



## **Brand Performance Check**

# **Step by Step and Coocazoo (Hama GmbH & Co. KG)**

**Publication date: August 2020**

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

## About the Brand Performance Check

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

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

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

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

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

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

# Brand Performance Check Overview

## Step by Step and Coocazoo (Hama GmbH & Co. KG)

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

Member company information	
Headquarters:	Monheim , Germany
Member since:	2019-05-01
Product types:	Bags and accessories
Production in countries where Fair Wear is active:	China, Myanmar
Production in other countries:	
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	86%
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:

Cocazoo and Step by Step have shown progress and met most of Fair Wear's performance requirements, meeting the monitoring threshold of 86%, which far exceeds Fair Wear's requirements for members in the first year of membership (Fair Wear requirement is 40%). With a benchmark score of 53, Cocazoo and Step by Step have achieved 'Good' status.

Cocazoo and Step by Step are two brands that belong to the Hama group, which produce school bags and accessories. The companies joined Fair Wear in May 2019 and spent the remaining seven months aligning its internal systems with Fair Wear requirements. In 2019, the two brands were produced in China and Myanmar at three main suppliers. These production sites are shared with other existing Fair Wear members. Cocazoo and Step by Step value long-term relationships with suppliers, and are continuously monitoring their suppliers both through their own internal auditing system as well as Fair Wear audits. This is reflected in the monitoring percentage after the first half-year of membership.

Cocazoo and Step by Step have mapped the main suppliers, however, the brands have not identified all the subcontractors used for their production by the main suppliers in China. Fair Wear encourages Cocazoo and Step by Step thoroughly evaluate suppliers' production location information and develop a systematic approach to completing the production location list before production takes place. This could be the automatic inclusion of information from the questionnaire, audit reports and complaints on top of 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.

Furthermore, Fair Wear recommends Cocazoo and Step by Step to deepen their active approach to monitoring into proactive remediation. Cocazoo and Step by Step need to standardise their follow-up of Corrective Action Plans (CAP) in a more structured way in order to measure and evaluate progress. Cocazoo and Step by Step need to develop a systematic supplier evaluation system where production location improvements can be tracked and compared to other suppliers.

## Performance Category Overview

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

**Good:** It is Fair Wear's belief that member companies who are making a serious effort to implement the Code of Labour Practices—the vast majority of Fair Wear member companies—are 'doing good' and deserve to be recognized as such. They are also doing more than the average clothing company, and have allowed their internal processes to be examined and publicly reported on by an independent NGO. The majority of member companies will receive a 'Good' rating.

**Needs Improvement:** Member companies are most likely to find themselves in this category when major unexpected problems have arisen, or if they are unable or unwilling to seriously work towards CoLP implementation. Member companies may be in this category for one year only after which they should either move up to Good, or will be moved to suspended.

**Suspended:** Member companies who either fail to meet one of the Basic Requirements, have had major internal changes which means membership must be put on hold for a maximum of one year, or have been in Needs Improvement for more than one year. Member companies may remain in this category for one year maximum, after which termination proceedings will come into force.

Categories are calculated based on a combination of benchmarking score and the percentage of own production under monitoring. The specific requirements for each category are outlined in the Brand Performance Check Guide.

# 1. Purchasing Practices

Performance indicators	Result	Relevance of Indicator	Documentation	Score	Max	Min
1.1a Percentage of production volume from production locations where member company buys at least 10% of production capacity.	100%	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:** Coocazoo and Step by Step are part of the Hama group, which produces school bags and accessories. Coocazoo and Step by Step worked with one main supplier who distributes their production between two main factories in China and one in Myanmar. In 2019, 100% of Coocazoo and Step by Step's production volume came from production locations where the company buys at least 10% of the factory's 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.	0%	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.	4	4	0

**Comment:** Coocazoo and Step by Step have a consolidated supply base and distributes the majority of its FOB to key suppliers, due to the niche products offered which require high-quality skill manship. In 2019, all production volume came from production locations where Coocazoo and Step by Step buys more than 2%.

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.	93%	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:** Coocazoo and Step by Step highly value building strong and long term relationships with their suppliers. In 2019, the brands had a business relationship for more than 5 years with suppliers responsible for 93% of the production volume.

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.	No	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.	0	2	0

**Comment:** 2019 was the first year of Fair Wear membership for Coocazoo and Step by Step. They worked with three suppliers, where only two locations returned signed questionnaires with the Code of Labour Practices before first bulk orders are placed. The remaining production location was in Myanmar where the brands had started to enforce an exit policy as they shifted production to main supplier in China.

**Requirement:** Coocazoo and Step by Step need to ensure that new production locations sign and return the questionnaire before first 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:** Coocazoo and Step by Step work very closely with their partnering quality control office based in China. As part of their sourcing policy, the QC office must visit all factories before placing orders. During the visit, the team collects any existing audit reports and conducts a basic safety check of the facilities. The outcomes of this visit are reported back to the team at Coocazoo and Step by Step. After an analysis of the audit and discussion with the QC, a recommendation is made on moving forward with the proposed suppliers. This information is relayed to the CSR and production team at the headquarters. The team oversees that every supplier sign's Coocazoo and Step by Step's manufacturer's declaration which includes the brand's own compliance outlines such as the HPAP list which ensures compliance with applicable EU law with regards to pollutant limitations and social aspects. The code includes restriction of subcontracting without earlier discussions as well as a requirement to pay the regional minimum wages.



**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 Coocazoo and Step by Step 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. Coocazoo and Step by Step can use the CSR Risk Check (<https://www.mvorisicochecker.nl/en/risk-check>) to further assess the risks in (new potential) sourcing countries. For gender risk assessments, Coocazoo and Step by Step can use the gender-toolkit that has fact-sheets per country, supplier checklists and a model policy on Sexual Harassment.

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:** Coocazoo and Step by Step are in close contact with the China-based QC team who conduct a pre-audit at the suppliers, evaluate closely and monitor compliance violations. The pre-audits are part of their mother company (Hama) policy. All factories undergo a pre-audit before a working relationship is established. The audits cover working hours, wages and benefits, occupational health and safety. Factories are then graded based on this own internal audits, and followup on the remediation of audits. All suppliers are informed about the grading conducted by brands. Further, evaluation of the supplier's performance is conducted during visits and discussions with factory management on the progress of response to identified problems. Coocazoo and Step by Step reward suppliers with continued business through increasing orders as part of their commitment to their long term business relationship with their main supplier. This was proven in their willingness to find a solution when increasing tensions in the US-China trade wars in 2019 forced suppliers to move production from Myanmar to China. Coocazoo and Step by Step developed an exit strategy from Myanmar together with their supplier which would see the phasing out of production by the end of the year.

**Recommendation:** Fair Wear encourages Coocazoo and Step by Step to develop an integrated evaluation/grading system for suppliers where compliance with labour standards is a criterion for future order placement. Part of the system can be to create an incentive for rewarding suppliers for realised improvements in working conditions. Such a system can show whether and what information is missing per supplier and can include outcomes of audits, trainings and/or complaints.

Performance indicators	Result	Relevance of Indicator	Documentation	Score	Max	Min
1.6 The member company's production planning systems support reasonable working hours.	General or ad-hoc system.	Member company production planning systems can have a significant impact on the levels of excessive overtime at production locations.	Documentation of robust planning systems.	2	4	0

**Comment:** Coocazoo and Step by Step work with a joint forecast plan for the coming year every autumn. Coocazoo and Step by Step are aware of their capacity at each factory, for each brand and per product. The brands are able to plan and distribute the orders over the different months according to the given capacities. Together with the lead times, the factory confirms production plans for Coocazoo and Step by Step at least four months before production commences. Coocazoo and Step by Step work with recurring items in their collections, which is added to their stock. Therefore Coocazoo and Step by Step always have a 10-15% stock buffer at their warehouse. The forecasting plan guides production at suppliers as much as possible to avoid last-minute changes, and only in exceptional cases will there be changes. In that case, Coocazoo and Step by Step discuss with the suppliers and make a joint decision to address the changes and its impact on production planning such as overtime at suppliers. In these cases, Coocazoo and Step by Step will change the transport route from sea to train because it is faster to obtain the products and thus provide more production time buffers for the suppliers.

**Recommendation:** Fair Wear recommends Coocazoo and Step by Step to learn more about the standard minute per style and how the production of its products impacts the total production capacity of the factory.

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:** In November 2019, Fair Wear conducted one audit at Coocazoo and Step by Step's main supplier. Although this audit was not initiated by Coocazoo and Step by Step, the brand participated and shared the audit with another Fair Wear member. The results of this audit showed excessive overtime. Coocazoo and Step by Step focused on optimising their own planning process in order to better address the topic of overtime. By strengthening communication with the supplier on timing and regularly updating the forecasted production planning, Coocazoo and Step by Step aimed to have a better overview of production bottlenecks that may lead to overtime. In addition, the brands have discussed the excessive overtime with the supplier and learned that there are other contributing factors such as other customers at the factories changing orders. Since the audit was conducted at the end of the financial year, further progress on the improvements made to reducing overtime shall be assessed in the upcoming financial year review.

**Recommendation:** Besides discussing it with the supplier and assessing root causes, Fair Wear strongly recommends Coocazoo and Step by Step to actively take measures when excessive overtime is found. Taking measures to ensure that Coocazoo and Step by Step know and shows whether excessive overtime takes place at a supplier is key in resolving the issue. Measures such as regular checks by the local technician, documents checking and interviewing workers help assess whether excessive overtime takes place. The member can use Fair Wear's new guidance on excessive overtime to discuss with their supplier which root causes and solutions may be applicable for them.

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:** Coocazoo and Step by Step have calculated the price breakdown for each main products; this includes the fabric, accessories and estimated labour cost. As part of Coocazoo and Step by Step's pricing policy, all items produced must contribute to the payment of at least a minimum wages. The prices for items are set during the designing draft, in discussion with the suppliers. Coocazoo and Step by Step discuss design optimization as part of a strategy to meet their target price where possible without compromising quality or impacting wages on workers. Coocazoo and Step by Step may adjust margins where necessary to meet the costs as discussed with the suppliers. Coocazoo and Step by Step have started making labour minute calculations at their main Chinese supplier by gathering the information per style.

**Recommendation:** At a minimum, members are recommended to investigate wage levels in production countries, among others by making use of Fair Wear's Wage Ladder and country studies. As an advanced step, increased transparency in costing and productivity gives insight into the labour costs per product. This forms the basis for ensuring enough is paid to cover at least a minimum wage and for making steps towards living wages.

Performance indicators	Result	Relevance of Indicator	Documentation	Score	Max	Min
1.9 Member company actively responds if production locations fail to pay legal minimum wages and/or fail to provide wage data to verify minimum wage is paid.	Yes	If a supplier fails to pay minimum wage or minimum wage payments cannot be verified, 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.	0	0	-2

**Comment:** Coozoo and Step by Step initiated one Fair Wear audit at their supplier in China in November 2019. During this audit, the auditors could not check whether minimum wage was paid due to inconsistent or incomplete records of the attendance of workers. Coozoo and Step by Step have discussed this with their suppliers and are currently conducting further investigation into the wages by requesting and reviewing sample wage slips.

**Requirement:** If a supplier is not transparent about wages, Coozoo and Step by Step are expected to respond as if minimum wages have not been paid. Coozoo and Step by Step are required to start an investigation into the causes of the incomplete data, discuss this with the supplier and collect evidence of payment of legal minimum wage. Factory visits with a documents check or additional verification by Fair Wear may be needed to verify remediation.

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 Coozoo and Step by Step.

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.	Insufficient	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:** In 2019, the audit conducted at the main supplier in China reported that the wages paid to most workers for a regular working week were below the living wage benchmarks FWF collected from its local stakeholders. Coozoo and Step by Step started discussions with the suppliers on the wage benchmarks and distribution of wages across different regions in China. Furthermore, Coozoo and Step by Step discussed with their main supplier the need for an evaluation of the use of the Asian Floor Wage to accurately reflect the realities in China. Coozoo and Step by Step did not have sufficient information from suppliers to evaluate wages and therefore could not use any information to conduct an initial analysis on the root causes for wages that are lower than living wages in production locations.

**Requirement:** Coozoo and Step by Step must assess the root causes of wages that are lower than living wages, taking into account its leverage and effect of its own pricing policy. Coozoo and Step by Step are expected to take an active role in discussing living wages with its suppliers. The Fair Wear wage ladder can be used as a tool to implement living wages, to document, monitor, negotiate and evaluate the improvements at its suppliers.

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

**Comment:** .Coozoo and Step by Step do not own factories.

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:** 2019 was Coocazoo and Step by Step have not yet defined a strategy to determine and finance wage increases.

**Requirement:** Coocazoo and Step by Step should analyse what is needed to increase wages and develop a strategy to finance the costs of wage increases.

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:** Coocazoo and Step by Step have not yet set a target wage.

## Purchasing Practices

**Possible Points: 52**

**Earned Points: 23**

## Additional comments on Purchasing Practices :

## 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.	86%	
% of production volume where an audit took place.	86%	
% of production volume where monitoring requirements for low-risk countries are fulfilled.	0%	To be counted towards the monitoring threshold, FWF low-risk policy should be implemented. See indicator 2.9. (N/A = no production in low risk countries.)
Member meets monitoring requirements for tail-end production locations.	N/A	
Total monitoring threshold:	86%	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:** Coocazoo and Step by Step have two designated people in charge of product sustainability and CSR, they are also responsible for following up on problems identified by monitoring systems.

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:** Coocazoo and Step by Step have access to initial audits conducted through their parent company. The brands use the Hama audits a secondary assessment of the conditions of the factory, however, the members make use of the Fair Wear audits as the primary 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.	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:** Coocazoo and Step by Step ensure that audit reports and CAPs are shared with and discussed with factory management, in a timely manner. The Corrective Actions Plans are discussed via personal visits, email and calls. Timelines are discussed and jointly agreed upon. The brands do not yet assure that the audit reports and CAPs are shared with the worker representatives.

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

Performance indicators	Result	Relevance of Indicator	Documentation	Score	Max	Min
2.4 Degree of progress towards resolution of existing Corrective Action Plans and remediation of identified problems.	Basic	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.	4	8	-2

**Comment:** Coocazoo and Step by Step audited their main supplier in November 2019 together with another Fair Wear member. Despite the audit taking place late in the year Coocazoo and Step by Step made striding efforts to address the identified problems as stated in the Corrective Action Plan. During the performance check, Coocazoo and Step by Step were able to show an updated CAP, including the evidence and tracking of improvements made, the outstanding issues still to be addressed and comments by suppliers and the brand's staff. The suppliers had made many improvements to the different health and safety issues identified, however, more attention is still needed for the more complex issues such as the working hours and wages of workers. The follow up of the issues identified in the CAP is conducted by CSR team with the support of the local QC teams for checking on evidence and remediation.

**Recommendation:** Fair Wear encourages the brands to start addressing the more complex problems identified in the CAP. Coocazoo and Step by Step should strengthen their monitoring systems to analyse how they might have contributed to findings and what changes they can make in their purchasing practices.

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.	80%	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 the past financial year, Coocazoo and Step by Step visited production locations responsible for 80% of the production volume.

Performance indicators	Result	Relevance of Indicator	Documentation	Score	Max	Min
2.6 Existing audit reports from other sources are collected.	Yes	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.	1	3	0

**Comment:** Coocazoo and Step by Step collected two existing audit reports from other sources in 2019.

**Recommendation:** Fair Wear recommends Coocazoo and Step by Step to assess the quality of the external audit report and immediately discuss with the supplier what information is missing and how to collect that information.

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	Intermediate			3	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:** In 2019, which was also Coocazoo and Step by Step's first year of Fair Wear membership, the brands placed production in China and Myanmar at factories owned by the same supplier company.

The production that took place in Myanmar only lasted for part of the financial year before Coocazoo and Step by Step's membership. Production was shifted to the Chinese factory after discussion with the main supplier. This was in order to alleviate production pressure resulting from the US-China trade tensions. The location has been audited by another Fair Wear member, therefore, Coocazoo and Step by Step had discussions with the member as well as the factory management about production risks as well as the overall working conditions at the factory. Coocazoo and Step by Step have not followed up on the enhanced monitoring requirements for Myanmar because the brands no longer had production at the factory at the start of their membership. Because shifting in production was a decision of the supplier, the brands followed a responsible exit strategy lead by the suppliers to phase out final production.

Coocazoo and Step by Step are well aware that excessive overtime is a major consistent risk factor for production in China. This has been made an important topic to address within the planning process together with their parent company's local office in China. Coocazoo and Step by Step gather its information from the local teams in China as well as the audit findings.

**Recommendation:** Knowing the country-specific risks facilitates the starting point for discussing this with suppliers. Coocazoo and Step by Step can make use of the Fair Wear country studies to get more information. Member companies can agree on additional commitments that are required to mitigate risks. Coocazoo and Step by Step 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.	Active cooperation	Cooperation between customers increases leverage and chances of successful outcomes. Cooperation also reduces the chances of a factory having to conduct multiple Corrective Action Plans about the same issue with multiple customers.	Shared CAPs, evidence of cooperation with other customers.	2	2	-1

**Comment:** Coocazoo and Step by Step actively cooperate with other FWF member companies whenever possible.

Performance indicators	Result	Relevance of Indicator	Documentation	Score	Max	Min
2.9 Percentage of production volume where monitoring requirements for low-risk countries are fulfilled.	No production in low-risk countries	Low-risk countries are determined by the presence and proper functioning of institutions which can guarantee compliance with national and international standards and laws. 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.	N/A	2	0

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

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

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## Monitoring and Remediation

**Possible Points: 28**

**Earned Points: 18**

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### 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:** Coocazoo and Step by Step have two designated personnel who are part of the product and sustainability team in charge of addressing any worker complaints that arise in their supply chain.

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:** Coocazoo and Step by Step showed pictures of posted Worker Information Sheets at different production locations.

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.	87%	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:** WEP Basic training was conducted at 2 main suppliers and counts for 87% of the total production volume. The training was conducted at suppliers located in China and Myanmar.

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:** Coocazoo and Step by Step have a small team where information on Fair Wear membership is easily shared. During the monthly department meetings both the product and product manufacturing process is discussed, this includes conditions at the factories and CSR compliances.

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:** Coocazoo and Step by Step informed their staff at the beginning of Fair Wear membership through email and presentations at the head office. The QC team based in China have also joined audits and stay updated with information relating to FWF requirements through the CSR team.

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:** Coocazoo and Step by Step do not work with 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:** In 2019, Coocazoo and Step by Step did not enlist any factories into the participation of additional training programmes that support transformative processes related to human rights.

**Recommendation:** Fair Wear recommends Coocazoo and Step by Step 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, Coocazoo and Step by Step 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: 9**

**Earned Points: 3**

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## 5. Information Management

Performance indicators	Result	Relevance of Indicator	Documentation	Score	Max	Min
5.1 Level of effort to identify all production locations.	Insufficient	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.	-2	6	-2

**Comment:** Coocazoo and Step by Step have a process in place through the on-sight QC team that is employed by the brands, to do random visits whilst production should be taking place to verify existing production lines, capacity and machinery. In 2019, Coocazoo and Step by Step were aware of all main suppliers and had entered them in the database. The brands have a subcontracting clause in the code of conduct agreement with suppliers that restrict unauthorized subcontracting. Nonetheless, Coocazoo and Step by Step has not completed mapping all supplier and not all subcontractors have been entered in the database.

**Requirement:** After the end of each financial year, Coocazoo and Step by Step must confirm their list of production locations and provide relevant financial data. A complete list means ALL production locations are included of all production processes the member uses in the stages after fabric production.

**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. Business relationships with agents include transparency of production locations.
3. 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:** Coocazoo and Step by Step have a monthly meeting across all departments to discuss product's production progress, in these meetings information on certifications, compliance information, as well as working conditions at the production locations, is shared with the team. This information is also shared with the sales manager and production teams who also visit factories regularly.

**Recommendation:** It is advised to make relevant staff aware of the available tools Fair Wear offers, such as the Health and Safety guides, monitoring CAP documents, access to Fair Wear's online information system. Purchasing staff are recommended to share reports from factory visits that include a status update of implementing the CoLP.

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## Information Management

**Possible Points: 7**

**Earned Points: -1**

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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:** Coocazoo and Step by Step both communicate about their Fair Wear membership and adhere to the Fair Wear communication policy. Fair Wear membership is communicated through the company's website and through company presentations.

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:** Coocazoo and Step by Step adhere to Fair Wear's transparency policy and have opted to share suppliers within Fair Wear's database. Additionally, Coocazoo and Step by Step shall publish the brand performance check report after receiving it as it is their first year of membership.

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:** The social report was completed and submitted to Fair Wear and has been published on both Coocazoo and Step by Step's website.

## Transparency

**Possible Points: 6**

**Earned Points: 6**



## 7. Evaluation

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

**Comment:** In 2019 Coocazoo and Step by Step discussed Fair Wear membership with top management as part of their first year of membership. A systematic evaluation of Fair Wear membership has been established as part of the evaluation of progress in performance assessed after the brand performance check.

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.	No requirements were included in previous Check	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.	N/A	4	-2

**Comment:** Coocazoo and Step by Step began Fair Wear membership in 2019, therefore this is the first Brand Performance Check.

## Evaluation

**Possible Points: 2**

**Earned Points: 2**

## Recommendations to Fair Wear

Cocazoo and Step by Step are happy with their first year of Fair Wear membership and are looking forward to receiving more support to address issues that may occur within their supply chain.

## Scoring Overview

Category	Earned	Possible
Purchasing Practices	23	52
Monitoring and Remediation	18	28
Complaints Handling	9	9
Training and Capacity Building	3	9
Information Management	-1	7
Transparency	6	6
Evaluation	2	2
Totals:	60	113

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

53

### Performance Benchmarking Category

Good

## Brand Performance Check details

Date of Brand Performance Check:

29-07-2020

Conducted by:

Sandra Gonza

Interviews with:

Jerome Herdramm-Schroeder, Brand Manager

Christina Kraus, Product Manager (Cocazoo)