



## **Brand Performance Check**

### **Heigo Nederland 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](http://www.fairwear.org). The online [Brand Performance Check Guide](#) provides more information about the indicators.

# Brand Performance Check Overview

## Heigo Nederland B.V.

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

Member company information	
Headquarters:	Elst , Netherlands
Member since:	2005-10-01
Product types:	Workwear
Production in countries where Fair Wear is active:	Bulgaria, China, Turkey
Production in other countries:	Hungary, Portugal
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	90%
Benchmarking score	78
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 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:

In 2019, Heigo has made consistent progress and shown advanced results on performance indicators. With a monitoring percentage of 90% and a benchmarking score of 78, Fair Wear has awarded Heigo the category 'Leader'.

In the past financial year, Heigo initiated the FWF Workplace Education Programme (WEP) basic module training related to the Fair Wear Code of Labour Practices and complaint hotline at their main supplier in Bulgaria. Heigo owns its main production location in Bulgaria, which allows for greater insight into operations at the factory. Heigo continued to work closely with the factory to streamline production planning, as is demonstrated by the fact that the audit findings indicated no excessive overtime. Following up on last year's requirements, Heigo mapped of all its subcontractors and included them within the list of production locations disclosed to Fair Wear.

Heigo worked with external consultants in 2019 to review wages and lay further foundation into addressing living wages at its main supplier in Bulgaria. Wage levels paid at Heigo's own factory are above the industry average, however, Heigo has not made an explicit calculation to determine how it contributes to these wages and how it can help production locations increase wages. The root cause analysis and mapping have been the first steps towards joining the Fair Wear Living Wage Incubator. This will help Heigo further define the resources and tools needed along this journey towards increasing wages. Fair Wear recommends that Heigo uses the gathered information from the analysis as well as input from worker representatives to begin the calculations of wage gaps. Once these calculations have been established, it is advised that a strategy for how to finance wage increases is developed and agreed upon with top 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.	90%	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:** In 2019, Heigo purchased 90% of its production volume from suppliers where it buys at least 10% of production capacity.

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%	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.	2	4	0

**Comment:** Heigo purchased 11% of its production volume from production locations where member company buys less than 2% of its total FOB. This amount is made up of a specialised range of items that Heigo's own factory cannot produce.

**Recommendation:** Fair Wear recommends Heigo to consolidate its supply base by limiting the number of production locations in its 'tail end'. To achieve this, Heigo 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. It is advised to describe the process of consolidation in a sourcing strategy that is agreed upon with top management/sourcing staff.

Performance indicators	Result	Relevance of Indicator	Documentation	Score	Max	Min
1.2 Percentage of production volume from production locations where a business relationship has existed for at least five years.	91%	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.	4	4	0

**Comment:** In 2019, 91% of the production volume came from production locations where a business relationship has existed for at least 5 years. This is a decrease of six percent compared to last year's brand performance check and is mainly due to the decreased number of suppliers.

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:** Heigo did not start working with any new suppliers in 2019, however, it added all the existing subcontractors into the Fair Wear database. All production location locations have been informed of Heigo's Fair Wear membership and have signed and returned the questionnaire with the Code of Labour Practices 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.	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:** Heigo is aware of general human rights risks in its main sourcing country Bulgaria, where 92% of Heigo's total production takes place and it owns the main supplier. Heigo makes use of the Fair Wear country study as well as knowledge from their local team based in the factory. Heigo is in regular contact with the factory manager, who is employed by Heigo, to stay informed about any potential risks to their supply chain. Heigo regularly visits production locations and collects any existing audit reports from the suppliers Bulgaria, Portugal and Hungary. Heigo uses its own supplier evaluation checklist, which incorporated the Fair Wear health and safety check when visiting facilities. Heigo did not visit its Chinese supplier, as the factory management visits Heigo's office in Europe, during which discussions on labour standards at the factory take place and an evaluation of the supplier is completed.



Final decisions on sourcing from new suppliers are made by the managing director, in close consultation with the purchasing team which incorporates the CSR and compliance aspects. It is established as part of Heigo's sourcing policy to consolidate all spread out production towards Bulgaria and Portugal, and maintain those two countries as main focus production areas to avoid any risks of producing in further or new counties. Therefore in 2019, Heigo has taken into consideration the responsible exit strategy and is discussing phasing out production in China and Turkey where production is less than 1% and Heigo is not able to regularly visit.

**Recommendation:** A risk analysis as part of the decision-making process of selecting new production locations is an important step to mitigate risk and prevent potential problems. Fair Wear recommends Heigo Nederland B.V. to clearly define preventive actions for identified risks and connect them to sourcing decisions. This also includes strategies to tackle structural risks such as low wage levels in the country, limited freedom of association and restricted civil society that are beyond the brand's individual sphere of influence. Fair Wear advises to use information from Fair Wear country studies and wage ladders and use the Fair Wear Health and Safety guidelines. Heigo can use the CSR Risk Check (<https://www.mvorisicochecker.nl/en/risk-check>) to further assess the risks in (potentially new) sourcing countries. For gender risk assessments, Heigo can use the gender-toolkit that has fact-sheets per country, supplier checklists and a model policy on Sexual Harassment. Heigo can cooperate with local stakeholders to further investigate the situation in a specific country. Fair Wear can also offer information on local stakeholders.

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, Heigo reevaluated its evaluation system for production locations compliances. The new evaluation system covers circularity, sustainability and social compliance under which Fair Wear compliance with the Code of Labour Practices is covered. Each supplier with a direct relationship to Heigo has been assessed and a report produced outlining points for evaluation such as CoLP and questionnaire, Audit reports completed, the outcome from audits, willingness to cooperate on CAP, transparency during audits and factory visits, communication speed and clarity, work on living wages, basic criteria on quality, price, delivery times, factory summary as per the FWF Social Report. The evaluation of suppliers is conducted by upper management, the purchasing and sales team, who are also in charge of maintaining supplier portfolio with a focus on minimizing risk. The outcome of the evaluation influences production decisions, and where orders are re-placed or increased. Because Heigo also works with smaller niche items that can not be produced in its own factory, Heigo seeks keen partners who are both compliant to its standards and perform well according to Heigo's own evaluation. If performance outcome is consistently low, Heigo tries to shift production and award it to its own factory if the item can be produced or to an external brand.

Heigo also works with a large number of external suppliers, who are also evaluated in a similar system to its own suppliers. External brands are evaluated higher if they are already fair Wear member, and Heigo prioritizes these kinds of suppliers. Heigo reviews the performance check outcomes of their external suppliers as an additional point of assessment to their evaluation system.

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:** In 2019, almost 92% of Heigo's production volume came from Bulgaria where 83% was produced at Heigo's own factory. As a result, Heigo works closely together with its suppliers in planning production. The brand knows the total production capacity of the factories and the standard minutes per style required. Production is planned with suppliers on a bi-weekly basis. Heigo is completely transparent with the factory, allowing the factory to also have access to Heigo's warehouse stock figures, which assists to make a better forecasting system for both parties.

Heigo is responsible for delivering the fabric to the factories and regularly monitors production planning through production manager based at the factory in Bulgaria. For the subcontractors based in Bulgaria, only the final sewing takes place at these locations, Heigo's own factory is responsible for the fabric, cutting and trimmings. Therefore Heigo can adjust its own planning, to work with the provided lead times and forecasting as provided by the relevant parties.

In Turkey and China, Heigo produces ready-made garments and discusses planning, lead-times and possible delays with the factories. Whereas in Portugal and Hungary, Heigo is in constant communication with the suppliers. Heigo has established a shared planning system to update forecasts with suppliers to facilitate their planning. In case of delays Heigo can easily adjust delivery dates with their customers, and furthermore has the advantage that the majority of production takes place in Europe where delivery times are not very long.

Performance indicators	Result	Relevance of Indicator	Documentation	Score	Max	Min
1.7 Degree to which member company mitigates root causes of excessive overtime.	No production problems /delays have been documented.	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.	N/A	6	0

**Comment:** In 2019, one Fair Wear audit was conducted at Heigo's main factory in Bulgaria. Within this audit, there were no production problems recorded related to excessive overtime.

The majority of production planning takes place at Heigo's own factory, where Heigo has control over production planning and extensive overview of the factory's capacity in relation to incoming orders. Heigo has been working on assessing the factory efficiency per production line, to get better estimates for working minutes with the maximum output per line.

At other suppliers, Heigo makes sure to work with shared forecasting and provide projected orders well in advance for production planning. Heigo provides all the support and information to puts the supplier at the lead of establishing lead times and setting delivery deadlines. Heigo has not yet experienced unforeseen delays at suppliers, therefore is confident that its production planning supports reasonable working hours.

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

**Comment:** Heigo uses an open costing system that can give them the break down per material, overhead done, rates of work per day and rate per product. Because 83% of production is made at its own factory, Heigo is also aware of the wage composition from the prices paid to the factory. The Fair Wear audit at Heigo's main supplier in 2019 also provided additional wage information benchmarks, where Heigo used the wage ladder as a reference. At the subcontractors who are all located in Bulgaria, although there is a non-direct relationship Heigo provides the materials and accessories and already cut item. Only the sewing takes place at the subcontractors, therefore, Heigo is still able to have rough estimations on their wage contribution based on the knowledge from its own factory. At own factory, Heigo has control over the price-setting process and has insight on the labour minutes needed per product. With this information, Heigo is able to link the necessary minutes, to the price per minute to extrapolate to wages the workers receive. The brand is able to connect the price they pay to wages for its own factory.

The remaining production outside of Bulgaria accounts for 8% of Heigo total production. At these suppliers, Heigo does not have control over the pricing at the other locations however is in discussions with factory owners, using its factory as an example for making changes and increasing transparency. In China and Turkey, where less than 2% of total production takes place Heigo has started its responsible exist strategy slowly reducing production to consolidate its supply chain. Heigo, therefore, has limited insight into these 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:** There were no issues related to failure to pay legal minimum wages reported in the audit conducted 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:** There was no evidence of late payments to suppliers by Heigo in 2019.

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:** Heigo annually gathers wage reports from its main supplier, which is cross-checked with the wage ladder tool and in the audit reports. Heigo uses the Fair Wear labour minute costing tool as the foundation to calculate the necessary increases in wages. Heigo also consults with the Fair Wear country study as well as local employees in Bulgaria to get the national wage estimates. Overall, Heigo pays relatively high wages at its own factory, however, these scales differ across skill levels within the factory. Because Heigo owns its main supplier, Heigo is able to keep an overview of the price breakdown of its different styles with which can be adjusted during annual price indexing in order to finance wages. Heigo has done an initial working line efficiency analysis, as well as a basic root cause analysis for wages lower than living wages at its own supplier and is following with a production level discussion to address the gap between the technical experienced workers and other regular line workers pay.

**Recommendation:** Fair Wear encourages Heigo to involve worker representatives and local organisations in assessing the root causes of wages lower than living wages. It is advised that the outcomes of the root cause analysis are discussed internally and with top management, to form a basis for an embedded strategy.

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).	83%	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.	2	2	0

**Comment:** Heigo owns one of its production facilities, responsible for 83% of total production.

**Recommendation:** Fair Wear supports direct ownership of suppliers. Owning a supplier provides clear accountability for and direct influence over working conditions. It reduces the risk of unexpected CoLP violations.

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 the past years, Heigo has show a consistent increase in wages at their own factory of approximately 10% each year based on inflation and as a means to maintain the experienced workers at their factory. Heigo determines wage increases through increasing efficiencies in process at HQ, adjusting projected prices annually for customers, margin adjustment based on pricing, as well as prior in indexation calculation per product per year of tenders.

**Recommendation:** FWF recommends members 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.	83%	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.	6	6	0

**Comment:** In 2019, Heigo conducted an extensive wage analysis at the main supplier in Bulgaria. The target wage was set at 60% of the National wage average as a first step towards paying a living wage. An estimated half of the workers at the factory owned by Heigo receive the target wage. Heigo has started the first steps towards paying increasing wages by meeting the target wage, however, it will need to continue this financing this increase in order to achieve the living wage across all workers at their suppliers.

**Recommendation:** We encourage Heigo to show that discussions and plans for wage increases have resulted in the payment of a target wage. Heigo is encouraged to roll out its approach to other suppliers.

## Purchasing Practices

**Possible Points: 46**

**Earned Points: 38**

## 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.	0%	
% of production volume where Fair Wear audits took place.	83%	
% of production volume where an audit took place.	83%	
% of production volume where monitoring requirements for low-risk countries are fulfilled.	7%	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	All factories must be visited by Heigo Nederland B.V. staff at least once every 3 years.	
Total monitoring threshold:	90%	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:** Heigo's managing director is responsible for all activities that take place at their main factory in Bulgaria. The sustainability manager works together with the director to address the problems identified by monitoring system remaining suppliers.



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

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: 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.	2	2	-1

**Comment:** In 2019, Heigo initiated a Fair Wear audit at its main supplier. The audit report and CAP findings were shared with the factory and its Fair Wear factory team of representatives. This is a team that is composed of representatives from each department including HR, finance, production, logistics and sewers/cutters. Three people were elected by the workers, as a representative from each sewing line. Any discussions on factory issues, including CAP follow-up is also communicated back to the rest of the workers through these representatives. Every point in the CAP was assigned to a team member, along with a timeline for completion. The progress of follow up is reviewed during the Fair Wear factory team of representatives meetings, factory visits, skype and email.

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	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.	8	8	-2

**Comment:** In 2019, Heigo was able to show extensive progress towards resolution of existing Corrective Action Plans and remediation of identified problems. The majority of the identified problems in the audit included health and safety risks at the facility. The updated CAP from from Heigo's main supplier in Bulgaria showed resolution of two-thirds of the identified problems. Resolutions were shared using photos on email conversation on the remediation completion. Monthly meeting notes from its Fair Wear factory representatives team were also shown to indicate pending issues that still need to be addressed. Heigo representatives have visited to verify progress and remediation of the problems identified.

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.	88%	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:** In 2019, 88% of production volume came from production locations that had been visited by Heigo. Heigo did not visit subcontractors without a direct relationship and also decided not to visit the production locations in China and Turkey.

**Recommendation:** Regular visits should be made for production sites (including subcontractors and production locations in low-risk countries). Regular visits provide opportunities to discuss problems and corrective actions in the time period between formal audits. Fair Wear has developed a Health & Safety Guide that can be used during these visits.

Performance indicators	Result	Relevance of Indicator	Documentation	Score	Max	Min
2.6 Existing audit reports from other sources are collected.	No existing reports/all audits by FWF or FWF member company	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.	N/A	3	0

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.	1	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	Insufficient			-2	6	-2
Other risks specific to the member's supply chain are addressed by its monitoring system	Intermediate			3	6	-2

**Comment:** The majority of Heigo's production takes place in Bulgaria, where the main supplier is owned by Heigo. Having being based in Bulgaria since its inception, Heigo is aware of the production risks within the area and mitigated them in consultation with the local staff based at the factory. Heigo collects information from the Fair Wear country study, the supplier seminar as well as the audit results on the production risks. In Bulgaria, Heigo has noted main structural risks such as low wage levels in the country, limited freedom of association and restricted civil society and discrimination at the workplace. Heigo has started discussions to address these structural risks at its own factory, with the support of its Bulgarian production team. In 2019, Heigo has focused on advancing its knowledge on how to increase wages and assessment of wages at suppliers on the pathway to join the Fair Wear living wage incubator.

Heigo has a small production percentage in China and in Turkey, which it sees as a huge risk since these are specialized products, of which Heigo has low leverage at suppliers. After several discussions with the suppliers, Heigo has started to reach out to potential external brands to collaborate in order to be able to have the products within the Heigo portfolio of offerings, however, it is not yet clear what the exit strategy shall be for the two suppliers. Heigo has not visited the suppliers however is having open conversations with the suppliers on its Fair Wear membership commitments and the challenges of their business relationship. Heigo would like to use a responsible exit policy once an alternative sourcing strategy is agreed upon with management for the specialized products.

In Portugal and Hungary, Heigo relies on the guidance from Fair Wear and close working relationship with the agent to ensure that risks are discussed regularly during visits. The production locations are regularly visited and have been informed of the Fair Wear membership requirements. This is a basis for regular discussions on risks that may occur during production at the suppliers.

**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. Heigo can provide additional measures for support and integrate that in the monitoring system.

Performance indicators	Result	Relevance of Indicator	Documentation	Score	Max	Min
2.8 Member company cooperates with other FWF member companies in resolving corrective actions at shared suppliers.	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

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

**Member undertakes additional activities to monitor suppliers.:** No (o)

**Comment:** Heigo has three production locations that fall under the monitoring requirements for low-risk countries, one in Hungary and two in Portugal. All three locations have been informed of Heigo's Fair Wear membership. The suppliers have signed and return the completed CoLP questionnaire before production orders were placed. Furthermore, the locations have the Fair Wear Worker Information Sheet posted in local languages. All locations were visited and have had discussions with Heigo about the production risks, in the context of their respective countries.

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

**Comment:** Heigo actively shares the questionnaire and collects information back from all its external brands.

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).	22%	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.	1	3	0

**Comment:** As part of Heigo's sourcing policy, it aims to purchase as much as possible from other FWF members. In 2019, 22% of Heigo's external sales volumes came from another credible initiative.

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: 30**

**Earned Points: 22**

### 3. Complaints Handling

Basic measurements	Result	Comments
Number of worker complaints received since last check.	0	At this point, FWF considers a high number of complaints as a positive indicator, as it shows that workers are aware of and making use of the complaints system.
Number of worker complaints in process of being resolved.	0	
Number of worker complaints resolved since last check.	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:** The sustainability manager at Heigo is responsible to address worker complaints in the supply chain outside of Bulgaria. Within Bulgaria, the sustainability manager cooperates with the product and quality manager, who is also their former factory employee at the Bulgarian main supplier and speaks fluent Bulgarian.

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:** Heigo provided photo evidence of posted Worker Information Sheets, including visible contact information of the Fair Wear local complaint handler. The photos were taken by the Heigo staff during visits at the production locations. Heigo confirmed that information sheets were posted in factories in locations that were accessible to all workers. Workers have also been informed of the FWF CoLP and complaints hotline as an additional alternative to Heigo's internal complaint form in Bulgaria which is handled by the line representatives.



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.	83%	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.	6	6	0

**Comment:** Heigo organised FWF's Workplace Education Programme (WEP) basic module at its main production location in Bulgaria responsible for 83% of its production volume.

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.	No complaints received	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.	N/A	6	-2

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

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## Complaints Handling

**Possible Points: 9**

**Earned Points: 9**

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## 4. Training and Capacity Building

Performance indicators	Result	Relevance of Indicator	Documentation	Score	Max	Min
4.1 All staff at member company are made aware of FWF membership.	Yes	Preventing and remediating problems often requires the involvement of many different departments; making all staff aware of Fair Wear membership requirements helps to support cross-departmental collaboration when needed.	Emails, trainings, presentation, newsletters, etc.	1	1	0

**Comment:** Heigo has a yearly presentation to the entire company including the external sales team on Fair Wear activities. In 2019, the Fair wear brand liaison conducted a presentation to inform all present staff on the Fair Wear membership activities. These are reinforced by the weekly Monday meetings where team updates, including any Fair Wear membership progress updates, are shared by the sustainability manager.

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 aware of FWF requirements. Heigo regularly attends FWF events such as the Annual Conference, the Dutch Stakeholder meeting, as well as other webinars to stay informed of FWF activities. This information is then disseminated to the rest of the team during weekly Monday meetings.

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, Fair Wear audit findings.	2	2	0

**Comment:** Heigo works with one agent for their production in Portugal. The agent is visited regularly by Heigo representatives and is aware of the FWF membership requirements. The agent actively supports the Fair Wear Code of Labour Practices by supporting monitoring activities at the production location in Portugal.

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:** In 2019, Heigo did not initiate training programmes that support transformative processes related to human rights.

**Recommendation:** Fair Wear recommends Heigo 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, Heigo Nederland B.V. 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

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## **Training and Capacity Building**

**Possible Points: 11**

**Earned Points: 5**

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## 5. Information Management

Performance indicators	Result	Relevance of Indicator	Documentation	Score	Max	Min
5.1 Level of effort to identify all production locations.	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:** In 2019, Heigo established an agreement at its owned factory that all subcontracting must be discussed and agreed upon during the yearly planning. Heigo worked with 9 subcontractors in 2019, all the information including financial figures was gathered updated in the Fair Wear database accordingly. For the remaining active production locations, Heigo included details per supplier as part of the Fair Wear database overview. No new subcontractors were identified in the audits conducted in 2019, however, Heigo continues to visit regularly and ensure that agreement on subcontracting is kept with suppliers in Bulgaria, Portugal and Hungary. The production location in Turkey and China have not yet been visited, therefore Heigo can not yet verify through existing lines, capacity and machinery that all production takes place in-house.

**Recommendation:** Fair Wear recommends Heigo Nederland B.V. to integrate systematic periodical checks with its agents whether all known production locations are still up to date and use the information coming from questionnaires to update supplier data, including subcontractors.

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:** Heigo's director, sustainability manager and Purchasing manager are the ones in direct contact with suppliers and regularly update each other on working conditions at production locations. This information is also shared with the rest of the teams during weekly supplier updates.

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## **Information Management**

**Possible Points: 7**

**Earned Points: 4**

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## 6. Transparency

Performance indicators	Result	Relevance of Indicator	Documentation	Score	Max	Min
6.1 Degree of member company compliance with FWF Communications Policy.	Minimum communications requirements are met AND no significant problems found	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:** Heigo communicates about Fair Wear membership through the following channels of communication: website, social media and presentation for customers. All communication is in line with Fair Wear communications policy.

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

**Comment:** Heigo has signed the Fair Wear transparency agreement and opted-in to disclose the details of their main supplier responsible for 82% production. Heigo also publishes the Brand Performance Check on their website.

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:** Heigo submitted and published an accurate 2019 Social Report on its website.

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## **Transparency**

**Possible Points: 6**

**Earned Points: 6**

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## 7. Evaluation

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

**Comment:** Heigo evaluates Fair Wear membership twice a year with the top management in the company. The evaluation is led by the Director in discussion with other key people throughout the company such as the people responsible for sales, purchasing, sustainability and logistics.

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, 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.	4	4	-2

**Comment:** In 2019, Heigo addressed the requirements set by Fair Wear in the previous brand performance check. Heigo confirmed and completed a list of all production locations as well as their relevant financial data in the Fair Wear database. The list included all subcontractors identified subcontractors and their financial data. Furthermore, Heigo was required to actively raise awareness about the FWF Code of Labour Practices and FWF complaint hotline at suppliers. In 2019, Heigo initiated the FWF's Workplace Education Programme (WEP) basic module training related to the FWF CoLP and complaint hotline at their main supplier in Bulgaria.

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## Evaluation

**Possible Points: 6**

**Earned Points: 6**

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## Recommendations to Fair Wear

Heigo recommends Fair Wear to offer a range of communication training for brand headquarter staff. Heigo would like to receive trainings or workshops tailored to increase employee awareness of production risks, compliance issues, Fair Wear requirements as well as how to communicate membership and its advantages from a work wear perspective.

## Scoring Overview

Category	Earned	Possible
Purchasing Practices	38	46
Monitoring and Remediation	22	30
Complaints Handling	9	9
Training and Capacity Building	5	11
Information Management	4	7
Transparency	6	6
Evaluation	6	6
Totals:	90	115

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

78

### Performance Benchmarking Category

Leader

## Brand Performance Check details

Date of Brand Performance Check:

03-09-2020

Conducted by:

Sandra Gonza

Interviews with:

Tom Gerards: Manager Sustainability

Johan Peters: Manager Purchasing

André Beek: Accounting department