



Brand Performance Check

Hess Natur-Textilien GmbH & Co. KG

This report covers the evaluation period 01-08-2020 to 31-07-2021

About the Brand Performance Check

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

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

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

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

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

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

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

Hess Natur-Textilien GmbH &Co. KG

Evaluation Period: 01-08-2020 to 31-07-2021

Member company information	
Headquarters:	Butzbach , Germany
Member since:	2005-02-01
Product types:	Garments, clothing, fashion apparel
Production in countries where Fair Wear is active:	Bulgaria, China, North Macedonia, Romania, Thailand, Tunisia, Turkey, Viet Nam
Production in other countries:	Austria, Bosnia and Herzegovina, Croatia, Czechia, Egypt, Germany, Greece, Hungary, Italy, Lithuania, Mongolia, Nepal, Peru, Poland, Portugal, Slovakia, Spain, Ukraine
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	96%
Benchmarking score	90
Category	Leader

Summary:

Hessnatur has shown advanced results on performance indicators and has made exceptional progress. Hessnatur has monitored 96% of its supply chain by using Fair Wear and other third party audits and by monitoring low-risk production locations. Although this does not determine the category this year, the benchmarking score of 90 means that Hessnatur maintains its place in Fair Wear's 'Leader' category.

Corona Addendum:

Hessnatur employs a dedicated CR team and has established a thorough system involving all relevant departments to assess risks as well as monitor and remediate labour conditions along its broad supply chain. This system has proven its strength also in a time of crisis. The COVID-19 pandemic did not negatively affect Hessnatur's business; in fact, the company grew significantly in the past financial year. Hessnatur's broad supply chain was well able to absorb the challenges of COVID-19, as production is spread over many factories in many countries.

Hessnatur did not cancel or decrease any orders. In fact, when suppliers indicated they were experiencing issues because of other customers withdrawing orders, Hessnatur placed extra orders where possible. Hessnatur made use of an extensive country risk overview to keep track of the situation in each production country. In this overview, for each country it was regularly updated whether there were lockdowns, what government support was available, what the infection rate was, etc. Hessnatur connected the risks identified through this overview with information it received through its constant contact with the suppliers. A supplier questionnaire was used to get insight in the situation at first, and regular contact was maintained throughout the financial year. Where possible, Hessnatur made sure factories were audited, but if this was not possible, the brand made use of alternative forms of monitoring such as video tours. It is noteworthy that Hessnatur was proactive in ensuring legal minimum wages were paid at all its suppliers, also if payment below legal minimum wage was allowed, as per Fair Wear's guidance. Hessnatur financially contributed to this at several of its suppliers, using money from the Hessnatur Solidarity Fund. All Hessnatur's suppliers could apply for support from this fund if they were in need.

Overall, Hessnatur's positive commercial situation and its solid monitoring and risk-management system supported the company in responding adequately and proactively to the impact of the pandemic on working conditions at its 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.	61%	Member companies with less than 10% of a production location's production capacity generally have limited influence on production location managers to make changes.	Supplier information provided by member company.	3	4	0

Comment: During its last financial year, Hessnatur added several production locations because of growth of the company. Hessnatur now buys more than 10% of the production volume of a factory at 61% of its suppliers (compared to 65% the year before). To manage risks Hessnatur does not book more than 30% of a factory's production volume, but due to the fast growing company, combined with decreasing orders of other customers due to COVID-19, leverage at some production facilities increased significantly. Adding new production locations was a way for Hessnatur to manage this risk. When starting to work with a new factory, Hessnatur places small order volumes. It is the company's strategy to gradually increase the orders at these suppliers. This allows Hessnatur to work effectively on improving working conditions.

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.	54%	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.	0	4	0

Comment: Hessnatur produces a variety of products from a variety of fibers for a variety of clients: fashion (clothing, accessories, shoes) for women, men, kids, baby, as well as homeware. To manage risks no product is produced in a single factory, which results in a broad value chain. In addition, Hessnatur prefers selecting sewing facilities close to the source of the natural fibre which also limits consolidation opportunities.

As their current business model and supply chain setup proved an asset in mitigating the impact of COVID-19 on its production, Hessnatur has not further consolidated its tail end during their last financial year. Having similar products, like for example denim, produced in two different factories and countries allowed them to continue production during the Covid-19 crisis and support partners that were impacted more severely. Several production locations were added as Hessnatur grew significantly in the past financial year. When starting with a new factory, the factory is given time to get used to Hessnatur's requirements and therefore orders are small. Hessnatur only started working with new production locations in low-risk countries such as Portugal. The brand did not want to start with new locations in high-risk countries because of COVID-19 travel restrictions.

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.	64%	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: Hessnatur's focus on high quality products that require a certain skill level and eco certification results in a stable supplier base. Suppliers are considered partners and working together on improving labour conditions is a key element of that partnership. Investments are made with a long term partnership in mind. If the relationship with a production location is terminated, the supplier receives advance notice and production is phased out gradually. Due to the COVID-19 crisis, suppliers were not terminated in the past financial year.

Performance indicators	Result	Relevance of Indicator	Documentation	Score	Max	Min
1.3 All (new) production locations are required to sign and return the questionnaire with the Code of Labour Practices before first bulk orders are placed.	Yes	The CoLP is the foundation of all work between production locations and brands, and the first step in developing a commitment to improvements.	Signed CoLPs are on file.	2	2	0

Comment: As part of the onboarding process a new supplier has to sign Hessnatur's Code of Conduct including the Fair Wear Code of Labour Practices before first bulk orders are placed. In addition Hessnatur asks existing suppliers to update their information annually to ensure no new production sites are added without Hessnatur's consent.

During its last financial year, Hessnatur added a limited number of new production locations, mostly factories affiliated with existing suppliers and all in low-risk countries because of the travel restrictions related to COVID-19. Signed questionnaires of new production locations were uploaded in Fair Wear's system.

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

Comment: When selecting new production locations, Corporate Responsibility (CR) and sourcing staff follow a joint strategy. While the sourcing department takes the lead in proposing new suppliers, the CR department has a decisive voice in the selection process. The sourcing department relies on an assessment of the CR department before initiating a collaboration as CR staff has the right and responsibility to stop production in case risks increase to a critical level. A social risk analysis is part of the decision-making process when selecting new suppliers. Fair Wear country studies, risk policies and webinars are used to stay up to date with the situation in a production country. When no Fair Wear reports are available Hessnatur uses other sources, e.g. Human Rights Watch, Amnesty International. To understand the situation of a new supplier a visit or audit always precedes a collaboration. During COVID-19, as a principle only suppliers in low-risk countries were added. Although physical visits were not possible, Hessnatur did virtual factory tours at all these factories. When non-compliance is observed this information is used to formulate a Corrective Action Plan (CAP) that is followed up according to the set timeline.

In the context of COVID-19, Hessnatur used an extensive country risk overview to keep track of the situation in each production country. In this overview, for each country it was regularly updated whether there were lockdowns, what government support was available, what the infection rate was, etc. Hessnatur worked with other Fair Wear members to keep this overview up-to-date. Furthermore, Hessnatur ensured internally the people who were in contact with suppliers for business reasons were updated about any increased risks and also reported back to the CR department if suppliers indicated any issues. Besides this, a supplier questionnaire was sent to all production locations, requesting information regarding the situation at the factory. In case a factory indicated there was closure, Hessnatur requested audit reports afterwards. Hessnatur also made use of digital factory tours at many suppliers, to check for example on CAP follow-up but also on the COVID-19 measures being in place. Hessnatur had very regular contact with all suppliers, the CR department worked closely with the buying department to this end. The main risk identified by Hessnatur in relation to COVID-19 was the non-payment of wages.

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: Hessnatur has a systematic supplier evaluation in place that links social performance to sourcing decisions. Individual suppliers are evaluated twice a year during the main seasons. Various departments such as purchasing, technology, financial accounting and Corporate Responsibility (CR) take part in the evaluation. Together they decide on an equally-weighted basis as to whether collaboration with a supplier should be expanded, kept the same or decreased. Hessnatur is in the process of reviewing the evaluation process, but this will be included in the next brand performance check.

When the COVID-19 crisis started, Hessnatur rolled out a comprehensive supplier assessment with sourcing and CR collaborating closely. At the height of the crisis, all suppliers were contacted at least weekly, key partners daily, to assess what measures they were taking to protect workers, ensure wage payments and manage production (where possible). Hessnatur also checked whether other clients had cancelled orders and what kind of support suppliers needed. Depending on the situation, Hessnatur found solutions in collaboration with their suppliers. For example pre-paying invoices for material, helping with border logistics to ensure trucks could cross or allowing partial shipment of completed orders and paying immediately for this order portion. In particular Hessnatur focused on suppliers that did not receive any or very limited government support. Hessnatur did not cancel orders or relocate production from one supplier to another. When suppliers indicated any serious difficulties due to COVID-19, such as problems with wage payment or factory closures, Hessnatur followed up on this immediately. One supplier was in the process of being phased out since 1,5 years. When the factory management indicated it could not miss Hessnatur's orders yet, because of COVID-19, the brand stayed at this factory to support them with orders.

The company also expanded their use of digital channels which has further increased collaboration and alignment between different departments and allowed suppliers to flag issues at an early stage.

Performance indicators	Result	Relevance of Indicator	Documentation	Score	Max	Min
1.6 The member company's production planning systems support reasonable working hours.	Strong, integrated systems in place.	Member company production planning systems can have a significant impact on the levels of excessive overtime at production locations.	Documentation of robust planning systems.	4	4	0

Comment: Hessnatur has a strong production planning system in place that supports reasonable working hours. This system has been described in detail in previous performance check reports. Key pillars are close collaboration with suppliers incl. material suppliers and giving suppliers flexibility within agreed parameters, early forecasts, aiming at predictable order volumes, looking to share the burden if forecasts diverge considerably and placing never-out-of-stock items to manage production peaks.

Hessnatur's COVID-19 supplier questionnaire included questions regarding production disruptions as well as other disruptions. The brand found many delays occurred in the supply chain before tier 1. In response to this, Hessnatur started informing suppliers even earlier than it was already traditionally doing. It also moved up the material orders. Very early planning helped ensure material as well as capacity for the production locations. The exact approach was tailored to the individual situation of each production location, which differed a lot. For example, when materials were delivered sooner than expected, the product deliveries would be earlier and Hessnatur accepted this. If material was later, late delivery was accepted. The individual situation was discussed with each partner. If needed, split orders were also accepted. In Portugal, where the capacity of factories decreased because kindergartens were closed, Hessnatur asked a supplier to add a production location to be able to spread the production for Hessnatur over two locations. Hessnatur also had discussions with its suppliers that they do not want to return to the 'pre-COVID' situation of overtime, especially at factories where overtime occurred a lot.

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

Comment: While Hessnatur has a strong production planning system in place to facilitate reasonable working hours, excessive overtime remains an issue in its supply chain that is frequently documented in audits. Hessnatur always discusses excessive overtime findings with suppliers, looks for root causes on both brand and supplier level and then agrees on a plan together with the supplier. This may include supporting the factory to change its production set up or training workers to perform multiple tasks which allows for more flexibility. Buyers are informed to ensure their actions support improvements. To monitor progress, Hessnatur asks suppliers to submit production records regularly. Hessnatur verifies those documents applying thorough plausibility checks. For suppliers with less sophisticated systems in place that do not allow for meaningful verification, Hessnatur engages in detailed discussions with the supplier to understand how production is currently structured and how it affects working hours. Fair Wear audits confirmed some improvements related to reducing excessive overtime to working hours within legal limits, while some factories did not improve or new issues were documented.

During this performance check, the focus was one of Hessnatur's factory in Turkey, as other factories were audited quite late in the financial year because of COVID-19. The follow-up on these audits shall be assessed in the next performance check. At the Turkish production location, excessive overtime was found as well as inconsistency in wage records. Hessnatur inquired what the reasons were for this excessive overtime and what the role of the brand was. A root cause identified was the increase of sick-leave among workers, due to COVID-19. More sick leave was being taken than the factory had planned for, leading to a significant decrease in capacity. The audit also identified lacking COVID-19 measures. This has been addressed and discussed with the factory and another audit has been done to verify if the right measures were implemented. In this audit, the excessive overtime did not come back.

Hessnatur also discussed the importance of good planning with one of its Chinese suppliers. This supplier is considering to start working with a shift system, in which one shift would not exceed 8 hours. Hessnatur supports this idea as a way to limit the occurrence of excessive overtime, which is very prevalent in Chinese factories in general. Furthermore, with its North Macedonian factories Hessnatur is supporting plans to have more job rotation at the factory. By ensuring people have more than one skill in the factory, it is possible for workers to step in when another worker is unavailable. This increases efficiency of the factory and as such decreases the occurrence of excessive overtime. However, this has not yet been implemented because of COVID-19. In Hessnatur's main Thai factory, job rotation was already implemented as a COVID-19 mitigation measure, and worker representation responded positively to this.

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

Comment: As basic policy, Hessnatur does not negotiate on price. Hessnatur has implemented labour minute costing for their products several years ago. For two seasons every style originating from a high risk country was analysed to check whether Hessnatur's prices were sufficient to pay legal minimum wage rates and living wage estimates. The company used the highest living wage benchmark available. Based on the analysis, Hessnatur concluded that their prices are sufficient to pay a living wage for their production minutes. In some cases where the calculation indicated that this was not the case, Hessnatur increased prices. Calculations are updated annually.

For suppliers that are not yet willing to commit to open costing, Hessnatur's CR team develops a calculation based on estimates and cross checks these calculations with the supplier if there is an indication that prices might not support payment of a living wage.

Purchasers are trained and informed about current benchmarks. They know how many minutes are needed to make a certain product and cross-check on invoices if the amount that is paid allows for the payment of minimum wage and living wage. Hessnatur also monitors increases in legal minimum wage rates and in principle accepts price increases in such cases. If a supplier does not raise their price after a legal minimum wage increase, Hessnatur questions how the costs have been absorbed. It should be noted, however, that as Hessnatur's prices are costed based on living wage estimates, they are usually not directly correlating to minimum wage increases. The estimated CMT costs include higher wage levels than minimum wage and minimum wage increases might only in individual cases indirectly lead to the increase of living wage estimates and therefore Hessnatur's prices.

Hessnatur's policy is to accept price increases if the supplier can plausibly argue that their operating costs have increased. In the context of COVID-19, the CR department upfront indicated to the buying department that price increases were to be expected. If a decrease in efficiency, related to COVID-19, led to higher prices, this was accepted. Costs related to health and safety measures were also accepted as reason for price increases. In Tunisia, COVID-19 self-tests were extremely expensive. Hessnatur supported this supplier by shipping tests from Germany directly to the supplier, as they were much cheaper there.

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: Hessnatur has actively prioritized whether legal minimum wages were paid during lockdowns in its production facilities. The brand did so by keeping track of the local situation (see 1.4) and combining this with feedback from its suppliers, which it was tracking continuously. In case a supplier indicated it was having difficulties paying wages, or Hessnatur had reason to believe this might be the case based on its own risk assessment (for example, when Hessnatur knew no government support was available), it actively followed up on this. Hessnatur sent out a special questionnaire to its suppliers inquiring about their financial situation and explaining that Hessnatur had set up a Solidarity Fund to support the workers in its supply chain. Suppliers could apply for support from this fund.

Hessnatur prefinanced materials on orders and in some cases directly paid the wages which had been missed during lockdown out of its Solidarity Fund. This was done for example in its Thai factory, where other customers withdrew their orders at once due to COVID-19. During lockdown, it was legally allowed to pay 70% of legal minimum wages. Hessnatur wanted the factory to pay the full legal minimum wages, as per Fair Wear's requirements, and added the difference. Photos were shown of workers receiving the wages during the brand performance check, as well as signed forms confirming the receipt of each worker. Worker representation was involved in this process and could confirm that in the end all workers were happy with the process. In Croatia, Hessnatur also paid for extra wages from the Solidarity Fund. In Tunisia Hessnatur followed up on what was done with wages during the lockdown. This factory, in agreement with the local union, subtracted some public holiday days from the annual leave and paid an extra bonus to all workers, ensuring they met the legal minimum wage. The union agreement could be shown in French and English during the performance check. Similar active follow-up was done by Hessnatur in other production countries, such as Mongolia and Romania. Hessnatur made use of evidence like signed documents confirming wage receipt and audit reports to verify if legal minimum wages had been paid.

In North Macedonia, two audits reported cases of non-payment of legal minimum wages a large group of workers. However, the factories do not agree with the finding in the audit report. Hessnatur is actively following up on this and has collected wage information for following months which does not confirm the findings. Nevertheless, Hessnatur is still in the process of solving this.

Recommendation: Fair Wear strongly recommends Hess Natur to always verify whether legal minimum wage issues have actually been resolved in case factory management claims so. Hess Natur 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: Hessnatur did not cancel orders or negotiate discounts during the first Covid-19 wave. Payments were made on time or earlier. Fair Wear assessed several sample invoices to verify this point.

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.	Advanced	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	6	6	0

Comment: While half of Hessnatur's production comes from low risk countries and Fair Wear audits in other sourcing countries confirmed wages close to or at living wage benchmarks, not all production locations do yet pay a living wage. Hessnatur maintains an overview of discussions with suppliers on increasing wage levels and what root causes have prevented higher wage levels to date. Several suppliers have attended Fair Wear living wage seminars. As Hessnatur is usually not the only brand sourcing in a factory, it has found that one important root cause is the absence of ambition to have factories pay living wages at other customers. Hessnatur therefore made it a requirement in its sourcing strategy to check whether the factory supports activities on the topic of living wage and whether factories have other customers which may not support such activities. Hessnatur has continued discussing the topic with its suppliers in the past financial year, and started collaboration with several other Fair Wear members at some suppliers where they source together. Nevertheless, the brand finds that due to COVID-19, in the past financial year the focus was on meeting legal minimum wages rather than on living wages.

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.	Advanced	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.	6	6	0

Comment: Hessnatur considers the highest available living wage benchmark for a region or country as their target wage. They ensure that the labour component of a minute price calculation allows for the payment of this wage for their production minutes. In some cases factories had negotiated high-quality collective bargaining agreements with trade unions. This negotiated wage was then used as a basis for calculation. The financing of higher wages in its supply chain is company policy for Hessnatur. Using its insight in the labour component of its products, Hessnatur buyers are not allowed to pay prices which do not cover the brand's share of living wages.

Performance indicators	Result	Relevance of Indicator	Documentation	Score	Max	Min
1.14 Percentage of production volume where the member company pays its share of the target wage.	100%	Fair Wear member companies are challenged to adopt approaches that absorb the extra costs of increasing wages.	Member company's own documentation, evidence of target wage implementation, such as wage reports, factory documentation, communication with factories, etc.	6	6	0

Comment: Hessnatur could demonstrate that its share of a living wage, based on the highest available benchmark, is factored into its prices.

Purchasing Practices

Possible Points: 52

Earned Points: 46

2. Monitoring and Remediation

Basic measurements	Result	Comments
% of production volume where an audit took place.	39%	
% of production volume where monitoring requirements for low-risk countries are fulfilled.	57%	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.	Yes	
Total monitoring threshold:	96%	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: Two staff members are involved in follow-up on Corrective Action Plans (CAPs) and complaints. The CR manager is the main responsible person, working closely together with the Head of Sustainability.

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: In countries where Fair Wear is not active Hessnatur seeks to hire credible auditors. The company also formulated a policy for monitoring of low risk and tail end production locations.

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: Hessnatur is in the process of transferring the monitoring system, Osca®, to a new system. This system was used to follow up on CAPs, after sharing the audit report and CAP with the factory and establishing timelines. While the transition is ongoing, Hessnatur keeps track of follow-up in the CAP excels and e-mail contact. Hessnatur asks the factories to share the CAP with worker representation and where possible tries to involve them also in CAP follow-up.

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.	Intermediate	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.	6	8	-2

Comment: Hessnatur has a strong monitoring system in place to identify and remediate problems. Besides on-site visits and meetings at the Hessnatur office or trade fairs, emails and Skype calls are used to discuss remediation. During the Covid-19 crisis digital channels were used extensively in lieu of visits. Both CR staff members in charge of CAP follow-up are trained SA8000 auditors and always request documents or other evidence to validate improvements.

Other departments such as purchasing are updated about progress and involved when needed. This includes checking improvements during visits. Agents in Turkey and Thailand also support remediation efforts. In Thailand, for example, the agent verified the extra wage payments which Hessnatur ensured through its solidarity fund. Hessnatur makes use of its network and shares knowledge to support the factory in remediation. Collaboration with factory management leads to solutions that go beyond remediation of a single issue, e.g. conducting awareness training or strengthening worker representation. Hessnatur ensures to assess root causes on brand as well as supplier level.

During the Brand Performance Check Hessnatur could demonstrate meaningful progress on corrective actions, including more complex findings. Workers were involved when possible, especially in more practical findings such as the absence of ergonomic mats and poor COVID-19 protection in factories. Generally, Hessnatur includes any COVID-19-related issues to the outstanding CAPs. Hessnatur also maintains one overview of all active CAPs. Although it has an advanced system, systemic issues that require industry-wide action remain a challenge. Workers' rights awareness is a topic which audits show is yet to be improved. Hessnatur tries to actively work on this through training and ongoing conversation with its factories. During COVID-19, it has been difficult to organize training as factories are reluctant to have external parties enter their facilities.

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

Performance indicators	Result	Relevance of Indicator	Documentation	Score	Max	Min
2.6 Existing audit reports from other sources are collected.	Yes, quality assessed and corrective actions implemented	Existing reports form a basis for understanding the issues and strengths of a supplier, and reduces duplicative work.	Audit reports are on file; evidence of followup on prior CAPs. Reports of quality assessments.	3	3	0

Comment: Hessnatur collects existing audit reports from (new) production locations and uses the information to formulate CAPs or follow-up on them whenever possible. In many cases Hessnatur finds the quality of audits from other sources insufficient and therefore commissions audits by Fair Wear or other trusted providers. To avoid duplication, Hessnatur often asks to focus the audit on areas where information is missing, such as wage levels.

Performance indicators	Result	Relevance of Indicator	Documentation	Score	Max	Min
2.7 Compliance with FWF risk policies.	Advanced result on all relevant policies	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.	6	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	Advanced			6	6	-2
Compliance with FWF guidance on risks related to Turkish garment factories employing Syrian refugees	Advanced			6	6	-2
Other risks specific to the member's supply chain are addressed by its monitoring system	Advanced			6	6	-2

Comment: Hessnatur has a strong risk management system in place and is well informed about risks in its supply chain. While no country is excluded as a possible sourcing country per se, Hessnatur prefers to work only through social projects in countries where they have identified additional risks. When they do start sourcing from a new country an extensive risk assessment is conducted.

Compliance with Fair Wear guidance on abrasive blasting: Hessnatur's products are made from natural materials that are subjected to several ecological/environmental standards. In line with these standards abrasive blasting is banned from the supply chain. In addition, all companies engaged in washing of jeans are frequently visited by Hessnatur staff.

Compliance with Fair Wear guidance on risks related to Turkish garment factories employing Syrian refugees:

- Hessnatur has shared Fair Wear's questionnaire on Syrian refugees with all Turkish suppliers and checked whether they have a policy in place for registering Syrian refugee employees.
- One production site is employing a small number of Syrian refugees. Hessnatur could verify that they are employed legally and are not subjected to wage discrimination.
- Hessnatur staff, most suppliers and Turkish agents have been attending Fair Wear events and training on the topic.
- The agency visits suppliers frequently (which has also been possible to a limited extent during the crisis) and has been trained on the issue. Unauthorised subcontracting is not a high risk for Hessnatur at this point, which was also confirmed through Fair Wear audits. No new business relationships were started in Turkey during Hessnatur's last financial year.

Hessnatur has used Fair Wear's guidance on Syrian migrant/refugee workers to prevent and mitigate risks related to migrant workers in other countries, such as Bangladeshi migrants in Romania and Bulgaria or migrants from Myanmar working at their supplier in Thailand.

COVID-19

As explained under 1.4, 1.5, 1.9 and 2.4, Hessnatur has implemented a robust system to assess and mitigate risks related to COVID-19. By connecting general COVID-19 risks per country to the specific information from its suppliers, Hessnatur has been responding adequately to the crisis. When the CR department noticed a significant increase in COVID-19 cases in a production country, they reached out directly to all suppliers in that country. The overview of country risks is updated weekly. In the past financial year, Hessnatur noted that until the end of 2020 there were still many general lockdowns, but moving into 2021, this became less common. Regional or local closures became more likely, therefore Hessnatur keeps a close eye on specific situations at its suppliers. The buying departments and CR department exchange information on the COVID-19 situation at suppliers regularly.

Hessnatur supported factories in ensuring the necessary Occupational Health & Safety (OHS) measures and followed Fair Wear's Guidance on Loss of Jobs and Wages to ensure legal minimum wages were met during factory closures, also if local governments allowed payment below the legal minimum. Evidence such as photos and videos was requested to verify if OHS measures were in place. Hessnatur placed extra orders with suppliers which had lost a lot of other customers and explicitly encouraged its suppliers to request financial support from the Hessnatur Solidarity Fund if they were in financial trouble (see 1.9). Where possible, Hessnatur involved worker representation in COVID-19 remediation, for example in Thailand where job rotation was implemented. The brand also made an effort to share relevant information with other Fair Wear members.

Other risks: Hessnatur considers the occurrence of forced labour in China a big risks which it takes very seriously, among other things by participating in a research on this done by Global Works. Hessnatur goes beyond the Fair Wear scope, including the raw material production, when working on this risk. The brand has a policy to source raw material as close to the CMT location as possible, but because of risks of forced labour on cotton plants in China, it has let go of this policy there.

Recommendation: Fair Wear encourages Hessnatur to continue its work to mitigate systemic risks like excessive overtime, limited freedom of association and wages below living wage benchmarks.

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: Before engaging in remediation, Hessnatur investigates which Fair Wear member or other brands interested in social standards are also sourcing from the factory. When the other brand(s) is/(are) interested in joint action, roles and responsibilities are discussed in line with the existing relationship and estimated leverage at the factory, and/or staff availability. During its last financial year Hessnatur often took the lead in remediation processes. The company also collaborated closely with other Fair Wear members on conducting COVID-19 related risk assessments (see 1.4).

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.	99%	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.: Yes (1)

Comment: Most factories that produce for Hessnatur in low risk countries are GOTS certified and therefore subjected to regular audits. If no external audit is available, Hessnatur will visit the production location at least once every five years. This has been implemented for all factories with the exception of a small number of sites accounting for less than 2% of Hessnatur's production volume in low-risk countries.

The Worker Information Sheet is posted in all locations and questionnaires including the Fair Wear Code of Labour Practices are signed by all factories.

Performance indicators	Result	Relevance of Indicator	Documentation	Score	Max	Min
2.10 Extra bonus indicator: in case FWF member company conducts full audits at tail-end production locations (when the minimum required monitoring threshold is met).	Yes	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.	2	2	0

Comment: Hessnatur has monitored 96% of its supply chain including full audits at several tail-end production locations. As Hessnatur has a large tail end, it does not consider these suppliers differently and includes them in all regular monitoring.

Performance indicators	Result	Relevance of Indicator	Documentation	Score	Max	Min
2.11 Questionnaire is sent and information is collected from external brands resold by the member company.	Yes, and member has collected necessary information	Fair Wear believes it is important for affiliates that have a retail/wholesale arm to at least know if the brands they resell are members of Fair Wear or a similar organisation, and in which countries those brands produce goods.	Questionnaires are on file.	2	2	0

Comment: Hessnatur resells one external brand with strict CSR policies in place.

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).	100%	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.	3	3	0

Comment: Besides having their own Code of Conduct, the resold brand is a member of the International Association of Natural Textile Industry (IVN). Its production location is GOTS certified.

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: 31

Earned Points: 31

3. Complaints Handling

Basic measurements	Result	Comments
Number of worker complaints received since last check.	2	At this point, FWF considers a high number of complaints as a positive indicator, as it shows that workers are aware of and making use of the complaints system.
Number of worker complaints in process of being resolved.	4	
Number of worker complaints resolved since last check.		

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

Comment: The CR manager is dedicated to follow-up on audits and complaints in collaboration with the Head of Sustainability.

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: A new supplier is asked to submit a photo of the posted Worker Information Sheet and visiting staff always checks if the document is still posted. Hessnatur has done virtual factory tours as long as visits are not possible.

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.	28%	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: Factories accounting for 28% of Hessnatur's production volume in high-risk countries participated in Fair Wear's Workplace Education Programme basic module that promotes awareness of Fair Wear's Code of Labour Practices and complaint system or received training that meets Fair Wear quality standards, namely the Hessnatur Awareness Training. This training was developed for countries where the WEP basic module is not offered based on the same methodology. The training was translated to several local languages and includes country specific information. A "train the trainer" guideline was developed to promote consistency and skilled trainers are selected to implement the programme.

Recommendation: Hess Natur-Textilien GmbH & Co. KG could consider implementing additional activities to raise awareness about the Fair Wear Code of Labour Practices and Fair Wear complaint helpline next to providing good quality training. This could include providing the Fair Wear worker information cards to workers during visits or when handing out pay slips, making use of Fair Wear Factory Guide, stimulating peer-to-peer learning among workers and ensuring factory management regularly informs workers, in particular new workers, about their rights and available grievance mechanisms.

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

Comment: During its last financial year, Hessnatur received two new complaints, one in Turkey and one at its supplier in Thailand. The complaint in Thailand was about dismissal of workers due to COVID-19. The workers had not received the right unemployment compensation and severance pay. It was verified by Hessnatur that this was rectified. The workers received the due amount and government support, this was checked during a visit by the Thai agent. At this supplier, a lot of issues occurred in the past financial year because other big customers suddenly withdrew all orders (see also other indicators). Hessnatur has worked intensively on the various issues, including payment of wages (1.9). Hessnatur has encouraged the factory to become less dependent on a few buyers. A lot of effort was invested in the relationship with this factory in order to prevent similar complaints/situations from occurring in the future. The complaint has been resolved.

In Turkey, the situation was complex, as issues in this complaint have been coming back for several years, also in audits. Hessnatur has been working closely with Fair Wear to resolve the issues, most importantly related to a lack of transparency of the factory. The brand stated it would be preferable to discuss the complaint in a physical meeting, but due to COVID-19 it was decided to have a big virtual meeting. Several issues, such as insufficient COVID-19 measures being in place, have been remediated. The brand is still working with the factory to improve the transparency issues and it has organised many worker training programmes at this factory, especially with a focus on internal communications. Hessnatur may audit this factory sooner than planned because of the difficulties. This complaint is ongoing.

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: The complaints were filed at facilities where no other Fair Wear members were sourcing.

Complaints Handling

Possible Points: 15

Earned Points: 13

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: Whenever a new staff member (including interns) joins Hessnatur, they are onboarded through several training modules: a training on social standards and the Hessnatur way of working is included. The CR team also conducts tailored workshops related to social standards with individual departments. In the past financial year, 24 people were trained on Hessnatur's work on social standards and Fair Wear.

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: Besides the general training on social standards a specific workshop has been developed for purchasing staff. Employees that deal directly with suppliers are trained to include social and labour condition discussions into their work and use the Fair Wear Health & Safety checklist. The workshop is repeated every year for staff to become acquainted with updates and new insights. Hessnatur also conducts training with its category management and technics team, on how they can influence social standards at production sites and support when they visit companies on-site.

During the COVID-19 crisis, the daily work of CR and sourcing has been very closely linked, so sourcing was fully informed about social expectations. In addition, the CR manager had regular meetings with specific buyers to inform them as well.

Performance indicators	Result	Relevance of Indicator	Documentation	Score	Max	Min
4.3 All sourcing contractors/agents are informed about FWF's Code of Labour Practices.	Yes + actively support COLP	Agents have the potential to either support or disrupt CoLP implementation. It is the responsibility of member company to ensure agents actively support the implementation of the CoLP.	Correspondence with agents, trainings for agents, Fair Wear audit findings.	2	2	0

Comment: In Turkey and Thailand, Hessnatur works with agents who have been trained on Fair Wear and social standards, participated in Fair Wear audits and training at production locations and are involved in monitoring and remediation. They received the same information as sourcing colleagues/buyers regarding COVID-19 and the action Hessnatur wants to take. They were actively involved in ensuring payment of legal minimum wages and follow-up on complaints.

In other countries one production site often acts as intermediary for other sites. Support for the CoLP is included in the contract of these intermediaries. They are required to support Hessnatur in improving labour conditions through CAPs and in remediation of complaints.

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.	10%	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.	2	6	0

Comment: Four locations accounting for 10% of Hessnatur's production volume (excl. volume placed in low risk countries) participated in training supporting transformative processes. The training programmes in Turkey and Thailand were developed and arranged by Hessnatur, in one case in collaboration with a brand that is not a Fair Wear member. The programmes focused on improving internal communication structures and establishing independent worker representation through elections. One location had also participated in Fair Wear's WEP communication module. A facility in Romania received training on collective bargaining agreements, which was organised together with a Fair Wear member brand. Fair Wear verified that the training programmes met Fair Wear's quality standards.

Recommendation: Fair Wear recommends Hess Natur 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, Hess Natur 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.	Active follow-up	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.	2	2	0

Comment: Hessnatur continuously engages with its production locations on the points addressed in the training programmes and follows up on them as part of their standard monitoring. In Thailand, the factory implemented a job rotation system, which was done in consultation with worker representation. In Romania, a CBA was negotiated for the factories in September 2020. Hessnatur actively stimulated this and encouraged the worker representatives to discuss more complex issues like living wages and what wage level the workers need. Hessnatur also verified whether regular worker representation meetings took place or whether re-elections were needed due to turnover. During COVID-19, follow-up is done through online means like digital factory tours and in Thailand the agent is involved as well.

Training and Capacity Building

Possible Points: 13

Earned Points: 9

5. Information Management

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

Comment: Hessnatur does not allow subcontracting of production unless the supplier reports it and the location is checked by Hessnatur prior to production. Suppliers are also not allowed to switch production location without informing the company. This is included in the contract with suppliers. Hessnatur verified this through production visits, exchange of information with other customers and through audits. Since Hessnatur uses natural fibers that are often certified the company dives deeper into the supply chain. The company uses nominated fabric suppliers, and knows many of their yarn and raw material suppliers. Fair Wear audits found one subcontractor in China in the past year which was not aware of the Code of Labour Practices. Hessnatur followed up on this, the subcontractor was informed of the Global Services Code of Labour Practices and posted the Worker Information Sheet.

During the COVID-19 crisis, local staff in Thailand and Turkey was still able to visit production locations and assess risks regarding unauthorised subcontracting. Overall, most suppliers indicated that they had difficulties filling their in-house capacity due to cancellations, hence the risk of subcontracting was seen as limited by Hessnatur. Where production was increased rapidly, Hessnatur has added several production locations to its supplier list, also to minimize the risk of subcontracting.

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: In Hessnatur's regular system, purchasing/sourcing decisions always involve CR staff. When purchasers are visiting a supplier the staff member meets with a CR colleague before and after the visit. CR and purchasing have regular meetings to update each other on working and senior management level. Also, twice a year all departments discuss supplier performance during the supplier evaluation meeting. The information exchange includes supplier performance in each category, e.g. quality, labour conditions, communication. The importance of working conditions is an integral part of the company and Hessnatur continuously work to further embed this in all parts of the company strategy. During the COVID-19 crisis the collaboration between CR and purchasing has been further intensified.

Information Management

Possible Points: 7

Earned Points: 7

6. Transparency

Performance indicators	Result	Relevance of Indicator	Documentation	Score	Max	Min
6.1 Degree of member company compliance with FWF Communications Policy.	Minimum communications requirements are met AND no significant problems found	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: The communications department is familiar with the Fair Wear communication guidelines and all communication complies with Fair Wear's policy.

Performance indicators	Result	Relevance of Indicator	Documentation	Score	Max	Min
6.2 Member company engages in advanced reporting activities.	Supplier list is disclosed to the public.	Good reporting by members helps to ensure the transparency of Fair Wear's work and shares best practices with the industry.	Member company publishes one or more of the following on their website: Brand Performance Check, Audit Reports, Supplier List.	2	2	0

Comment: Hessnatur includes an overview of CAP statuses in its social report and disclosed over 50% of its suppliers on the Fair Wear website. The company also developed a consumer-friendly application for the website that shows all production countries, the number and type of factories sourced from in those countries and relates individual stories from factories and workers. Visitors can browse through all the data by navigating on a world map: <https://www.hessnatur.com/transparenz>.

Recommendation: Fair Wear recommends member brand to disclose 100% of production locations to other Fair Wear members 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

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: Social and environmental sustainability are at the heart of Hessnatur's brand identity. Fair Wear membership is Hessnatur's chosen way to work on improving social and labour conditions in its garment factories. The Head of CR reports directly to Hessnatur's CEO and annually discusses the value of Fair Wear membership with the management team.

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

Evaluation

Possible Points: 2

Earned Points: 2

Recommendations to Fair Wear

Hessnatur is generally positive about Fair Wear. The brand has some recommendations.

- Hessnatur would like more worker training content to be available, especially advanced and more specified training. It could also help to have digitalised content and other ways to reach out to workers than full training. It would also be helpful if Fair Wear accepts more training of other organisations.
- Hessnatur would like to receive faster interaction with feedback. This ranges from feedback on queries, audit report publication to brand performance check discussion. Especially timely publication of audit reports is important, as currently some reports are only available six months after the audit was done. The situation at the factory may be completely different by then. The same goes for complaints follow-up; when it takes too long, it also does not help the worker. Hessnatur values Fair Wear feedback and input but it really needs to be there quicker.
- Regarding complaints: Hessnatur would like Fair Wear to ask some information from the complainant, so it is easier to get in touch with them and get more information about the situation.
- Hessnatur has found some of Fair Wear's audit reports are of inferior quality. Especially in Eastern Europe, Hessnatur finds the reports sometimes include mistakes or information which Hessnatur has verified as being incorrect. This may be country information as well as factory-specifics.
- Hessnatur would like knowledge to be shared better internally within Fair Wear/among Fair Wear members. Especially considering the future of risk-based working, all brands have to do risk assessments and there is not point in all doing it separately; Fair Wear should play a role in collecting information and making it available to other members as well.
- Hessnatur would like more clarity on what expectations for the brand performance check version 2023 (looking back at financial years starting in 2022) are and to have more guidance on what supporting tools will be available.

Scoring Overview

Category	Earned	Possible
Purchasing Practices	46	52
Monitoring and Remediation	31	31
Complaints Handling	13	15
Training and Capacity Building	9	13
Information Management	7	7
Transparency	6	6
Evaluation	2	2
Totals:	114	126

Benchmarking Score (earned points divided by possible points)

90

Performance Benchmarking Category

Leader

Brand Performance Check details

Date of Brand Performance Check:

24-11-2021

Conducted by:

Paula de Beer

Interviews with:

Kristin Heckmann

Nils Toedter

Agnes Preiss