



# **Brand Performance Check**

## **Hydrowear B.V.**

This report covers the evaluation period 01-01-2020 to 31-12-2020

## 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.

*This years' report covers the response of our members and the impact on their supply chain due to the Covid-19 pandemic which started in 2020. The outbreak of the Covid-19 pandemic limited the brands' ability to visit and audit factories. To ensure the monitoring of working conditions throughout the pandemic, Fair Wear and its member brands made use of additional monitoring tools, such as complaints reports, surveys, and the consultation of local stakeholders. These sources may not provide as detailed insights as audit reports. To assess outcomes at production location level, we have included all available types of evidence to provide an accurate overview of the brands' management systems and their efforts to improve working conditions. Nevertheless, brands should resume verifying working conditions through audits when the situation allows for.*

# Brand Performance Check Overview

## Hydrowear B.V.

Evaluation Period: 01-01-2020 to 31-12-2020

Member company information	
Headquarters:	Emmen , Netherlands
Member since:	2009-06-30
Product types:	Workwear
Production in countries where Fair Wear is active:	China, India
Production in other countries:	Croatia
Basic requirements	
Workplan and projected production location data for upcoming year have been submitted?	Yes
Actual production location data for evaluation period was submitted?	Yes
Membership fee has been paid?	Yes
Scoring overview	
% of own production under monitoring	52%
Benchmarking score	53
Category	Good

## Summary:

Hydrowear B.V. (hereafter Hydrowear) has shown progress and met most of Fair Wears' performance requirements in 2020. Besides monitoring 52% of its total production volume. Hydrowear achieved a benchmarking score of 53 for its performance in implementing the Fair Wear Code of Labour Practices. Therefore, Fair Wear awarded Hydrowear in the 'good' category in this brand performance check.

## Corona Addendum:

Hydrowear is a workwear company. It had an increase in demand for its products in 2020. The headquarter of Hydrowear is located in a small city, which was only slightly affected by the COVID-19 pandemic. All staff were able to maintain full-time work remotely.

Unlike many other brands, Hydrowear's sales went up in 2020. Moreover, Hydrowear had built a bigger warehouse for stock, therefore orders at the suppliers have increased. The main problems faced by Hydrowear and the suppliers were on-time delivery.

Hydrowear's strategy to the COVID-19 risks focuses on sourcing practices. Hydrowear provided flexible lead time, to enable suppliers to deal with lockdowns and other challenges. In addition, Hydrowear supported the suppliers with gradually increased orders even if prices were higher, which should help the suppliers in paying wages.

Since regular monitoring activities were not possible during COVID-19, Hydrowear had taken measures to address the risks. Hydrowear regularly communicated with the suppliers on their capacity. If issues were flagged, Hydrowear reacted swiftly to help. Hydrowear did not cancel or move orders unless it was requested by the supplier. All orders were paid on time. Hydrowear audited a factory in China. The report showed that worker wages were paid for the lockdown period. At the supplier in India, a worker consulted the Fair Wear helpline about the payment of downtime. Hydrowear immediately contacted the supplier and requested it to ensure the payment to the workers.

Due to the relocation of the warehouse, Hydrowear was not able to allocate enough time for remediation of the audit findings at one supplier. Fair Wear advises Hydrowear to establish a follow-up system for audit findings to improve working conditions.

## Performance Category Overview

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

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

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

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

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

# 1. Purchasing Practices

Performance indicators	Result	Relevance of Indicator	Documentation	Score	Max	Min
1.1a Percentage of production volume from production locations where member company buys at least 10% of production capacity.	87%	Member companies with less than 10% of a production location's production capacity generally have limited influence on production location managers to make changes.	Supplier information provided by member company.	4	4	0

**Comment:** 87% of the production volume is from production locations where member company 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.	3%	Fair Wear provides incentives to clothing brands to consolidate their supplier base, especially at the tail end, as much as possible, and rewards those members who have a small tail end. Shortening the tail end reduces social compliance risks and enhances the impact of efficient use of capital and remediation efforts.	Production location information as provided to Fair Wear.	3	4	0

**Comment:** 3% of the production volume is from production locations where member company buys less than 2% of its total FOB.

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.	51%	Stable business relationships support most aspects of the Code of Labour Practices, and give production locations a reason to invest in improving working conditions.	Supplier information provided by member company.	3	4	0

**Comment:** 51% of the production volume is from production locations where a business relationship has existed for at least five years.



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

Performance indicators	Result	Relevance of Indicator	Documentation	Score	Max	Min
1.3 All (new) production locations are required to sign and return the questionnaire with the Code of Labour Practices before first bulk orders are placed.	2nd years + member and no new production locations selected	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.	N/A	2	0

**Comment:** There was no new supplier in 2020. Hydrowear works with a stable group of suppliers.

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

**Comment:** Hydrowear works with a small number of suppliers. There is a system to evaluate and approve new suppliers. Before establishing a business relationship, Hydrowear first considers labour rights risks in the factory's area. The CEO of Hydrowear always visits the factory and discusses Hydrowear's Fair Wear membership with the management. In addition, Hydrowear requires a previous audit report to have an insight into the working conditions. In 2020, one of the Chinese suppliers offered low prices and recommended their factory in Myanmar to Hydrowear. The CEO consulted the CSR manager, who advised him not to source from Myanmar due to the high risk of rights violations. Therefore, Hydrowear did not start producing in Myanmar.

Hydrowear was aware that (not) paying wages for downtime and health and safety were among the high-risk factors during COVID-19. Hydrowear increased orders and unit prices at most of its suppliers. This helps suppliers to pay wages and cover costs for prevention measures. In addition, Hydrowear supported the suppliers with flexible lead times when requested. Hydrowear also maintains frequent contacts with suppliers about their production capacity and workers availability. When issues such as lockdowns or infections are flagged, Hydrowear reacted immediately to support the suppliers. Hydrowear did not conduct systematic risk assessments at its suppliers.

**Requirement:** Members are required to conduct a risk assessment of the impact of COVID-19 on its suppliers, identifying the most urgent issues per supplier.

**Recommendation:** The COVID-19 risk assessment should include country-specific information regarding the lockdown and supplier-specific information regarding its financial impact. It should link the changes in the member’s purchasing practices to its impact on suppliers. This risk assessment should serve as the basis for dialogue between the member and supplier.

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

**Comment:** Hydrowear has 13 suppliers. Each supplier is specialised in one kind of product. According to Hydrowear, it is very hard to compare different suppliers, and it is not realistic to reward suppliers based on their social compliance performance. Hydrowear wants to keep a stable relationship with the current suppliers and grow together. Hydrowear has not established an official evaluation system to assess the suppliers.

During COVID-19, Hydrowear maintained frequent contact with the suppliers and updated the capacity of the suppliers. In case the factories reported COVID related situations, such as lockdown, infection cases and factory closures, the orders could be delayed.

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

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:** Hydrowear forecasts production planning annually and shares updates regularly with suppliers. The forecasting has become more accurate since a new technical system came in place in 2020. During production, there is an excel-sheet based system to track the process and visualise the bottlenecks. Hydrowear and the suppliers can depend on the system to stay informed on the progress of product development, fabric availability, confirmation of orders, factory capacity and production process.

In addition, Hydrowear has gradually invested in fabric stock in the majority of the suppliers, including the main supplier in India. Hydrowear has built an extra warehouse in its headquarter to store more items for stock. Hydrowear stated that both actions would provide more flexibility and decrease production pressure at most suppliers.

More than 95% of Hydrowear's productions are made for the stock for the coming year. The suppliers reserved capacity specifically for Hydrowear. No significant changes were made during the pandemic.

A small number of Hydrowear's products are made upon specific requests of customers. In several cases, the products were late due to the lockdown, low capacity or fabric delay. Hydrowear provided flexibility to the suppliers. At the same time, Hydrowear educated its customers to understand the impact of COVID on the supply chain and requested support from the customers.

**Recommendation:** Fair Wear recommends Hydrowear to discuss with the factories how to deal with the planning of production during the peak season to prevent excessive overtime.

Performance indicators	Result	Relevance of Indicator	Documentation	Score	Max	Min
1.7 Degree to which member company mitigates root causes of excessive overtime.	Intermediate efforts	Some production delays are outside of the control of member companies; however there are a number of steps that can be taken to address production delays without resorting to excessive overtime.	Evidence of how member responds to excessive overtime and strategies that help reduce the risk of excessive overtime, such as: root cause analysis, reports, correspondence with factories, etc.	3	6	0

**Comment:** Excessive overtime had been found in an audit at a Chinese supplier in 2020. The supplier would like to have a longer lead time when the fabric is late. Since Hydrowear has only 1% leverage at this factory, it did not follow up on the audit.

Hydrowear chose to follow up on intransparent overtime records at a unionised factory located in India. Hydrowear felt that it could make a difference since it had a long-term relationship and high leverage there. The factory sent documents to show that they have made improvements. Hydrowear is yet to verify the response.

**Recommendation:** Besides discussing it with the supplier and assessing root causes, Fair Wear strongly recommends Hydrowear to actively take measures when excessive overtime is found. Taking measures to ensure that Hydrowear knows 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.

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

**Comment:** Hydrowear uses open-costing to determine prices with two production locations owned by one business group in India, which accounts for over 40% of the FoB. Both factories were unionised, and the workers had collective bargaining agreements with the management. According to Hydrowear, the agreed wages were input for the negotiation between Hydrowear and the suppliers. Labour minute costs are used to determine product prices.

Hydrowear had made increases in its product prices during 2020 to meet the requests of the suppliers. Prices were increased from 5-10% at all suppliers. Hydrowear did not negotiate prices with the suppliers. It also would not leave a supplier due to costs. Therefore, Hydrowear believed that the suppliers were able to reasonably add the COVID costs into the product prices. The increases in prices supported suppliers to implement COVID prevention measures and pay worker wages for downtime.

**Recommendation:** Fair Wear recommends Hydrowear to expand its knowledge of cost breakdowns of all product groups. The next step would be to calculate the labour minute costs of its products to be able to calculate the exact costs of labour and link this to their own buying prices. Fair Wear's labour minute value and product costing calculator also enables suppliers to include any COVID-19 related costs. The priority would be to make sure this level of transparency can be achieved with their suppliers.

Performance indicators	Result	Relevance of Indicator	Documentation	Score	Max	Min
1.9 Member company actively responds if production locations fail to pay legal minimum wages and/or fail to provide wage data to verify minimum wage is paid.	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:** Hydrowear did not cancel orders or negotiated for lower prices. On the contrary, Hydrowear had increased orders and unit prices at most factories due to an increase in sales. Although the action does not guarantee that the workers are paid at least minimum wages, it supports the suppliers in COVID time when orders of other customers had reduced.

At its main suppliers in India, Hydrowear kept in touch with the factory management to make sure that workers were paid according to legal requirements. In 2020, a worker who was hired by the supplier through a labour dispatch agency consulted the Fair Wear helpline to find out if she could also get paid for downtime. Hydrowear reacted immediately to the case and requested the factory to repay the dispatched workers. More details are explained in chapter 3.

At other suppliers, Hydrowear maintained contact with the suppliers to be aware of production capacity. In China, most suppliers were affected shortly after the Chinese new year. In the regular discussion, the suppliers did not report any wage payment issues to Hydrowear. Fair Wear conducted a verification audit at a supplier of Hydrowear in China. It was found that the workers were paid during downtime.

**Recommendation:** Fair Wear strongly recommends Hydrowear to always verify whether legal minimum wage issues have actually been resolved in case factory management claims so. Hydrowear could hire a local consultant or plan a monitoring visit of one of Fair Wear's auditors to check whether the issue has actually been resolved.

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

**Comment:** No late payment issues were reported in 2020. For main suppliers, Hydrowear usually does not make down payments. The invoices are fully paid once the goods were shipped. For tail-end suppliers, Hydrowear paid around 30% upfront, and the rest was paid once the goods are shipped. No payment terms were changed during COVID-19.

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:** Hydrowear has a continuous discussion on living wages with the two unionised factories located in India. Worker wages were negotiated between the union and the management of the factory. Hydrowear gradually increases prices at these two factories to meet the increase of labour costs. The COVID-19 increased the cost of the factory since the management needs to invest in various prevention measures. The factory had requested Hydrowear, and Hydrowear increased the prices accordingly.

Hydrowear has about 20% leverage at both factories. Therefore, Hydrowear cannot increase worker wages significantly without the participation of other customers at the factory.

Hydrowear has also discussed living wages with other suppliers. None of the other suppliers agreed to work on open-costing and identify the root cause of payment below living wages.

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

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

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

**Comment:** At the two factories in India, Hydrowear could show that the price increase for labour cost was around 9% in 2020. The increase was based on the agreed wages among workers and management of the factory.

**Recommendation:** To support companies in analysing the wage gap, Fair Wear has developed a calculation model that estimates the effect on FOB and retail prices under different pricing models. Hydrowear is encouraged to use this tool to communicate with other suppliers in paying living wages.

Performance indicators	Result	Relevance of Indicator	Documentation	Score	Max	Min
1.14 Percentage of production volume where the member company pays its share of the target wage.	43%	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.	4	6	0

**Comment:** Hydrowear reported that it has increased product prices, and the factory could show the increases in wage records. Hydrowear has not yet verified the wage payments.

**Recommendation:** Hydrowear is encouraged to establish direct contact with the factory union. Verification of wages and hours is more efficient if information can be obtained directly from workers.

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## Purchasing Practices

**Possible Points: 50**

**Earned Points: 29**



## 2. Monitoring and Remediation

Basic measurements	Result	Comments
% of production volume where an audit took place.	46%	
% of production volume where monitoring requirements for low-risk countries are fulfilled.	6%	To be counted towards the monitoring threshold, FWF low-risk policy should be implemented. See indicator 2.9. (N/A = no production in low risk countries.)
Member meets monitoring requirements for tail-end production locations.	N/A	
Total monitoring threshold:	52%	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:** A specific staff person is designated to follow up on problems identified by the monitoring system.

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

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

Performance indicators	Result	Relevance of Indicator	Documentation	Score	Max	Min
2.3 Audit Report and Corrective Action Plan (CAP) findings are shared with factory and worker representation where applicable. Improvement timelines are established in a timely manner.	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:** Hydrowear has conducted one Fair Wear audit in 2020. The audit report has been shared with the factory management. The report was not shared with the worker representative.

**Recommendation:** Before an audit takes place, Hydrowear 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.	Insufficient	Fair Wear considers efforts to resolve CAPs to be one of the most important things that member companies can do towards improving working conditions.	CAP-related documentation including status of findings, documentation of remediation and follow up actions taken by member. Reports of quality assessments. Evidence of understanding relevant issues.	-2	8	-2

**Comment:** Hydrowear has followed up one audit at its main factory in India via email communication. The factory management shared evidence of the remediation via photos and documents. According to the management, improvements were made. For example, more transparency on wage calculation, paying bonuses according to the law, providing regular breaks, making collective bargaining documents more formal and improvements on health and safety.

Hydrowear has not followed up on the audit in 2020 at a factory in China.

In 2020, Hydrowear has taken other measures to monitor the factories when it could not conduct many audits at their suppliers. At their main suppliers in India, Hydrowear maintains a regular conversation about the situations. The factory showed that they had taken measures to prevent COVID and to pay wages. Most of Hydrowear's suppliers were located in China. Hydrowear regularly updated the capacities of the factories. The information served as an observation to identify issues relevant to lockdowns or COVID outbreaks. Hydrowear had not found COVID related issues at the Chinese suppliers.

**Requirement:** Resolving and remediating non-compliances is one of the most important criteria member companies can do towards improving working conditions. Fair Wear expects Hydrowear to examine and support remediation of any problem that they encounter. Coordinated efforts between different departments are required to ensure sustained responses to CAPs.

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.	not applicable	Due to the Covid-19 pandemic, brands could often not visit their suppliers from March - December 2020. For consistency purposes, we therefore decided to score all our member brands N/A on visiting suppliers over the year 2020.	Member companies should document all production location visits with at least the date and name of the visitor.	N/A	4	0

**Comment:** As travel was restricted due to the COVID-19 pandemic, this indicator is not applicable in 2020 for all Fair Wear members.

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:** Hydrowear has collected audit reports from the suppliers. Not all audit reports met Fair Wear basic requirements. Hydrowear also did not follow up on the external audit reports.

**Recommendation:** Fair Wear recommends Hydrowear 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	Policies are not relevant to the company's supply chain			N/A	6	-2
Compliance with FWF guidance on abrasive blasting	Policies are not relevant to the company's supply chain			N/A	6	-2
Compliance with FWF guidance on risks related to Turkish garment factories employing Syrian refugees	Policies are not relevant to the company's supply chain			N/A	6	-2
Other risks specific to the member's supply chain are addressed by its monitoring system	Intermediate			3	6	-2

**Comment:** Hydrowear takes a basic approach to learn about general labour rights risks in the countries where it is active. Hydrowear informs itself via Fair Wear's country study and reads audit reports. Hydrowear increased prices at most of its suppliers. This could support the suppliers in establishing COVID prevention measures and reduce the risks of wage violations.

During COVID-19, Hydrowear maintained records of all staff at most suppliers to keep updated on the availability and capacity of the factories. Whenever requested, Hydrowear agreed to delay delivery, so that the factories have more space to take care of the workers in the pandemic.

Hydrowear has 13 suppliers located in China, India and Croatia. Hydrowear is of the opinion that the Chinese government has strict rules and regulations in place, but payment for downtime and excessive overtime could be major risks. One Chinese factory was audited. It was found that the factory paid for downtime, and followed the national guidelines to prevent the coronavirus. The factory's working hours were higher than legal requirements. Hydrowear agreed that freedom of association and forced labour are both risks in China. Before the pandemic, Hydrowear visited the suppliers annually. The CEO discussed with the suppliers about all Fair Wear policies, including prohibiting forced labour and supporting social dialogue.

Hydrowear has frequent contact with its main suppliers in India. Hydrowear has worked with Fair Wear to provide violence and harassment prevention training to the factory. Hydrowear decided to take a reactive approach towards the suppliers in India, as there is an active union. During the pandemic, the workers consulted the Fair Wear helpline about payments to workers hired through a labour dispatch agency. Hydrowear reached out to the factory management immediately to support the workers.

Hydrowear did not conduct a risk assessment on the supplier in Croatia, due to the low production volume and that Croatia is considered as a low-risk country.

**Recommendation:** Knowing the country-specific risks facilitates the starting point for discussing this with suppliers. Member companies can agree on additional commitments that are required to mitigate risks. Hydrowear can provide additional measures for support and integrate that in the monitoring system.

Hydrowear is encouraged to put extra effort and take specific steps to prevent and mitigate the risk of forced labour at its supply chain.

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

**Comment:** No shared production locations at audited suppliers.

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:** Hydrowear visits the factory in Croatia every year, except in 2020. The Code of Labour Practices was posted at the factory. According to Hydrowear, it has communicated Fair Wear requirements to the factory. No recent audit report was available at the factory.

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

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

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

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

## Monitoring and Remediation

**Possible Points: 24**

**Earned Points: 8**

### 3. Complaints Handling

Basic measurements	Result	Comments
Number of worker complaints received since last check.	1	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.	1	
Number of worker complaints resolved since last check.	1	

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:** There is a specific employee designated to address worker complaints.

Performance indicators	Result	Relevance of Indicator	Documentation	Score	Max	Min
3.2 Member company has informed factory management and workers about the FWF CoLP and complaints hotline.	Yes	Informing both management and workers about the Fair Wear Code of Labour Practices and complaints hotline is a first step in alerting workers to their rights. The Worker Information Sheet is a tool to do this and should be visibly posted at all production locations.	Photos by company staff, audit reports, checklists from production location visits, etc.	2	2	-2

**Comment:** One Fair Wear audit showed that the factory has not received the Code of Labour Practices from Hydrowear. Hydrowear has remediated the issue.

**Recommendation:** It is suggested to ask production locations to submit a photo of the posted Worker Information Sheet and to ask staff visiting a supplier to check if the documents are still posted as indicated on the obtained photo.



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.	39%	After informing workers and management of the Fair Wear CoLP and the complaints hotline, additional awareness raising and training is needed to ensure sustainable improvements and structural worker-management dialogue.	Training reports, Fair Wear's data on factories enrolled in the WEP basic module. For alternative training activities: curriculum, training content, participation and outcomes.	4	6	0

**Comment:** One WEP session was organised at a supplier in India in 2018. Hydrowear did not use the Fair Wear WEP video to promote worker rights at the suppliers in India. Hydrowear stated that they did not know about the videos.

**Recommendation:** Fair Wear recommends Hydrowear to actively raise awareness about the Fair Wear Code of Labour Practices and Fair Wear complaint helpline among a larger portion of its suppliers. Hydrowear should ensure good quality systematic training of workers and management on these topics. To this end, Hydrowear can either use Fair Wear's WEP Basic module or implement training related to the Fair Wear CoLP and complaint helpline through third-party training providers or brand staff. Non-Fair Wear training must follow the standards outlined in Fair Wear's guidance and checklist available on the Member Hub.

Performance indicators	Result	Relevance of Indicator	Documentation	Score	Max	Min
3.4 All complaints received from production location workers are addressed in accordance with the FWF Complaints Procedure.	Yes	Providing access to remedy when problems arise is a key element of responsible supply chain management. Member company involvement is often essential to resolving issues.	Documentation that member company has completed all required steps in the complaints handling process.	3	6	-2

**Comment:** Hydrowear has reacted timely when receiving a worker complaint. In 2019, one complaint regarding the risk of harassment and the function of the union was raised. Hydrowear discussed with the factory and resolved the issue regarding harassment, while more investigation was needed on union-related issues.

In 2020, the Fair Wear helpline received a complaint again related to harassment and women's safety. Hydrowear reacted to the complaint immediately. The management had taken actions to make improvements. At the Indian supplier, a worker consulted the complaints helpline operator about the payment in downtime. The worker was hired through a labour dispatch agency. Hydrowear raised the issue with the factory management. The factory management agreed on the request, but remediation is yet to be verified.

**Recommendation:** It is recommended to uncover the root causes of complaints and prevent them from recurring. The complaint of women's safety has been raised twice at the same factory. Fair Wear recommended Hydrowear to take preventive measures as soon as possible to support the workers. Worker representation should be involved in agreeing to the Corrective Action Plan.

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

**Comment:** There was no other Fair Wear member sourcing at the factory where a complaint was received.

## Complaints Handling

**Possible Points: 15**

**Earned Points: 10**

## 4. Training and Capacity Building

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

**Comment:** All staff at the member company are made aware of FWF membership.

Performance indicators	Result	Relevance of Indicator	Documentation	Score	Max	Min
4.2 All staff in direct contact with suppliers are informed of FWF requirements.	Yes	Sourcing, purchasing and CSR staff at a minimum should possess the knowledge necessary to implement Fair Wear requirements and advocate for change within their organisations.	Fair Wear Seminars or equivalent trainings provided; presentations, curricula, etc.	2	2	-1

**Comment:** All staff in direct contact with suppliers are informed of FWF requirements.

Performance indicators	Result	Relevance of Indicator	Documentation	Score	Max	Min
4.3 All sourcing contractors/agents are informed about FWF's Code of Labour Practices.	Member does not use agents/contractors	Agents have the potential to either support or disrupt CoLP implementation. It is the responsibility of member company to ensure agents actively support the implementation of the CoLP.	Correspondence with agents, trainings for agents, Fair Wear audit findings.	N/A	2	0

**Comment:** Member does not use agents/contractors.

Performance indicators	Result	Relevance of Indicator	Documentation	Score	Max	Min
4.4 Factory participation in training programmes that support transformative processes related to human rights.	0%	Complex human rights issues such as freedom of association or gender-based violence require more in-depth trainings that support factory-level transformative processes. Fair Wear has developed several modules, however, other (member-led) programmes may also count.	Training reports, Fair Wear's data on factories enrolled in training programmes. For alternative training activities: curriculum, training content, participation and outcomes.	0	6	0

**Comment:** No transformative training was conducted in the last three years.

**Recommendation:** Fair Wear recommends Hydrowear to implement training programmes that support factory-level transformation such as establishing functional internal grievance mechanisms, improving worker-management dialogue and communication skills or addressing gender-based violence. Training assessed under this indicator should go beyond raising awareness and focus on behavioural and structural change to improve working conditions. To this end, Hydrowear can make use of Fair Wear's WEP Communication or Violence and Harassment Prevention modules or implement advanced training through external training providers or brand staff. Non-Fair Wear training must follow the standards outlined in Fair Wear's guidance and checklist available on the Member Hub.

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

**Comment:** No training programmes have been conducted.

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## **Training and Capacity Building**

**Possible Points: 9**

**Earned Points: 3**

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## 5. Information Management

Performance indicators	Result	Relevance of Indicator	Documentation	Score	Max	Min
5.1 Level of effort to identify all production locations.	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:** Hydrowear does not allow suppliers to subcontract its products. Hydrowear always visits the factories before placing orders. The CEO of Hydrowear visited each supplier every year, except in 2020. To prevent subcontracting, Hydrowear also checked if the factory has all machinery needed in-house. The suppliers also visited Hydrowear to discuss business annually. The Fair Wear audit in 2020 did not find subcontractors of the supplier.

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

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## **Information Management**

**Possible Points: 7**

**Earned Points: 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:** Hydrowear meets Fair Wear's communication requirements.

Performance indicators	Result	Relevance of Indicator	Documentation	Score	Max	Min
6.2 Member company engages in advanced reporting activities.	No	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.	0	2	0

**Comment:** Hydrowear has disclosed 0% of production locations to other members in Fair Force and on the Fair Wear website. This non-disclosure of member brand will be mentioned on the brand page on the Fair Wear website and separately in a list of member brands that are unwilling to disclose production locations on the Fair Wear website.

**Requirement:** Fair Wear requires member brands to disclose production locations to other member brands in Fair Force and on the Fair Wear 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:** The social report was completed and published on the website.

## Transparency

**Possible Points: 6**

**Earned Points: 4**

## 7. Evaluation

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

**Comment:** The CEO of Hydrowear evaluates the performance annually with the CSR manager.

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.	33%	In each Brand Performance Check report, Fair Wear may include requirements for changes to management practices. Progress on achieving these requirements is an important part of Fair Wear membership and its process approach.	Member company should show documentation related to the specific requirements made in the previous Brand Performance Check.	2	4	-2

**Comment:** The requirements in the 2020 brand performance check were on indicators 1.4, 1.5 and 1.14.

Hydrowear has made improvements on indicator 1.4. Risk is considered an important factor before choosing a new supplier.

Hydrowear has not made improvements on indicator 1.5. It still does not have a system to evaluate the suppliers. On indicator 1.14, it has not yet verified that the increase in price contributed to worker wages.

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

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## Evaluation

**Possible Points: 6**

**Earned Points: 4**

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## Recommendations to Fair Wear

NA

## Scoring Overview

Category	Earned	Possible
Purchasing Practices	29	50
Monitoring and Remediation	8	24
Complaints Handling	10	15
Training and Capacity Building	3	9
Information Management	4	7
Transparency	4	6
Evaluation	4	6
Totals:	62	117

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

53

### Performance Benchmarking Category

Good

## Brand Performance Check details

Date of Brand Performance Check:

15-06-2021

Conducted by:

Juliette Li

Interviews with:

Laurens Voors, CSR manager

Gerard Cramer, CEO