



Brand Performance Check

Hydrowear B.V.

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

Hydrowear B.V.

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

Member company information	
Headquarters:	Emmen , Netherlands
Member since:	2009-06-30
Product types:	Workwear
Production in countries where Fair Wear is active:	China, India
Production in other countries:	Croatia
Basic requirements	
Workplan and projected production location data for upcoming year have been submitted?	Yes
Actual production location data for evaluation period was submitted?	Yes
Membership fee has been paid?	Yes
Scoring overview	
% of own production under monitoring	83%
Benchmarking score	53
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 starting their financial year in 2019 in order to maintain fair and comparable data.

Fair Wear will evaluate the members' response to the Corona-crisis in the performance check about the financial year starting in 2020. For members having financial years starting in April or later, parts of their response can already be reflected in the current performance check report, although their overall response will be evaluated in the next performance check.

Summary:

Hydrowear B.V. (hereafter Hydrowear) has shown progress and met most of Fair Wear's performance requirements in 2019. It monitored 83% of its total production volume, which is above the monitoring threshold. Hydrowear achieved a benchmarking score of 63 for its performance in implementing the Fair Wear Code of Labour Practices. Therefore, Fair Wear is awarding Hydrowear the 'good' category in this brand performance check.

Hydrowear works with a stable group of suppliers. Over half of the suppliers have worked with Hydrowear for more than five years, and more than 80% of Hydrowear's production volume occurs at suppliers where it has at least 10% leverage. Hydrowear has a small tail-end production, which is necessary due to production requirements.

Fair Wear did not conduct any audits Hydrowear suppliers in 2019. Hydrowear did enrol one supplier in the Workplace Education Programme training provided by Fair Wear.

Fair Wear recommends Hydrowear to proactively identify working condition issues at its suppliers and provide labour rights awareness training to workers. At the unionised supplier in India, Fair Wear encourages Hydrowear to involve and consult the existing factory union on improving working conditions, especially on setting target wages. Hydrowear could also use its knowledge and experience in costing calculations to train more suppliers in labour minute cost calculation. In the coming year, Hydrowear should invite more suppliers to join the Workplace Education Programme to increase labour rights awareness and facilitate communication between workers and management.

Performance Category Overview

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

Good: It is 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.	87%	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: Compared to the last brand performance check, Hydrowear increased its production volumes by 7 percentage points at factories where it has at least 10% leverage.

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.	1%	Fair Wear 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 Fair Wear.	3	4	0

Comment: Hydrowear has a relatively small tail-end production. 0.81% of its production volume comes from production locations where it buys less than 2% of its FOB. It is two percentage points less than the previous year.

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: 51.5% of the production volume of Hydrowear comes from production locations where a business relationship has existed for at least five years.

Recommendation: Fair Wear recommends Hydrowear 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: Hydrowear has started to work at one new production location in China in 2019. Fair Wear could confirm that the Code of Labour Practices and supplier questionnaire were signed before paying bulk orders.

Performance indicators	Result	Relevance of Indicator	Documentation	Score	Max	Min
1.4 Member company conducts human rights due diligence at all (new) production locations before placing orders.	Intermediate	Due diligence helps to identify, prevent and mitigate potential human rights problems at suppliers.	Documentation may include pre-audits, existing audits, other types of risk assessments.	2	4	0

Comment: Hydrowear has started to work with one new supplier located in China in 2019. The new supplier was needed because Hydrowear has to expand its production capacity for one customer. The plan was to build a long term relationship and maintain high leverage (>10%) in the new factory. Prior to production, Hydrowear's CEO had visited the production location and discussed with the supplier on Fair Wear requirements. In order to have an insight from the working conditions at the factory, Hydrowear had acquired an existing audit report and followed up on the corrective action plan.

A factory's working conditions are one of the determinant factors when selecting a new supplier. Hydrowear considers country general risks through reading Fair Wear country study and identifies factory specific risks through checking the existing audit reports. According to Hydrowear, a Chinese supplier has started a new factory in Myanmar and invited Hydrowear to produce there. After reading the country study of Fair Wear, Hydrowear decided that the Myanmar country risks are too high at this point in time. Therefore, Hydrowear declined the supplier's offer to produce with lower price in Myanmar.

In practice, Hydrowear had conducted due diligence when identifying new suppliers in 2019. However, since Hydrowear is a small company and it does not look for new suppliers frequently, it has not yet established a formal system for supplier selection.

Requirement: A formal process should exist to evaluate the risks of labour violations in the production areas Hydrowear is operating. This evaluation should influence the decision on where to place orders, how to prevent and mitigate risks, and what remediation steps may be necessary.

Performance indicators	Result	Relevance of Indicator	Documentation	Score	Max	Min
1.5 Production location compliance with Code of Labour Practices is evaluated in a systematic manner.	No	A systemic approach is required to integrate social compliance into normal business processes, and supports good decisionmaking.	Documentation of systemic approach: rating systems, checklists, databases, etc.	0	2	0

Comment: Hydrowear has less than 15 suppliers. It maintains an open dialogue with each supplier on labour conditions, production and delivery. Hydrowear does not have an official system to evaluate and reward suppliers based on their compliance with the Code of Labour Practices (CoLP).

According to Hydrowear, it is because all suppliers are specialised in a certain kind of products. There is no competition among different suppliers. It is not possible for Hydrowear to reward suppliers through increasing orders.

Requirement: A systematic approach is required to integrate social compliance into normal business processes and supports good decision-making. The approach needs to ensure that Hydrowear consistently evaluates the entire supplier base and includes information into decision-making procedures.

Recommendation: As it is not always possible to reward suppliers with more volumes, Hydrowear could look into other incentives that reward supplier's commitment towards the CoLP. An example would be to offer training for skill-building or capacity development.

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: Over 95% of Hydrowear's products are for stock. The production in the current year is mainly made for stock for the coming year. Therefore, there is a relatively low risk of having urgent orders, which would place urgent production pressure on suppliers.

Hydrowear annually shares production planning with suppliers for the up-coming year. Suppliers are requested to reserve production capacity for Hydrowear. Lead time is decided together with suppliers. Hydrowear uses a so-called 'ABC' list system to track production. The 'ABC' list allows Hydrowear and suppliers to be updated on the timelines and progress on product development, material availability, confirmation of orders, capacity of the factory and production process. During production period, Hydrowear is quite flexible with lead time. Since most products are made for stock, there is usually no urgency.

About 5% of Hydrowear's products could be urgent orders because of the requests of end customers. In that case, Hydrowear would discuss with the supplier and swap the urgent orders with the planned never-out-of-stock orders.

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: Excessive overtime had been found in audits of suppliers in the previous year. Hydrowear has not conducted systematic research on the root cause of overtime. Hydrowear has discussed with audited suppliers on excessive overtime and tries to support the suppliers to address the root cause.

According to Hydrowear, the suppliers were satisfied with Hydrowear's production planning. Because most productions are made for stock, Hydrowear has been flexible with lead times. However, the suppliers said that other customers always requested urgent orders and they had to work overtime to meet the expectation of other customers.

Since 2018 Hydrowear has gradually invested in fabric stock in the majority of the suppliers, which account for nearly 90% of the total FOB. Moreover, Hydrowear is building an extra warehouse in its headquarter to store more items for stock. Hydrowear believes that both actions provide more flexibility and decrease production pressure at all suppliers.

Recommendation: Hydrowear could discuss with factory management and conduct a systematic analysis of root-cause of excessive overtime. If necessary, Hydrowear B.V. could hire local experts to support. Fair Wear could recommend qualified persons upon request.

Based on the overtime root cause report, Hydrowear could reach out to other customers of the factories to improve the situation.

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: Hydrowear uses open-costing with two production locations of one main supplier in India. The supplier accounts for about 40% of Hydrowear's FOB. At these two locations, Hydrowear is aware of the direct labour cost, which is calculated based on production minutes and labour cost per minute. The labour cost per minute is determined by the supplier and is higher than the minimum wage per minute. The factory union is aware of the labour cost. The open-costing method was introduced by the Indian supplier since 2017.

Hydrowear has become familiar with the methodology of open-costing and prefers to use open-costing with other suppliers. In 2019, Hydrowear had made attempts and approached several suppliers in China to discuss labour minute calculation. The suppliers were reluctant to cooperate. Hydrowear is still in the process of persuading the suppliers.

Recommendation: Fair Wear recommends Hydrowear to expand their knowledge of its 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. The 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, Fair Wear 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, Fair Wear Audit Reports or additional monitoring visits by a Fair Wear auditor, or other documents that show minimum wage issue is reported/resolved.	N/A	0	-2

Comment: No factories were found to be paying lower than minimum wages in 2019.

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 payments were found.

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: For the two main factories in India, Hydrowear has a continuous discussion on living wages. The labour cost has increased at the Indian suppliers since 2018 because of a wage negotiation between the factory and the union. In 2019 the cost is further increased based on the costing sheet developed by the supplier. Hydrowear has an estimated leverage of 40% at both suppliers. According to Hydrowear, it has taken its responsibility to increase wages based on labour minute costs. However there is still a gap between the current wage and the next level of living wage benchmark. That needs to be filled by other customers of the factory.

Based on Fair Wear's audit reports and wage ladders, Hydrowear has discussed living wage payment with other suppliers. The other suppliers did not agree to collaborate with Hydrowear to work on open-costing and identify root cause of payment below living wages.

Recommendation: Fair Wear encourages Hydrowear 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.	None	Assessing the root causes for wages lower than living wages will determine what strategies/interventions are needed for increasing wages, which will result in a systemic approach.	Evidence of how payment below living wage was addressed, such as: internal policy and strategy documents, reports, correspondence with factories, etc.	0	6	0

Comment: Hydrowear uses open-costing at two factories in India (about 40% of FOB). Based on the request of the two factories, Hydrowear has paid an extra amount (10%) to match the increase in labour cost, so that the factory is able to pay more to the workers based on the wage negotiation in 2018.

According to Hydrowear, another increase in labour cost has been made in 2019 based on inflation. This has not been verified by Fair Wear.

Recommendation: To support companies in analysing the wage gap, Fair Wear has developed a calculation model that estimates the effect on FOB and retail prices under different pricing models. Hydrowear is encouraged to use this tool to communicate with other suppliers in paying 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.	0%	Fair Wear member companies are challenged to adopt approaches that absorb the extra costs of increasing wages.	Member company's own documentation, evidence of target wage implementation, such as wage reports, factory documentation, communication with factories, etc.	0	6	0

Comment: Although Hydrowear reported that it has contributed an amount towards living wages to two of its suppliers in India, it has not verified if the amount has been paid to the workers in 2019.

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

Recommendation: We encourage Hydrowear to show that discussions and plans for wage increases have resulted in the payment of a target wage.

Purchasing Practices

Possible Points: 52

Earned Points: 27

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.	39%	
% of production volume where Fair Wear audits took place.	41%	
% of production volume where an audit took place.	80%	
% of production volume where monitoring requirements for low-risk countries are fulfilled.	3%	To be counted towards the monitoring threshold, FWF low-risk policy should be implemented. See indicator 2.g. (N/A = no production in low risk countries.)
Member meets monitoring requirements for tail-end production locations.	No (implementation will be assessed next performance check)	FWF members must meet tail-end monitoring requirements. Implementation will be assessed during next Brand Performance check.
Requirement(s) for next performance check	<p>For all production locations that are eligible for tail-end monitoring, the following requirements apply:</p> <ol style="list-style-type: none"> 1. All factories must be visited by brand staff at least once every 3 years. 2. During factory visits, labour conditions and the use of subcontractors must be discussed, outcomes of the discussion must be documented, and the Fair Wear health and safety check-list must be completed and filed for Fair Wear to assess during a Brand Performance Check. Members can collect existing audit reports from the production sites in order to ensure most up to date information on working conditions. 	
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 Fair Wear 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: There is a specific staff member, who 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 Fair Wear teams cannot be used, the member companies' own auditing system must ensure sufficient quality in order for Fair Wear to approve the auditing system.	Information on audit methodology.	N/A	0	-1

Comment: Member makes use of Fair Wear audits and external audits.

Performance indicators	Result	Relevance of Indicator	Documentation	Score	Max	Min
2.3 Audit Report and Corrective Action Plan (CAP) findings are shared with factory and worker representation where applicable. Improvement timelines are established in a timely manner.	No Corrective Action Plans were active during the previous year	2 part indicator: Fair Wear 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.	N/A	2	-1

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.	Insufficient	Fair Wear 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.	-2	8	-2

Comment: Hydrowear's system to follow up on corrective action plans is based on two activities:

- 1) regular email communications with suppliers
- 2) discussions with CEO's of suppliers during visits

Hydrowear did not provide documents for Fair Wear to verify the statements.

Recommendation: Hydrowear is encouraged to place a Fair Wear monitoring audit at the suppliers to have a good starting point for remediation.

To facilitate remediation, Hydrowear could consider:

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

Performance indicators	Result	Relevance of Indicator	Documentation	Score	Max	Min
2.5 Percentage of production volume from production locations that have been visited by the member company in the previous financial year.	87%	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: Hydrowear visited 87% of its production volume in 2019.

Performance indicators	Result	Relevance of Indicator	Documentation	Score	Max	Min
2.6 Existing audit reports from other sources are collected.	Yes and quality assessed	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.	2	3	0

Comment: In 2019, Hydrowear has collected an existing audit report from its new Chinese supplier.

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 Fair Wear membership, countries, specific areas within countries or specific product groups may pose specific risks that require additional steps to address and remediate those risks. Fair Wear requires member companies to be aware of those risks and implement policy requirements as prescribed by Fair Wear.	Policy documents, inspection reports, evidence of cooperation with other customers sourcing at the same factories, reports of meetings with suppliers, reports of additional activities and/or attendance lists as mentioned in policy documents.	3	6	-2
Compliance with FWF enhanced monitoring programme Bangladesh	Policies are not relevant to the company's supply chain			N/A	6	-2
Compliance with FWF Myanmar policy	Policies are not relevant to the company's supply chain			N/A	6	-2
Compliance with FWF guidance on abrasive blasting	Policies are not relevant to the company's supply chain			N/A	6	-2
Compliance with FWF guidance on risks related to Turkish garment factories employing Syrian refugees	Policies are not relevant to the company's supply chain			N/A	6	-2
Other risks specific to the member's supply chain are addressed by its monitoring system	Intermediate			3	6	-2

Comment: Hydrowear produces in three countries: China, Croatia and India. Hydrowear acquires information on country-specific risks through Fair Wear country studies. In addition, Hydrowear uses information on audits and complaints to identify factory specific risks.

In China, Hydrowear considers paying of living wages, excessive overtime and freedom of association are among the most common risks. To address these risks Hydrowear basically audits the factories and follow u on the CAPs.

Hydrowear has two suppliers located in India, which belong to one company group. Unions are active in both factories. Hydrowear is aware that gender-based violence is one high-risk factor in the country. To address this risk, Hydrowear works with the factory to organise WEP session (with contents of violence prevention) and handles relevant complaints.

One supplier is located in Croatia, which accounts for about 3% of Hydrowear's FOB. Since Croatia is in the list of low-risk countries for Fair Wear, Hydrowear has not identified specific risks.

Recommendation: Knowing the country-specific risks facilitates the starting point for discussing this with suppliers. Member companies can agree on additional commitments that are required to mitigate risks. Hydrowear can provide additional measures for support and integrate that in the monitoring system. Hydrowear is encouraged to enrol more suppliers in WEP training organised by Fair Wear.

Performance indicators	Result	Relevance of Indicator	Documentation	Score	Max	Min
2.8 Member company cooperates with other FWF member companies in resolving corrective actions at shared suppliers.	No CAPs active, no shared production locations or refusal of other company to cooperate	Cooperation between customers increases leverage and chances of successful outcomes. Cooperation also reduces the chances of a factory having to conduct multiple Corrective Action Plans about the same issue with multiple customers.	Shared CAPs, evidence of cooperation with other customers.	N/A	2	-1

Comment: In 2017 to 2018 Hydrowear had temporarily worked with a supplier located in China, which is a shared supplier with other Fair Wear members. The supplier was audited by Fair Wear in 2017. Since the start of the relationship, Hydrowear and the factory had mutually agreed to work together for only one year. This is because the factory is too big, while Hydrowear prefers to have high leverage at most suppliers. Since the relationship stopped before 2019, Hydrowear did not participate in the joint follow-up on the CAPs at this factory. The factory was still in Hydrowear's financial year 2019 because there was an invoice being paid in 2019.

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.	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. Fair Wear has defined minimum monitoring requirements for production locations in low-risk countries.	Documentation of visits, notification of suppliers of Fair Wear membership; posting of worker information sheets, completed questionnaires.	2	2	0

Performance indicators	Result	Relevance of Indicator	Documentation	Score	Max	Min
Member undertakes additional activities to monitor suppliers.	No			0	1	0

Comment: About 3% of the production volume comes from one factory in Croatia, a low-risk country. Hydrowear had visited the factory in 2019 and verified that the worker information sheet is posted.

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	Fair Wear 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 Fair Wear 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	Fair Wear believes it is important for affiliates that have a retail/wholesale arm to at least know if the brands they resell are members of Fair Wear 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	Fair Wear 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 Fair Wear's information management system. Documentation of sales volumes of products made by Fair Wear 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	Fair Wear 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: 26

Earned Points: 11

3. Complaints Handling

Basic measurements	Result	Comments
Number of worker complaints received since last check.	2	At this point, FWF considers a high number of complaints as a positive indicator, as it shows that workers are aware of and making use of the complaints system.
Number of worker complaints in process of being resolved.	3	
Number of worker complaints resolved since last check.	0	

Performance indicators	Result	Relevance of Indicator	Documentation	Score	Max	Min
3.1 A specific employee has been designated to address worker complaints.	Yes	Followup is a serious part of Fair Wear 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 Fair Wear Code of Labour Practices and complaints hotline is a first step in alerting workers to their rights. The Worker Information Sheet is a tool to do this and should be visibly posted at all production locations.	Photos by company staff, audit reports, checklists from production location visits, etc.	2	2	-2

Comment: Hydrowear has informed factory management and workers about the Fair Wear CoLP and hotline number through posting the worker information sheet.

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.	36%	After informing workers and management of the Fair Wear CoLP and the complaints hotline, additional awareness raising and training is needed to ensure sustainable improvements and structural worker-management dialogue.	Training reports, Fair Wear's data on factories enrolled in the WEP basic module. For alternative training activities: curriculum, training content, participation and outcomes.	4	6	0

Comment: The WEP basic training was organised at one supplier in India (36%) in 2019.

Recommendation: Fair Wear recommends Hydrowear to actively raise awareness about the Fair Wear Code of Labour Practices and Fair Wear complaint helpline among a larger portion of its suppliers. Hydrowear should ensure good quality systematic training of workers and management on these topics. To this end, Hydrowear can either use Fair Wear's WEP Basic module, or implement training related to the Fair Wear CoLP and complaint helpline through third-party training providers or brand staff. Non-Fair Wear training must follow the standards outlined in Fair Wear's guidance and checklist 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: One of the complaints came from the joint supplier with other members located in China in 2019. Since production stopped at this factory in 2018, Hydrowear did not participate in the joint follow-up with other members.

Another complaint came from a supplier in India in 2019. The complaint was mainly about gender-based violence (verbal abuse and insufficient number of female toilets) and freedom of association. The complaint was resolved at the end of 2019. More information about the complaint is published in Fair Wear website.

Recommendation: Where applicable, worker representation should be involved in agreeing to the Corrective Action Plan.

It is recommended to uncover the root causes of complaints and prevent them from recurring. When appropriate, the investigation includes incidents 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 Fair Wear 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: One of the complaints came from the joint supplier with other members located in China. Since Hydrowear stopped work at this factory in 2018, it did not participate in the follow-up of the complaint.

Complaints Handling

Possible Points: 15

Earned Points: 10

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 Fair Wear membership requirements helps to support cross-departmental collaboration when needed.	Emails, trainings, presentation, newsletters, etc.	1	1	0

Comment: All staff at member company are made aware of 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 Fair Wear requirements and advocate for change within their organisations.	Fair Wear Seminars or equivalent trainings provided; presentations, curricula, etc.	2	2	-1

Comment: All staff in direct contact with suppliers are informed of FWF 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, Fair Wear audit findings.	N/A	2	0

Comment: Hydrowear does not use agents.

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. Fair Wear has developed several modules, however, other (member-led) programmes may also count.	Training reports, Fair Wear's data on factories enrolled in training programmes. For alternative training activities: curriculum, training content, participation and outcomes.	0	6	0

Comment: No transformative training programmes have been conducted.

Recommendation: Fair Wear recommends Hydrowear 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 and structural change to improve working conditions. To this end, Hydrowear can make use of Fair Wear's WEP Communication or Violence and Harassment Prevention modules or implement advanced training through external training providers or brand staff. Non-Fair Wear training must follow the standards outlined in Fair Wear's guidance and checklist available on the Member Hub.

Performance indicators	Result	Relevance of Indicator	Documentation	Score	Max	Min
4.5 Degree to which member company follows up after a training programme.	No training programmes have been conducted or member produces solely in low-risk countries	After factory-level training programmes, complementary activities such as remediation and changes on brand level will achieve a lasting impact.	Documentation of discussions with factory management and worker representatives, minutes of regular worker-management dialogue meetings or anti-harassment committees.	N/A	2	0

Comment: No transformative training programmes have been conducted.

Training and Capacity Building

Possible Points: 9

Earned Points: 3

5. Information Management

Performance indicators	Result	Relevance of Indicator	Documentation	Score	Max	Min
5.1 Level of effort to identify all production locations.	Intermediate	Any improvements to supply chains require member companies to first know all of their production locations.	Supplier information provided by member company. Financial records of previous financial year. Documented efforts by member company to update supplier information from its monitoring activities.	3	6	-2

Comment: According to Hydrowear, suppliers are not allowed to subcontract their products. All production facilities have machines and lines needed for all production process. For example, all suppliers have embroidery machines in-house. Hydrowear has a relatively small supplier base. The CEO visits each supplier every year. CEOs of suppliers also visit Hydrowear's headquarter regularly. Hydrowear feels that it has established trustworthy relationships with suppliers and believed that suppliers did not need to subcontract.

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

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

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

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

Information Management

Possible Points: 7

Earned Points: 4

6. Transparency

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

Comment: No issue is found regarding communication requirements.

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 Fair Wear'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: Hydrowear has published the brand performance check report on its website.

Recommendation: Fair Wear recommends Hydrowear to publish one or more of the following reports on its website: audit reports, supplier information. 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 Fair Wear's communication policy.	Social report that is in line with Fair Wear's communication policy.	2	2	-1

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

Transparency

Possible Points: 6

Earned Points: 5

7. Evaluation

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

Comment: The CEO of Hydrowear and CSR staff discuss and review the progress of Hydrowear and its suppliers progress towards Fair Wear requirements. The formal discussion is organised approximately two times a year.

Performance indicators	Result	Relevance of Indicator	Documentation	Score	Max	Min
7.2 Level of action/progress made on required changes from previous Brand Performance Check implemented by member company.	40%	In each Brand Performance Check report, Fair Wear may include requirements for changes to management practices. Progress on achieving these requirements is an important part of Fair Wear membership and its process approach.	Member company should show documentation related to the specific requirements made in the previous Brand Performance Check.	2	4	-2

Comment: In the last performance check, five requirements were included:

1) Hydrowear should visit tail-end suppliers.

Hydrowear commented that it cannot allocate resources to visit small suppliers. Therefore this requirement is still not met.

2) 3.3 Hydrowear was expected to actively inform workers about their rights.

In 2019, one supplier of Hydrowear has participated in the WEP basic training to raise awareness of workers' rights. This requirement is met.

3) 1.5 Hydrowear should set up a formal system to evaluate suppliers.

Hydrowear has not set up a formal evaluation system because it is a small company and does not change suppliers often. Thus it is not Hydrowear's priority to set up the system.

4) 1.11 Hydrowear was expected to identify root causes of not paying living wages at all suppliers.

Hydrowear had made progress towards this requirement. It has learned the methodology on labour minute calculation and it is in the process of involving its suppliers in China to identify root causes.

5) 1. 13 Hydrowear should finance wage increase in more suppliers.

Hydrowear had made progress towards this requirement. It has discussed with suppliers in China to set target wages. The agreement is not yet reached.

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.

Evaluation

Possible Points: 6

Earned Points: 4

Recommendations to Fair Wear

In Hydrowear's experience, a Fair Wear audit report provides more insight to working conditions and social dialogue of a factory than any other audit reports. However Fair Wear only audits a small amount of suppliers. Hydrowear suggested that Fair Wear to include more factories in the verification audits. For example, Fair Wear should conduct verification audits (or require Fair Wear audits) at suppliers, which have a higher than 20 or 25% FOB for members.

Scoring Overview

Category	Earned	Possible
Purchasing Practices	27	52
Monitoring and Remediation	11	26
Complaints Handling	10	15
Training and Capacity Building	3	9
Information Management	4	7
Transparency	5	6
Evaluation	4	6
Totals:	64	121

Benchmarking Score (earned points divided by possible points)

53

Performance Benchmarking Category

Good

Brand Performance Check details

Date of Brand Performance Check:

16-06-2020

Conducted by:

Juliette Li

Interviews with:

Laurens Voors, CSR and production manager