2019, therefore follow up will be verified in 2020.

Training and Capacity Building

Possible Points: 11

Earned Points: 7

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: Haglöfs maintains a file detailed information of all suppliers of which the content is regularly updated. For Haglöfs, disclosure of supplier details is part of the terms of agreement the company signs with each supplier. This information is cross-referenced with a number of sources to verify: onsite quality inspection during factory visits, audit results, discussions with factory, discussion with other brands and gaining understanding of the processes in the factory.

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: All information regarding production locations is saved on a shared drive, accessible for all relevant staff. In addition, CSR staff meets monthly with the buying, sourcing and development teams and whenever Haglöfs' staff visits a production location they are informed about relevant issues to check upon. After each visit, information is shared with CSR staff again to keep track of progress.

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: Haglöfs publishes information about Fair Wear Foundation and its membership commitments on its website. The new FWF logo is used in compliance with FWF communications policy.

Performance indicators	Result	Relevance of Indicator	Documentation	Score	Max	Min
6.2 Member company engages in advanced reporting activities.	Supplier list is disclosed to the public.	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.	2	2	0

Comment: A full list of Haglöfs' suppliers is disclosed on the company website. In addition, a comprehensive sustainability report including aggregated audit results and the most recent Brand Performance Check is published.

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: A complete and accurate report is submitted to FWF. This report is part of Haglöfs' broader sustainability report, published on the company's website.

Transparency

Possible Points: 6

Earned Points: 6

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: Annual evaluation is done with the involvement of Haglöfs' CEO, results of each Brand Performance Check and overall membership progress is discussed as part of the sustainability strategy of the company. The director of Product and Operations joins the monthly social compliance meetings occasionally.

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: Three requirements were included in the previous Brand Performance Check report. The first two were related to Haglöfs' suppliers in Turkey, which should be visited regularly as part of FWF's risk policy and the overall monitoring requirements. The third requirement was related to the minimum requirements in low risk countries. All three requirements have been taken up by Haglöfs.

Evaluation

Possible Points: 6

Earned Points: 6

Recommendations to Fair Wear

- Some Brand Performance Check indicators encourage bad behaviour, Haglöfs recommends Fair Wear to review the scoring of those in the first chapter. One example is 2.12, where Haglöfs believes that the weighting of this question is inappropriate where external brands are a minor part of a brand's income. For Haglöfs, external brands represent 0.25% of their total FOB. Three points for this question is more points that the brands get than for ensuring a posted Worker Info Sheet in the 60 plus factories. Given Fair Wear has no possibility to verify brands reselling external brands, there is a strong incentive not to disclose printers/embroidery factories in earlier questions.
- Haglöfs feels that there is a discrepancy in the way complaints are handled by the various complaints handlers, Haglöfs staff recommends Fair Wear to ensure more alignment internally on how complaints are handled.
- In the transition to categorise several types of audit findings, Haglöfs feels that a clear definition of each category is still missing.
- The assessment and requirements to earn certain points for 'other risks' under indicator 2.7 is unclear to Haglöfs and the member brand recommends Fair Wear to clarify the guidance documents.

Scoring Overview

Category	Earned	Possible
Purchasing Practices	36	52
Monitoring and Remediation	32	36
Complaints Handling	15	17
Training and Capacity Building	7	11
Information Management	7	7
Transparency	6	6
Evaluation	6	6
Totals:	109	135

Benchmarking Score (earned points divided by possible points)

81

Performance Benchmarking Category

Leader

Brand Performance Check details

Date of Brand Performance Check:

07-05-2020

Conducted by:

Hendrine Stelwagen

Interviews with:

Elaine Gardiner - Head of Sustainability

Jiwon Jang - CSR Manager