



BRAND PERFORMANCE CHECK GUIDE

Assessment Period:
Member financial years starting from 2018

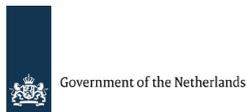
CONTENTS

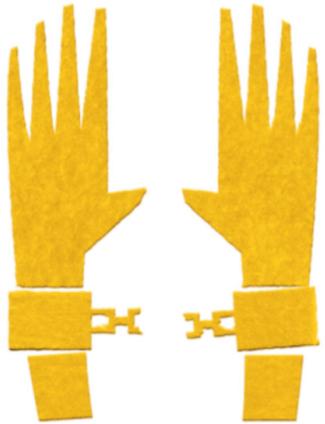
Fair Wear Foundation Code of Labour Practices	4
Introduction	6
Performance Benchmarking Categories	8
Scope of FWF membership	10
Basic membership requirements	16
How performance benchmarking categories are assigned	19
Minimum thresholds for performance benchmarking categories	26
Brand Performance Check timeline and deadlines	27
Integration with Communications Policy	28
How to Read the Indicator Guide	30
The Indicator Guide	32
Section 1: Purchasing Practices	32
Section 2: Monitoring & Remediation	58
Section 3: Complaints Handling	82
Section 4: Training & Capacity Building	92
Section 5: Information Management	100
Section 6: Transparency	104
Section 7: Evaluation	110
Glossary	113

Copyright © 2017 Fair Wear Foundation

FWF would like to thank all the stakeholders who participated in the development of this guide.

'This Brand Performance Check guide is published as part of the Strategic Partnership for Garment Supply Chain Transformation, supported by the Dutch Ministry of Foreign Affairs'

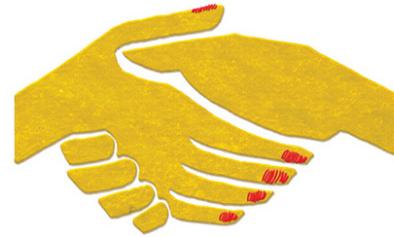




1 Employment is freely chosen



2 Freedom of association and the right to collective bargaining



3 No discrimination in employment



4 No exploitation of child labour



5 Payment of a living wage



6 Reasonable hours of work



7 Safe and healthy working conditions



8 A legally binding employment relationship

Fair Wear Foundation

Code of Labour Practices

INTRODUCTION

The Brand Performance Check, conducted annually at all FWF member companies, is the most important element of FWF's unique 'shared responsibility' approach to social compliance in the global garment sector. Fair Wear Foundation (FWF) believes that improving conditions for apparel¹ factory workers requires change at multiple levels. Traditional efforts to improve conditions focus primarily on the factory. FWF, however, believes that the management decisions of clothing brands have an enormous influence on factory conditions. In other words, factory conditions cannot be separated from the purchasing practices of brands.

FWF's Brand Performance Check is a tool to evaluate and publicly report on the activities of FWF's member companies. During a performance check, FWF investigates the level of integration of social compliance into the core business practices of each of its member companies and assesses how the management practices of member companies support the FWF Code of Labour Practices (CoLP).

Most brands source products from many factories which they do not own. At the same time, most factories supply many different brands. This means that in most cases FWF member companies have influence but no direct control over working conditions. As a result, the Brand Performance Checks focus primarily on verifying the *efforts* of member companies. Outcomes at the factory level are assessed via audits and complaint reports; however the complexity of the supply chains means that even the best efforts of FWF member companies cannot guarantee results.

¹ FWF membership covers a wide range of products. For convenience we use apparel here. Please see the section on the scope of FWF requirements on page 8 for more detail.

Even if outcomes at the factory level cannot be guaranteed, the importance of good management practices by member companies cannot be understated. One concerned customer at a factory can have significant positive impact on a range of issues like health and safety conditions or freedom of association. When FWF members can demonstrate that improvements are possible, other factory 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 FWF's work and this Performance Check guide demonstrates the changes that are possible.

The system is designed with enough flexibility to accommodate the variety of business models and clothing markets represented in FWF's membership.

The Performance Check system provides several benefits. It:

- *Strengthens FWF member companies' accountability & transparency*
- *Clearly communicates member successes*
- *Explains progress and needs to colleagues at clothing brands (i.e. buyers, production managers) and stakeholders*
- *Provides targeted feedback to companies on how to improve*
- *Provides a clear improvement or exit path for underperforming members*
- *Provides a tool for consumers to find information about FWF member companies.*

The FWF member guide provides more in-depth information and additional details on all sections addressed in this guide.

PERFORMANCE BENCHMARKING CATEGORIES

FWF's approach evaluates brand performance against a set of performance indicators during the annual Brand Performance Checks. The indicators developed by FWF and its stakeholders, address aspects of brand practices that impact working conditions in a garment factory. Based on its final score and monitoring threshold, each member company is assigned into a performance benchmarking category.

Leader: This category is for member companies who are doing exceptionally well, and are operating at an advanced level. Leaders have made substantial progress in monitoring production locations and demonstrated remediation at the factory level. *Leaders* show best practices in complex areas such as living wages and freedom of association. They also continuously look at their internal processes and supply chain, making improvements and adjustments on a regular basis.

Good: Member companies who are making a serious effort to implement the Code of Labour Practices (CoLP) are 'doing good' and their efforts deserve to be recognised as such. Member companies in the *Good* category are making progress towards meeting all FWF membership requirements and engage in remediation efforts. Most member companies will receive a *Good* rating.

Needs Improvement: Member companies are most likely to find themselves in this category when problems arise that prevent them from implementing steps required to fulfil FWF membership, or if they have not been able to demonstrate sufficient evidence of improvement during a Performance Check. Member companies can only be in this category for one year after which they should earn a *Good* rating, or they will be moved to *Suspended*.

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

The existence of these last two categories is essential to protect FWF's legitimacy and to prevent 'greenwashing' or 'free-riding' by a small number of member companies who underperform. The categories provide a clear improve-or-exit path.

It should be stressed that FWF never certifies brands, factories or garments as '100% Fair.' Apparel supply chains are too complex to be 'certified fair' and even among *Leader*-rated brands, there is still no such thing as a perfect supply chain.

Please see [FWF Procedure for terminating membership](#) for more information on termination proceedings.

SCOPE OF FWF MEMBERSHIP

Stages of garment supply chains

FWF has chosen to focus its work on the stages in garment supply chains where products are assembled. These are the stages that employ the largest numbers of people, and where brands have the most influence over suppliers and working conditions.

FWF uses an 'everything after fabric' definition to define the scope of requirements. This covers all production locations that are involved in the steps of product assembly after the production of fabric, leather, trims, or other component parts.

Within the assembly stage of garment production, FWF distinguishes between two groups of production processes, both of which are covered by aspects of FWF membership:

Cut-make-trim (CMT), is the main process where products are actually assembled – primarily by sewing, but sometimes using other techniques, like bonding or gluing.

Support Processes include cutting, embroidery, screen printing, washing, ironing, garment knitting, packing, finishing and any other related processes used to transform raw material into finished garments.

What kinds of products are covered?

FWF membership covers

- Garments
- Footwear
- Bags
- Belts
- Tents
- Sleeping bags
- Luggage
- Home textiles and related products made from fabric, leather or other textile materials serving the same purpose.

The spirit of FWF membership is that members should monitor production and take responsibility for everything they sell; FWF only places limits on included product types for pragmatic operational reasons, not because risks don't exist for those products.

FWF developed a detailed list of products covered by FWF membership, using selected product types and codes as defined by the *World Customs Organisation Harmonized System of Product Codes*. For questions about specific products, please see the member guide or contact your case manager.

Supplier types

In the apparel industry, the term 'supplier' can have many meanings, including buying offices, agents and factories. **FWF uses 'supplier' to refer to the factories and other locations where garments are actually produced.** Knowing where products are made – and therefore where workers are employed – is a fundamental first step of FWF membership.

Supply chains take many different forms; however there are generally two main types of suppliers that most brands work with:

Main or First Tier suppliers are normally CMT factories where brands buy finished garments from. They commonly have a role in both production and orchestrating subcontractors for certain processes when needed.

Brands may have a **direct relationship** with main factories – where they directly exchange money for finished goods – or a **mediated relationship**, where brands contract with a main factory via an agent or intermediary, but where the exchange of money for goods with the factory can still be documented.

Subcontractors may provide CMT or other support services. Nearly all supply chain models involve some kind of subcontracting, either for specific processes, or for extra production capacity. Some brands may have a **direct relationship** with key subcontractors; however most brands have an **indirect relationship** with subcontractors, who are hired and managed by factories or agents, and there is no direct exchange of money for goods with a brand.

FWF distinguishes between three types of subcontractors:

- **Authorised CMT subcontractors:** Factories (or agents) often have agreements with CMT subcontractors to provide extra CMT capacity.
- **Authorised 'support process' subcontractors:** Factories or agents may make arrangements with other factories that provide specific services – washing or embroidery, for example.
- **Unauthorised subcontractors:** Main suppliers or agents may out-source production to subcontractors without the knowledge or permission of the brand. Unauthorised subcontracting is a significant risk in many garment-producing countries, and FWF members should take steps to prevent its use. If unauthorised subcontractors

are found in a member's supply chain, the relevant FWF monitoring & remediation requirements for the factory will apply.

- **Agents or intermediaries** play a role in organising transactions between brands, main factories, and subcontractors. Agents don't normally produce anything, but rather coordinate production, especially in countries where brands don't have their own staff.

Some suppliers have business models which involve **Homeworkers** employed in garment assembly. These workers and locations have to be monitored by FWF member companies. However, the process and the requirements for auditing homeworker locations are different. See the [Guidance on home-based work](#) for detailed requirements

Production clusters: supply chain structures for apparel assembly

Although it is common to speak of 'garment factories', it is usually more accurate to talk about 'production clusters' where CMT work and the various support processes in apparel assembly are coordinated. FWF has updated several of its policies to reflect the use of production clusters in the industry. Three common forms are **Vertically Integrated Factories**, which provide all services at a single location; **Local Production Clusters**, where a main CMT factory coordinates a network of subcontractors; and **Agent-based network orchestration**, wherein an agent coordinates production in a network of CMT and support factories.

It is common for brands to have a mix of different apparel assembly models in their supply chains. Regardless of the models, FWF members are required to know the actual production locations of **every factory involved in the assembly of their goods** and report them to FWF. This includes both main factories and all subcontractors involved in the

assembly of garments. See *Basic Requirements* for more information on reporting.

The 'own production' concept

Another important aspect of supply chain structures is determining who commissioned products to be made. As FWF's approach is based on shared responsibility between brands and factories for working conditions, this issue needs to be clear.

FWF's requirements primarily encompass a member's 'own production', meaning all goods commissioned by the FWF member, directly or through an agent or other intermediary, for all (sub)brands owned or managed by the member.

Working conditions at sites making 'own production' goods fall under FWF's requirements for monitoring and remediation. The vast majority of apparel sold by FWF members is 'own production.'

'Own production' includes:

- Any production bearing the name or logo of a brand owned or managed by the member
- Any unbranded product designed for resale to another brand
- Any so-called 'Private Label' items (typically those manufactured or provided by one company for offer under another company's brand)
- Any product rebranded for or by an end consumer that is not a clothing brand (e.g. airline uniforms, printers of publicity t-shirts such as for concert, government uniforms, etc.)
- Unbranded, ready-made products bought from a third party, when the member's name (or customer name) are added at the last stage

In short: responsibility extends to all products that members sell with their brand logo/name, or that the member commissioned to be produced.

External production describes finished, branded goods that are bought by member companies from other brands, for resale in a retail or wholesale (web)shop owned or operated by the member.

Typically, members will manufacture the majority of the goods they sell, but they may also resell other brands' products as part of their retail/wholesale assortment. This is not uncommon in the workwear market. FWF encourages members to resell goods from another FWF member or a member of Fair Labour Association.

Unlike own production, external production are goods sold under a brand/label not owned or controlled by the FWF member.

BASIC MEMBERSHIP REQUIREMENTS

All FWF member companies must meet three basic membership requirements. Without them no member can be effective in improving its supply chain.

Failure to meet these requirements means that a Brand Performance Check cannot be conducted. This will therefore lead to *Suspended* status, and can eventually also lead to termination of FWF membership.

Please see [FWF Procedure for terminating membership](#) for more information on termination proceedings.

1. Work plan and projected production location data for upcoming financial year must be submitted.

The *work plan* is a core requirement, and is developed annually by each member. This plan is necessary to ensure that adequate time and resources are committed towards the implementation of the FWF Code of Labour Practices (CoLP).

A projected *production location list* must be prepared together with the work plan. FWF uses a web-based information system for managing production location data. Member companies are expected to update their list of production locations by indicating current and new production locations.

FWF encourages members to keep production location information as updated as possible between Brand Performance Checks. This lowers the risk of unexpected issues and helps FWF to offer guidance on possible risks. The information is also used by FWF to plan audits.

2. Definitive production location data for previous financial year must be submitted.

At the end of each financial year, members must confirm their list of production locations and provide relevant financial data *for the closed financial year*. This includes a complete and accurate list of all factories which have been involved in the production of finished garments for brands owned or managed by the member, including all subcontractors.

Supplier information must include the actual locations where garments are produced. Contact information for intermediaries or agents is important, but member companies are expected to know and report the actual locations where their goods are made.

For all factories, each production location record must contain:

- Factory name, address and contact information
- Year business relationship began
- Number of workers
- Production process

For all Main CMT factories, CMT subcontractors, and subcontractors with direct business relationships, the record must also include:

- Value of production (ex. FOB figures)
- Percentage of factory's production capacity used by member (i.e. estimated leverage)

FWF uses FOB data of members to learn about relations between different factories and the importance per production location. FWF compares the list of production locations to the members' financial records to determine the percentage of the supply chain that is being monitored and to assess the performance indicators. Financial records with FOB figures must be shown for all orders that have been invoiced in the closed financial year that is under review.

Each **external** production record must contain:

- Brand name and address
- Value of production (e.g. FOB figures or retail value)
- Whether the brand is affiliated to FWF or the Fair Labour Association (FLA)

3. Membership fee must be paid.

FWF member companies pay an annual membership fee based on their turnover levels, which pays for a percentage of FWF's work. At the same time, FWF needs to be financially independent so that it can objectively report about brand performance and terminate memberships if necessary.

FWF's strategy is to ensure a balance between budget derived from member companies and other sources. Details on FWF's funding and governance are provided in FWF's annual reports.

HOW PERFORMANCE BENCHMARKING CATEGORIES ARE ASSIGNED

The performance benchmarking category for each member is based on two things, the Monitoring Threshold and the Benchmarking Scores. *The calculations for both are based on Main CMT suppliers, subcontractor CMT suppliers, and subcontractors with a direct business relationship.*

For *every* production location, including the subcontractors where there is no direct business relationships - the member must demonstrate the FWF questionnaire with the Code of Labour Practices has been signed and the Worker Information Sheet is posted in the factory (assessed in indicators 1.3 and 3.2).

Part 1: Monitoring threshold

FWF member companies commit to monitoring all of their suppliers over time. Member companies are required to achieve monitoring targets in incremental steps, year on year: the monitoring threshold.

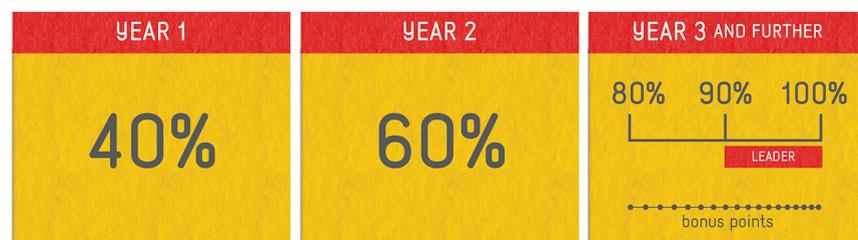
This monitoring threshold can be achieved in different ways:

1. Audits by FWF teams
2. Audits by others if the following applies:
 - The member company assesses the quality of the report by using the [FWF quality assessment tool](#) and is able to share the conclusions of that assessment, and
 - The member company can demonstrate evidence of follow up and remediation during the performance check.
3. Own audits by members that meet the quality requirements (see performance indicator 2.2).

To be counted towards the threshold, all audits should be undertaken at least once every three years.

4. Auditing in low risk countries is not required. Production in low risk countries is counted towards the threshold, provided it meets the low-risk requirements (see performance indicator 2.9).

The thresholds companies are required to meet are different for the first, second and subsequent years of membership:



Year 1 and 2

1. After the first year of membership, the required percentage is 40% or more of FOB volume.
2. After the second year of membership, the required percentage is 60% or more of FOB volume.

After three or more years of membership

After three years of membership the member company is required to monitor its full supply chain. The monitoring threshold is different for each member brand, depending on the composition of its supply chain.

Monitoring in the 'Tail'

Most garment supply chains have a 'tail' – that is: garment companies source a relatively large volume from a relatively small number of production locations, and have a number of suppliers where they only source small orders. Leverage and impact to change labour standards at those production locations is commonly lower. Because of the low production levels, the burden of auditing these production locations is very high relative to the potential for change. For that reason FWF has defined lighter 'tail' monitoring requirements for certain production locations at the 'end' of a members' tail. **This applies to members after three or more years of membership only.**

To determine if any factories are eligible for 'Tail' monitoring, members must:

1. Ensure that the largest 80% of suppliers by FOB volume are covered by regular monitoring requirements.

Failure to meet 80% after three or more years of membership will lead to a Needs Improvement rating.

2. Among the remaining suppliers, regular monitoring must also be done for:

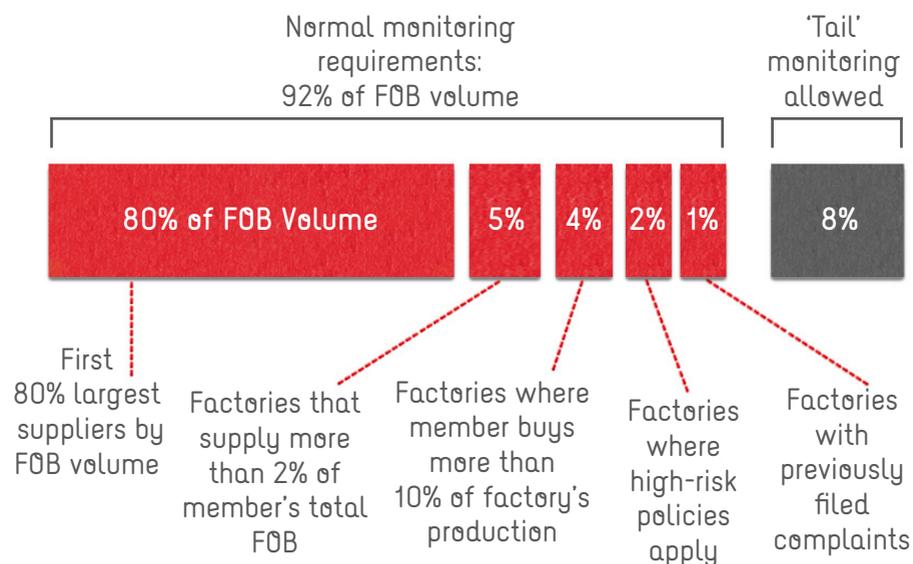
- All production locations that produce more than 2% of the member's volume
- All production locations where the brand is responsible for more than 10% supplier's overall production capacity
- All locations in specific high-risk areas where FWF requires an enhanced programme as stipulated in the Brand Performance Check guide or other policy documents (see indicator 2.7)
- All locations where a complaint has been submitted – required follow-up steps are discussed in cooperation with FWF

If members fail to appropriately implement the **regular monitoring requirements** at above production locations, a requirement to do so will be included in the Brand Performance Check, and its implementation will be verified during the following Performance Check.

Once all of these suppliers have been accounted for, 'tail' requirements may be applied to the remaining suppliers, to a maximum of 20% of member's FOB by volume.

The graphic demonstrates how this calculation should be done:

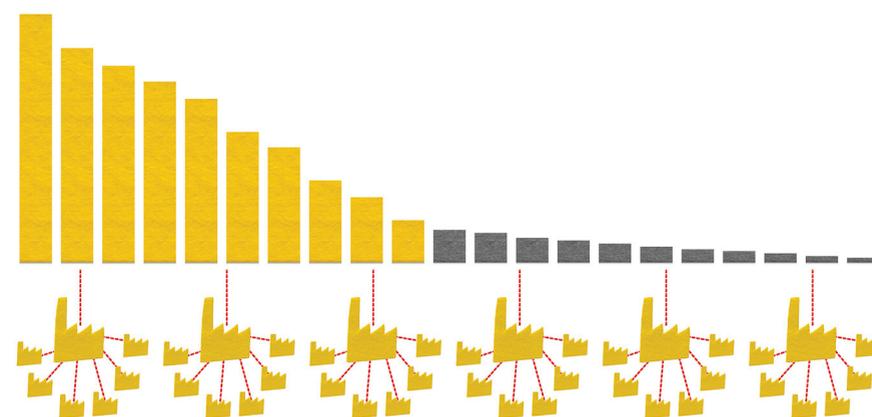
EXAMPLE OF HOW 'TAIL' REQUIREMENTS ARE CALCULATED



For those production locations eligible for 'Tail' monitoring, the following steps must be taken:

1. All factories must be visited by brand staff at least once every three years.
2. During factory visits, labour conditions and the use of subcontractors must be discussed, outcomes of the discussion must be documented and shown to FWF staff; and the [FWF health and safety checklist](#) must be completed and filed for FWF to assess during a Brand Performance Check. The FWF member can collect existing audit reports from the production sites in order to ensure most updated information on working conditions.

If members fail to appropriately implement the **tail-end monitoring requirements**, a requirement to do so will be included in the Brand Performance Check, and its implementation will be verified during the following Performance Check.



a supply chain with tail and subcontractors

FWF encourages a short 'tail' and a stable, consolidated supply chain. Both of these criteria are also assessed in the Brand Performance Check (see indicators 1.1a, 1.1b and 1.2).

Monitoring activities at subcontractors

As stated before, all above requirements apply to *main CMT suppliers, subcontractor CMT suppliers, and subcontractors with a direct business relationship*.

For every production location, including the subcontractors where there is no direct business relationships - the member must demonstrate the FWF questionnaire with the Code of Labour Practices has been signed and the Worker Information Sheet is posted in the factory (assessed in indicators 1.3 and 3.2).

Part 2: Minimum benchmarking scores

The Brand Performance Check will result in scores for the performance indicators. Member companies are assessed on the indicators that are relevant for them, which means each company has an own maximum possible score. The individual indicator scores are added up to create an overall Benchmarking Score.

To acknowledge the learning curve of FWF membership, the minimum Performance Benchmarking score needed to reach each performance category (*Leader, Good, Needs Improvement, or Suspended*) is also based on the length of membership. This means that a company that has been a member for three years should be performing better than another that has only been a member for one year. This reflects the fact that joining FWF is not a seal of approval; it is the beginning of a process of continuous improvement. This also means the more perfor-

mance checks are conducted the more in-depth information is revealed. A first performance check provides a first scan of the member company's practices, and the subsequent performance checks may reveal other results due to the increased knowledge of the member's supply chain.

MINIMUM THRESHOLDS FOR PERFORMANCE BENCHMARKING CATEGORIES

	Leader	Good	Needs Improvement
First year	-	-	-
After 1 st performance check	Score 75+ AND Monitoring 90%+	Score 30-74 AND Monitoring 40%+	Score 0-29 AND/OR Monitoring <40%
After 2 nd performance check	Score 75+ AND Monitoring 90%+	Score 40-74 AND Monitoring 60%+	Score 0-39 AND/OR Monitoring <60%
After 3 rd performance check	Score 75+ AND Monitoring 90%+	Score 50-74 AND Monitoring 80-100%	Score 0-49 AND/OR Monitoring <80%*

In the first year the member has not yet had a Brand Performance Check. The first check will be held after the end of the first financial year following the start of membership.

To reach the *Good or Leader* category, member companies must meet the minimum monitoring percentage AND the minimum benchmarking score.

* In highly exceptional cases and provided the performance score is well above the minimum required to achieve the Good category, FWF may move the member company from Needs Improvement to the Good category at its discretion.

BRAND PERFORMANCE CHECK TIMELINE AND DEADLINES

FWF aligns Brand Performance Checks with the financial years of individual member brands. This means that FWF's processes will mirror the financial and reporting cycles of each member and all assessments will be done over 12-month periods.

The following cycle applies to all member companies:

Minimum 60 days before end of financial year:

Work plan and projected production location information for upcoming financial year due at FWF.

Maximum 90 days after end of financial year:

Actual production location information, financial documents and social report for closed financial year due at FWF.

90-120 days after end of financial year:

Brand Performance Check is carried out.

INTEGRATION WITH COMMUNICATIONS POLICY

The three performance categories, *Leader*, *Good* and *Needs Improvement*, are linked to specific communications benefits, particularly the use of FWF's logo on member brand garments, websites and web shops and catalogues.

Member companies who wish to have on-garment communication are required to first achieve *Leader* status. On-garment communication includes any mention of FWF membership on packaging and other on-garment materials (hangtags, inseam labels, etc.), or the FWF name or logo next to products on websites or catalogues.

A special version of the FWF logo for on-garment communication is provided to member companies with *Leader* status. This version of the logo must be used for any on-garment communication.

If a Brand Performance Check determines that a member is no longer in the *Leader* category, there is a one-year grace period until the next performance check in which the member may retain the *Leader* communications benefits (e.g. on-garment, web shop and catalogue privileges) so long as they are not suspended and remain a member of FWF. If the member fails to regain *Leader* status at the following Performance Check, all on-garment communication must stop.

Any member who uses on-garment communications without having *Leader* status will receive an automatic *Needs Improvement* rating (see indicator 6.1).

Member companies in *Suspended* status will have severely limited communications options. For more information please refer to the Communications guide.

Members may communicate their status once the most recent Brand Performance Check report has been finalised and published on www.fairwear.org.

Please see the FWF Communications Guide and [FWF Procedure for terminating membership](#) for more information.

HOW TO READ THE INDICATOR GUIDE

Each indicator is numbered, referring to the corresponding section in the reporting template.

Each indicator comes with a table that shows:

- The range of possible answers
- The scores for each answer
- The maximum and minimum scores available for each indicator

Relevance of indicator:

An explanation of why the indicator is important, what it represents and examples of good practices.

N/A (Not Applicable) conditions:

Member companies may receive a 'Not Applicable' score for some indicators if they are not relevant to the member. The specific conditions are explained if N/A is an option.

These indicators will be removed from that member's score calculations. N/A indicators will neither harm nor improve a member's overall score.

Documentation:

The types of information that FWF will consider when evaluating the member on the indicator. In some cases the documentation is very specific; in others FWF is flexible regarding the types of documentation it will accept to support the evaluation.

Furthermore, each performance check report contains *Comments*, *Requirements* and *Recommendations* specific to the individual member.

Comments include additional information that helps explain how the given rating was achieved, or explains additional or unusual situations or developments.

Requirements are steps which the member is required to take during the following year, generally to remediate a problem. Follow up, or failure to address requirements will be evaluated in the following year's Brand Performance Check (see Indicator 7.2).

Recommendations are suggestions made by FWF to support the member's efforts.

THE INDICATOR GUIDE

Section 1: Purchasing Practices

1.1a Percentage of production volume from production locations where member company buys at least 10% of production capacity.

Max				Min
4	3	2	1	0
75-100%	50-74%	25-49%	1-24%	0%

Relevance of indicator:

Most clothing brands outsource production to factories they do not own. This means that brands have influence, but not direct control over working conditions. Member companies with a larger share of production at a specific location will have more leverage with factory managers to influence working conditions. Member companies are advised to look for consolidation.

Documentation: Production location information as provided to FWF.

1.1b Percentage of production volume from production locations where member company buys less than 2% of its total FOB.

Max			Min
4	3	2	0
0%	1-10%	11-20%	>21%

Relevance of indicator:

Most garment supply chains have a 'tail': garment companies source a relatively large volume from a relatively small number of production locations, and have a tail of suppliers where they only source small orders. Leverage and impact to change labour standards at those production locations is commonly lower. The burden of auditing these very small production locations is very high relative to the potential for change. FWF recognises the practical limitations related to social compliance at the 'tail end' of the production value chain, and has therefore lowered the monitoring requirements for these production locations.

While a 'tail end' is unavoidable for some clothing brands, the length of the tail is not. The more production locations at the tail end, the more social compliance risks clothing brands are exposed to. For this reason, FWF incentivises 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.

Documentation: Production location information as provided to FWF.

1.2 Percentage of production volume from production locations where a business relationship has existed for at least five years.

Max				Min
4	3	2	1	0
75-100%	50-74%	25-49%	1-24%	0%

Relevance of indicator:

Stable business relationships underpin the implementation of the Code of Labour Practices and give factories a reason to invest in improving working conditions.

For member companies in business for less than five years, long term business relationships are considered from the start date of business.

Documentation: Production location information as provided to FWF.

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.

Max	Min	N/A
2	0	
Yes	No	2 nd year member and no new production locations selected.

Relevance of indicator:

The Code of Labour Practices (CoLP) is the foundation for all work between factories and brands, and the first step in developing a commitment to improvement.

Upon becoming a FWF member, members are required to inform all production locations about their FWF membership and send the FWF questionnaire with the Code of Labour Practices. Once a member, this process applies to every new production location. This indicator applies to all production locations; main CMT suppliers, subcontractor CMT suppliers, and all other subcontractors.

Signing the questionnaire must be considered as a first step and a starting point between the FWF member and its supplier as it does not yet provide any guarantee in terms of compliance towards the labour standards. It is however a way of assessing the response from suppliers. In addition, the questionnaire is a tool to gather information and filling in production location data.

FWF's [Factory Guide](#) provides a more in-depth and interactive way to share the CoLP with production locations.

Documentation: Signed Codes of Labour Practice on file.

N/A (Not Applicable) conditions: only for members who are in their second or above membership year and did not select any new production locations in the last financial year. Members have demonstrated in the first performance check all production locations have signed and return the questionnaire with the Code of Labour Practices.

1.4 Member company conducts human rights due diligence at all (new) production locations before placing orders.

Max		Min
4	2	0
Advanced <i>Member company systematically integrates and applies human rights due diligence in its sourcing decisions.</i>	Intermediate <i>Member company is partially aware of risks and takes them into account in its sourcing decisions</i>	Insufficient

Relevance of indicator:

Human rights due diligence processes are necessary to identify and mitigate potential human rights risks in supply chains. As with financial due diligence, human rights due diligence requires companies to undertake reasonable steps to know the circumstances in which potential business partners operate and be aware of specific risks. Human rights due diligence is a continuous process (not only for new suppliers) as context and relationships change. The process should be systematically applied and integrated in the member company's sourcing strategy.

The specific tools used to conduct due diligence depend on the context, but the process requires a member company to be aware of common risks. Generally, conducting business in areas at higher risks for human rights abuses requires more stringent levels of due diligence. FWF country studies, policy documents and input from local stakeholders provide good basic sources of information on

issues to consider. An important element of due diligence is checking, for example, whether the potential production location has a (legally required) anti-harassment committee, a functional workers representative committee, whether there are risks regarding [abrasive blasting](#), [child labour](#), [homeworkers](#), or regarding restrictions of movement as in the Indian [Sumangali system](#), or issues in Turkey related to [Syrian refugees](#). Please refer to the specific FWF documents for more background.

[The UN Framework on Business and Human Rights](#) provides more background on the concept of human rights due diligence, and is recommended reading for all member companies.

Intermediate efforts mean that the member company is generally, but not always, aware of the risks they are taking by sourcing in specific countries, and that the tools it could use are not applied consistently. Also, it may not always take this information into account in its sourcing decisions.

Advanced efforts show that the member company *integrates and applies human rights due diligence in a systematic manner in all its sourcing decisions*.

Documentation: Documentation of human rights due diligence includes: Audits conducted by the brand, recent audits by other brands, documentation of site visits, completed production location questionnaires, wage ladder assessments, specific FWF policies shared with the factory or other relevant efforts to ascertain the human rights situation at a production location and/or mitigate risks. Evidence should also be provided of a systemic approach to assessing new production locations.

1.5 Production location compliance with Code of Labour Practices is evaluated in a systematic manner.

Max		Min
2	1	0
Yes, and leads to <i>production</i> decisions	Yes	No

Relevance of indicator:

A systematic approach to evaluating production location performance is required to integrate social compliance into normal business processes, and support good decision-making. *Systematic* in this case means that supplier evaluation is managed in a consistent manner and includes all production locations. Sharing supplier evaluation with the factory improves transparency and contributes to a systematic approach.

The specific design of the system needs to make sense within the member's business structure, so there is no 'one-size fits all' solution. Whatever the system's design, it needs to allow the member to consistently evaluate the entire production location base and to incorporate information into decision-making procedures.

A production site's performance may be rewarded with longer-term commitments, additional orders, or other similar mechanisms; for instance training for skill building, capacity development and/or productivity. Compliance should also be taken into consideration in cases where, for example, production volume decreases and production locations need to be phased out. If this is the case, a responsible exit strategy should be implemented. This is especially important where member production is a significant part of the factory's total production. This can take the form of a timely announcement of production decisions, a gradual decrease in orders, etc. Please see FWF's guidance on a responsible exit strategy.

Documentation: Documentation of a systematic approach includes: Rating systems, checklists, databases, written exit strategy, etc.

1.6 The member company's production planning systems support reasonable working hours.

Max		Min
4	2	0
<p>Strong, integrated systems in place</p> <p><i>Instruments are demonstrably used to support progress towards reasonable working hours</i></p> <p>or</p> <p><i>purchasing decisions practically eliminate the occurrence of excessive overtime.</i></p>	<p>General or ad-hoc system</p> <p><i>Instruments are in place to effectively monitor the production process in cooperation with the supplier.</i></p>	<p>Inadequate systems in place</p>

Relevance of indicator:

Member production planning systems can have a significant impact on the levels of excessive overtime at factories. Poor production planning can lead to pressure on factories to deliver following unreasonable timelines. Production planning should be a shared process between member companies and production locations, and should enable proper scheduling based on realistic assessments of production capacity.

In essence, this indicator assesses a member's efforts to prevent practices at the member level that are likely to lead to excessive overtime.

Good production systems should prevent late design or quantity changes, as well as help to limit the effects of peaks in demand. All departments that have influence over production calendars (e.g. design, sales, brand

management, etc.) should be involved in the design and management of planning systems.

Sourcing in low-risk countries or countries where excessive overtime is not a documented risk means the purchasing countries or member companies are more likely to have eliminated excessive overtime from their supply chain.

Documentation: Documentation of robust planning systems includes: Planning systems shared with production locations, production capacity knowledge integrated in planning, timely approval of samples, management oversight in place to prevent late production changes, etc.

1.7 Degree to which member company mitigates root causes of excessive overtime.

Max		Min	
6	3	0	N/A
<p>Advanced efforts</p> <p><i>Member took specific actions that eliminated root causes of excessive overtime and demonstrably led to reducing excessive overtime.</i></p>	<p>Intermediate efforts</p> <p><i>Member knows root cause of production delays that could lead to excessive overtime. Member has actively promoted transparency regarding working hours.</i></p>	<p>Insufficient Efforts</p> <p><i>Inadequate actions taken or in case incomplete information on working hours is found, member does not take action to encourage transparency.</i></p>	<p>No production problems /delays have been documented</p>

Relevance of indicator: While good production planning can eliminate many reasons for excessive overtime, production problems and delays are not always entirely avoidable. No production planning system is perfect, and external factors (e.g. late delivery of fabric, late change requests from retailers, etc.) can still lead to excessive overtime.

Whereas indicator 1.6 assesses member efforts to *prevent* conditions that lead to excessive overtime, this indicator assesses how member companies *respond* to the occurrence of excessive overtime, using strategies that help to reduce (the risk of) excessive overtime.

Intermediate efforts mean that member companies identify the source of excessive overtime: those caused by the internal processes of member companies should be identified and prevented in the future. An assessment should also be made of ways to reduce the risk of external delays.

Advanced efforts mean that, based on the root-cause analysis, member companies have taken specific steps to prevent excessive overtime from re-occurring.

In an attempt to reduce the risk of excessive overtime needed to complete the order in case of production delays, member companies should apply strategies to avoid putting pressure on the factory, including accepting late shipments, split deliveries, use of air freight, use of alternative materials, etc.

Documentation: This indicator rewards self-identification of efforts to prevent excessive overtime. Member companies may present a wide range of evidence of production delays and how the risk of excessive overtime was addressed, such as: reports, correspondence with factories, etc.

N/A (Not Applicable) conditions: Only if no production problems or delays have been documented and reported to FWF in the previous financial year.

1.8 Member company can demonstrate the link between its buying prices and wage levels in production locations.

Max		Min
4	2	0
Advanced	Intermediate	Insufficient
<i>Member company can demonstrate a clear understanding of the labour cost component of its buying prices. Labour costs are fixed (not negotiable).</i>	<i>Member company can demonstrate some form of open costing and applies a plausibility check to its buying prices.</i>	<i>Member company only knows buying prices, there is no understanding of wage part/labour costs of the product.</i>

Relevance of indicator:

The first step towards the implementation of living wages is to know the labour costs of garments. This indicator measures the knowledge and awareness a member company has of the link between buying prices and wages. It also assesses the member's costing process and pricing policy and systems, and the mechanisms it has to work around the lack of transparency that members experience when negotiating with suppliers. It also looks into the member company's understanding of the labour component of its buying prices. Finally, it looks into whether the pricing policies of member companies allow for payment of at least the legal minimum wages in production countries.

Knowing the labour cost component of the price a brand pays is the first step towards ensuring the payment of minimum wages – and towards the implementation of living wages. A mature pricing system allows the member to know labour costs at a style level. Knowing real

costs – commonly a calculation of cost per minutes X minutes per piece – allows member companies to ensure that enough is being paid to the production location to at least cover minimum wage payments. This information also forms the basis for discussion on movement towards living wages. No knowledge of the labour cost component of prices paid, i.e. 'lump sum' costing of styles, makes the meaningful assessment of minimum wage payments impossible.

Insufficient efforts means that the member company only knows buying prices and has little or no understanding of the labour costs of their products. Prices are based on a crude bargaining model or set by agents/intermediaries, without taking any wage level information into account and/or without brands influencing or understanding the breakdown of prices.

Intermediate efforts account for the fact that the member does not have full insight into the actual labour costs of its products but uses available information, such as FWF wage ladders, country or region-specific labour minute values, standard allowed minutes information, etc., to do a plausibility check. This allows buyers to verify whether the agreed price is sufficient to pay the legal minimum wage even in cases when a supplier is not transparent in sharing the breakdown of their costs.

Advanced efforts are seen when the member knows the labour minute costs of its products and the minutes necessary to produce its garments, which allows it to demonstrate the labour cost component of the price. Demanding fixed (non-negotiable) labour costs in the buying conditions is also considered as advanced effort.

Documentation: Interviews with production staff, documents related to member's pricing policy and system, buying contracts.

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.

Max	Min	
0	-2	N/A
Yes <i>The member acts in an appropriate way to mitigate payments below minimum wage when found.</i>	No <i>The member did not act when payment below minimum wage was found during FWF audits.</i>	<i>No minimum wage problems were reported and/or no FWF audits were conducted.</i>

Relevance of indicator:

Because FWF member companies should work towards payment of a living wage, as stipulated in the FWF Code of Labour Practices, they are not rewarded when suppliers pay a minimum wage.

If a supplier fails to pay the minimum wage, FWF member companies are expected to hold the management at the production location accountable for respecting local labour law. Payment below minimum wage must be remediated urgently.

When a factory fails to pay minimum wage, FWF members have a responsibility to investigate the root causes and mitigate them where necessary. When the supplier shows structural unwillingness to remediate and all improvement options are exhausted, it is recommended the member ends the business relationship as a last resort. This decision can only be taken in consultation with FWF following a responsible exit strategy.

In cases where wage records are not shared, or are incomplete or falsified, FWF's audit team cannot verify minimum wage payments. In these cases members are expected to respond as if minimum wages had not been paid.

Documentation: Documentation on the payment of minimum legal wages includes: Complaint reports, CAPs, additional emails, FWF Audit Reports or additional monitoring visits by a FWF auditor, or other documents that show minimum wage issue is reported/resolved.

N/A (Not Applicable) conditions: Only if no minimum wage problems were reported or no FWF audits were conducted at production locations.

1.10 Evidence of late payments to suppliers by member company.

Max	Min
0	-1
No	Yes

Relevance of indicator:

Late payments to suppliers can have a negative impact on factories 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.

Member companies are expected to pay suppliers on time as a matter of standard business practice. Exceptional cases of late payment could occur and as long as they are rectified immediately, members will not lose points. However when systematic late payments are standard practice and/or used as a disciplinary mechanism, members will be deducted points.

Documentation: Documentation on late payments is based on complaint or Audit Reports; review of factory and member financial documents.

1.11 Degree to which member company assesses and responds to root causes for wages that are lower than living wages in production locations.

Max		Min	
6	4	0	N/A
Advanced <i>Based on the root cause analysis, member company has taken specific steps to increase wages, resulting in a systemic approach.</i>	Intermediate <i>Member company discusses the topic of wages with the factories. Wages below living wage estimates caused by internal processes of member companies should be identified and prevented in the future. An assessment should also be made of other factors influencing wages.</i>	Insufficient <i>Inadequate/ no action taken</i>	<i>Production in low-risk countries only.</i>

Relevance of indicator:

Whereas other indicators (1.8, 1.10, 1.12 and 1.13) assess member efforts to prevent conditions that lead to payments below living wage, this indicator assesses how member companies respond to the finding related to payment below living wage, using strategies that help to increase wages.

With this indicator FWF evaluates the learning process.

Sustained progress towards living wages requires adjustments to member companies' policies. Member companies need to be able to compare actual wages to living wage estimates, and begin working with production locations – and unions wherever possible – to move towards living wages.

In some cases the supplier does not share wage data during a FWF audit, or the FWF audit concludes discrepancies within wage data, or double bookkeeping. It is the responsibility of member to demonstrate wage levels when there is no FWF data.

Insufficient efforts mean that although minimum wage is paid at suppliers or wage information could not be verified, the member company does not engage in follow-up or discussion beyond minimum wage.

Intermediate efforts mean that member companies discuss the topic of wages with the factories, for example using the FWF wage ladder. Wages below living wage estimates caused by internal processes of member companies should be identified and prevented in the future. An assessment should also be made of other factors influencing wages. In addition, enhanced efforts to ensure wage information is correct and able to be verified are also accounted for here.

Advanced efforts mean that, based on the root cause analysis, member companies have taken specific steps to increase wages, resulting in a systemic approach. Member companies have done an analysis per factory, and have had discussions with suppliers across the bulk of the supply chain. There is an action plan that includes production locations and internal systems and applies to the entire supply chain (link to several other indicators).

Documentation: Member companies may present a wide range of evidence of how payment below living wage was addressed, such as:

Internal policy and strategy documents, reports, correspondence with factories, etc.

N/A (Not Applicable) conditions: Only if members source from low-risk countries.

1.12 Percentage of production volume from factories owned by the member company (bonus indicator).

Max		Min
2	1	N/A
50%+	1-49%	None

Relevance of indicator:

Owning 50% or more of a production location provides clear accountability for and direct influence over working conditions. It reduces the risk of unexpected CoLP violations.

There are legitimate business reasons for outsourcing production, however doing so reduces control over working conditions and increases the risk of CoLP violations. While outsourcing provides economic benefits, it also increases the need for monitoring and remediation mechanisms.

Certain markets and business models make direct ownership of suppliers a viable option, and FWF supports direct ownership under these circumstances.

Special Scoring: Member companies who own factories can receive bonus points. The indicator does not count towards the total possible score, so member companies who do not own factories are not penalised.

Documentation: Production location information as provided to FWF.

1.13 Member company determines and finances wage increases.

Max		Min
6	2	0
Advanced <i>Member company is systematically implementing one or more of the financing approaches throughout its supplier base. There is a solid strategy and mapping of the process, a holistic approach on 'how you fulfil your responsibilities'.</i>	Intermediate <i>Member company has started to address the topic, realising it is not only on the factory's side. Analysing what the living wage factor should be, and thinking about how to finance the costs. Testing out some of the approaches.</i>	None <i>No actions taken/ no target wage has been set.</i>

Relevance of indicator:

FWF challenges its members to contribute to wage increases in their production locations. FWF feels its member companies have a part to play in absorbing these costs. This indicator addresses the strategies member companies use to cover these extra costs. To do so, a member company first has to have insight into the amounts required. This indicator is closely linked to indicator 1.8 on transparent costing.

A mix of approaches is possible to finance wage increases, depending on the nature of the member company. For example:

- Supply chain efficiencies: Design, logistical or purchasing efficiencies, operational efficiencies (cost saving project), efficiency projects (marketing efficiencies, operation)

- Cooperation with other customers at production locations. These efforts only count when it leads to more money being available for wages.
- Lower margin
- Increased customer prices

Intermediate efforts relate to member companies that start addressing the topic of how to finance wage increases, realising it is not only on the factory's side. Member companies analyse for example what the living wage factor² should be, and start thinking about how to finance the costs. Member companies will start to try some of the financing approaches presented above, focusing on pilot projects in a few countries or few factories.

Advanced efforts relate to member companies that know the additional costs and start to systematically implement one or more of the financing approaches throughout the supply chain. There is a solid strategy and mapping of the process, a holistic approach, that encourages the involvement of worker representation.

Documentation: Analysis of wage gap, strategy on paper, demonstrated roll out process.

² The difference between current costs and the amount needed to reach the benchmark is referred to as the Living Wage Factor, which is calculated in the FWF methodology on a per-minute basis.

1.14 Percentage of production volume where the member company pays its share of the target wage.

Max			Min	
6	4	2	0	N/A
Target wage is paid for <75% of production volume	Target wage is paid for 25-74% of production volume	Target wage is paid for 1-24% of production volume	The member company has not set a target wage for any of its production locations	Member sources in low-risk countries only

Relevance of indicator:

The way in which a member company sets a target wage is assessed in indicator 1.13. Indicator 1.14 allows member companies to demonstrate that worker wages increased because they acted to implement target wages.

The score will be based on the percentage of its production volume covered by measures establishing a target wage (excluding low-risk countries). The member company must show that the target wages are not only being discussed, but also being paid.

Documentation: Member company's own documentation, such as reports, factory documentation, communication with factories, etc.

N/A (Not Applicable) conditions: Member sources in low-risk countries only.

Section 2: Monitoring & Remediation

In addition to the indicators, the following basic information is reported about each member company:

- % of production under standard monitoring (excluding low-risk countries)
- % of production in low risk production countries where FWF's Low Risk policy has been implemented
- % of own member audits that meet FWF quality standards (where applicable)
- % of other audits that meet FWF quality standards (where applicable)

Total of own production under monitoring

FWF has defined criteria for monitoring production locations that fall in the tail-end of the members' supplier base. When these criteria are not met, a requirement will be included and its implementation will be checked during the following performance check.

See the monitoring threshold on pages 19 -25.

2.1 Specific staff person is designated to follow up on problems identified by monitoring system.

Max	Min
2	-2
Yes	No

Relevance of indicator:

Follow up is an important component of FWF membership, and cannot be successfully managed on an ad-hoc basis. A specific member of staff at the member brand should be designated to follow up on problems in the monitoring systems. The designated individual should have adequate authority, staff support, capacity and resources to implement necessary changes.

The member company is responsible for ensuring the staff member is given the adequate training, know-how and mandate required to implement the progress required by FWF membership (see chapter 4).

Documentation: Manuals, emails, etc., demonstrating who the designated staff member is.

2.2 Quality of own auditing system meets FWF standards.

Max	Min	
0	-1	N/A
Yes	No	Member makes use of FWF audits and/or external audits only

Relevance of indicator:

In countries where FWF is not active, or in case the number of production locations does not allow for the exclusive use of FWF teams, member companies might opt to use their own auditing system. In those cases, the member company needs to invest additional efforts to ensure the quality of the audit methodology meets the following requirements:

- Includes local stakeholder information
- Includes (offsite) worker interviews
- Includes management interviews
- Includes a document check
- Includes a visual and document check for occupational health and safety (OHS) issues
- Covers all elements of the FWF Code of Labour Practices

Own audit teams can be trained by FWF staff when requested by member companies FWF will evaluate a sample of audit reports during the performance check.

Documentation: Information on audit methodology includes: Local stakeholder information, worker interviews, code coverage, Audit Reports and Corrective Action Plans, emails, findings of follow-up audits, brand representative present during audit exit meeting.

N/A (Not Applicable) conditions: Member company makes use of FWF audits or external audits that are approved by FWF to count towards the monitoring threshold.

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.

Max	Min	
2	-1	N/A
Yes	No	No Corrective Action Plans were active during the previous year

Relevance of indicator:

Realising improvements after an audit is a shared responsibility between factory and brand. The Audit Report and Corrective Action Plan should be sent and discussed as a starting point for the improvement process. Timely sharing of information and agreement on corrective action is essential for improvement.

To receive the maximum points for this indicator, member companies must ensure that:

Audits are shared and discussed with production locations within two months of audit receipt.

AND

A reasonable time frame is specified for resolving issues found. Findings that require urgent remediation should be prioritised.

Where applicable, worker representation is also informed on audit findings and involved in agreeing on corrective actions.

Documentation: Documentation includes: Corrective Action Plans, emails, findings of follow-up audits, brand representative present during audit exit meeting, etc.

2.4 Degree of progress towards resolution of existing Corrective Action Plans and remediation of identified problems.

Max			Min	
8	6	4	-2	N/A
Advanced <i>An in-depth effort has been made to remediate most or all CAPs. Factory and brand-level root cause analysis has been conducted involving worker representation where applicable; documentation of meaningful efforts to facilitate resolving similar problems in the rest of the supply chain.</i>	Intermediate <i>Serious efforts have been made to address CAPs in an active dialogue between member and factory agreeing on shared responsibilities.</i>	Basic <i>Factories asked to provide follow up on CAPs, primarily focusing on factory-level issues.</i>	Insufficient <i>Inadequate or no efforts made to address CAPs.</i>	No CAPs active

Relevance of indicator:

Corrective Action Plans (CAPs) are set up between member companies and suppliers when problems are found at a production location. FWF considers efforts to resolve CAPs and to discuss known problems to be one of the most important actions that member companies can under-

take towards improving working conditions. As member companies have influence but no direct control over production locations, FWF places considerable weight on efforts, in addition to considering outcomes. Member companies need to not only require information on CAP status, but be actively involved in (a dialogue on) remediation. In some cases, member companies may have a major role to play in the root cause of an identified problem. FWF expects member companies to examine and remediate any problems to which they are contributing.

FWF provides specific guidance on the remediation of [child labour](#), the use of [abrasive blasting](#), [homeworkers](#), and geographically specific issues like young girls found to be restricted in their movement ([Sumangali](#)) in India and [Syrian refugees](#) in Turkey.

Successful and sustained responses to CAPs require internal systems that can coordinate efforts between the different departments (sourcing, marketing, sales, design, etc.) that have influence over supply chain conditions.

If staff in production countries visits the production locations, they should also have a role in monitoring and remediation, and particularly in managing risks in terms of subcontracting. The member company should set up a system to document and use that information.

Documentation: CAP-related documentation including status of findings, documentation of remediation and follow up actions taken by member. Evidence of understanding of relevant issues from, for example, FWF country studies, local stakeholder networks, etc.

N/A (Not Applicable) conditions: Only if no Corrective Action Plans were active during the past financial year.

2.5 Percentage of production volume from production locations that have been visited by the member company in the previous financial year.

Max				Min
4	3	2	1	0
75-100%	50-74%	25-49%	1-24%	0%

Relevance of indicator:

An important part of FWF's monitoring requirements are formal, high-quality factory audits. Each Cut, Make & Trim (CMT) factory in a member's supply chain must be audited at least once every three years. Formal audits count towards FWF's monitoring threshold.

These formal audits should be complemented by annual visits by member staff or local representatives.

Annual visits should be made to all own production sites (including subcontractors and production in low-risk countries).

Regular factory visits are important for several reasons:

- Human rights due diligence is impossible without knowing where garments are actually produced
- Visits reinforce to factory managers that member companies are serious about implementing the Code of Labour Practices, and provide opportunities to discuss problems and solutions with managers
- Visits also provide an opportunity to identify problems between formal audits
- They can help to identify unauthorised subcontracting

Visits may be specifically planned for checking on labour conditions, but they may also be to review samples, discuss production issues, etc. FWF has developed a basic [Health & Safety Guide for employees without CSR training](#), which can be used during these visits. This guide can help to identify some obvious problems which can be identified during a simple walkthrough of the factory.

Documentation: Member companies should document all factory visits with at least the date and name of the visitor.

2.6 Existing audit reports from other sources are collected.

Max			Min	
3	2	1	0	N/A
<p>Yes, quality assessed + corrective actions implemented</p> <p><i>Assessment should be done using the FWF Audit Quality Tool. Corrective actions implemented based on Audit Reports.</i></p>	<p>Yes and quality assessed</p> <p><i>Assessment should be done using the FWF Audit Quality Tool.</i></p>	Yes	No	<p>No existing reports</p> <p><i>No existing reports/all audits by FWF or FWF member company</i></p>

Relevance of indicator:

Existing audit reports form a basis for understanding the issues and strengths of a production location, and reduce duplication. The quality of existing audits must be considered when evaluating condition at suppliers.

The quality of all audits is not equal. Many commercial audits are brief, conducted by a single person, and cannot be relied upon to provide an honest assessment of factory conditions. Therefore, member companies are expected to assess the quality of collected audits, and consider whether more in-depth audits are required at the supplier or production location.

In case the member can show evidence of assessing the quality of the report and show evidence of follow up, the audit report can count towards the member companies' monitoring threshold.

Documentation: Audit reports (not just certifications) are on file; evidence of follow up on prior CAPs.

N/A (Not Applicable) conditions: Only if no audit reports exist for the member's suppliers or all production locations are audited by FWF or the FWF member company.

2.7 Compliance with FWF risk policies.

Relevance of indicator:

FWF regularly creates and revises policies on situations that pose high risks for workers as research becomes available and as situations develop. Such policies require member companies to take additional steps to address and remediate the specific risks. These can be found in FWF policy documents.

This indicator assesses member implementation of these policy requirements. It captures 1) whether a given policy is relevant within a given member's supply chain and 2) FWF's assessment of member implementation of relevant policies as advanced, intermediate or insufficient.

This indicator serves to consolidate the assessment of member implementation of these various FWF policy requirements (some may recognise this as a cluster indicator).

Performance for all applicable policies will lead to one overall scoring for this indicator, with a maximum score of 6 ('advanced' for all applicable policies), and a minimal score of 0 ('insufficient performance' for all applicable policies). Each specific policy is weighed equally and the average score for implementation of all relevant policies is rounded up.

Any new policies including additional requirements for member companies will first be reviewed by FWF's Committee of Experts and approved by the FWF Board. They will be subsequently communicated to members before being included in this indicator.

	Applicable, if yes tick the box	Advanced 6	Intermediate 3	Insufficient -2
		Members' monitoring system has implemented <u>most or all</u> additional steps to address and remediate specific high risk issues in the supply chain, as stipulated in policy.	Members' monitoring system has <u>partially</u> implemented additional steps to address and remediate specific high risk issues in the supply chain, as stipulated in policy.	Member has not taken adequate steps to address or remediate specific high risk issues in the supply chain as stipulated in policy.
Compliance with FWF enhanced monitoring programme Bangladesh				
Compliance with FWF Myanmar policy				
Compliance with FWF guidance on abrasive blasting				
Compliance with risks related to Turkish garment factories employing Syrian refugees				
Other issues specific to the member's supply chain and addressed by its monitoring system				

Max	-	Min	
6	5/4/3/2 or 1	0 /-1/ or -2	N/A
Advanced result on all relevant policies.	Average score depending on the number of applicable policies and results.	Average insufficient result on relevant policies.	None of the specific risk policies apply

Documentation: For this indicator, documentation includes relevant documents that demonstrate additional action has been taken and remediation took place. These can be 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.

N/A (Not Applicable) conditions: Only in case the specific policies are not relevant to the company's supply chain.

2.8 Member company cooperates with other FWF member companies in resolving Corrective Action Plans at shared suppliers.

Max	Min	
2	-1	N/A
Active cooperation <i>Member cooperates with other customers to resolve CAPs.</i>	Cooperation <i>Member refuses requests to cooperate with other FWF members on corrective action plans at shared production locations.</i>	No CAPs active, no shared production locations or refusal of other company to cooperate

Relevance of indicator:

Most factories produce garments for multiple clothing companies. Cooperation between FWF members 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.

Cooperation is required between FWF members sourcing from the same factory. Cooperation with other customers in the factory is encouraged.

Documentation: Documentation for this indicator includes: Shared CAPs, evidence of cooperation with other FWF member companies, sourcing from the same factory (both FWF member companies and other companies).

N/A (Not Applicable) conditions: Only if no Corrective Action Plans were active during the past year or none of the Corrective Action Plans occurred at factories with multiple customers.

2.9 Percentage of production volume where monitoring requirements for low-risk countries are fulfilled.

Bonus		Min	
3	2	1	N/A
50-100% AND member undertakes additional activities to monitor suppliers	50-100%	0-49%	No production in low-risk countries

Relevance of indicator:

For all production locations in low-risk countries the member company must:

- Ensure up to date information on the labour conditions in the location either by a regular visit and/or a report by a third party;
- Demonstrate the production site is informed of FWF membership and has returned the completed CoLP questionnaire before production orders are placed;
- Be aware of specific risks identified by FWF
- Demonstrate the FWF Worker Information Sheet is posted in local languages and languages of migrants where applicable.

Low-risk countries are determined by the presence and effective functioning of institutions such as trade unions, worker committees, labour legislation and labour inspection, which can guarantee compliance with national and international standards and laws.

FWF considers all present member states of the European Union and the European Free Trade Association to be low-risk countries, except for Bulgaria and Romania.

The percentage of production locations in low-risk countries that are monitored will count towards the member's monitoring threshold.

Documentation: Documentation includes: Documentation of visits, notification of suppliers of FWF membership; posting of worker information sheets, completed questionnaires.

N/A (Not Applicable) conditions: No production in low-risk countries.

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).

Max	Min
2	n/a
yes	No

Relevance of indicator:

The monitoring threshold for each member brand is different, depending on the composition of its supply chain. Regular monitoring requirements apply to all production locations that produce more than 2% of the member's volume AND/OR where the member is responsible for more than 10% of the factory's overall production capacity.

This indicator is only applicable to members who have audited all these suppliers under regular monitoring and have met the lighter requirements for the tail-end production locations. For production locations in the tail where no high-risk policies apply and where no complaint has been submitted, the lighter monitoring requirements apply (see pages 19 - 25) and an audit is not required.

However, significant social compliance risks can still be present at these production locations. For this reason, FWF encourages all of its members to audit the tail-end production locations as well and rewards those members who conduct full audits above the minimum monitoring requirements.

N/A (Not Applicable) conditions: When member has not met the regular and/or lighter monitoring requirements. Or when member does not have production locations in the tail where member is responsible for more than 10% of the supplier's production capacity AND/OR that produce more than 2% of the member's volume.

Documentation: Production location information as provided to FWF, recent audit reports.

2.11 Questionnaire is sent and information is collected from external brands resold by the member company

Max		Min	
2	1	0	N/A
Yes, and member has collected necessary information	Yes	No	No external brands resold

Relevance of indicator:

Some member companies resell products made by other (external) brands. This is referred to by FWF as 'External Production.' This commonly happens in stores owned by member companies which sell a mix of their own brands and products made by other companies.

External brands are those which the member does not own or otherwise control.

Member companies generally have limited influence over the sourcing behaviour of external brands. However, FWF believes it is important for member companies that have a retail or wholesale arm to at least know if the brands they resell are members of FWF or a similar organisation, and in which countries those brands produce goods. Such information should help guide the choice of which brands the member resells.

Documentation: [Questionnaires](#) are on file.

N/A (Not Applicable) conditions: Only if the member does not resell any external brands.

2.12 External brands resold by member companies that are members of another credible initiative (% of external sales volume).

Max			Min	
3	2	1	0	N/A
60%+	30-59%	1-29	0	No external brands resold

Relevance of indicator:

Some member companies resell products made by other (external) brands. This is referred to by FWF as 'External Production.' This commonly happens in stores owned by member companies which sell a mix of their own brands and products made by other companies.

FWF believes member companies who resell products should be rewarded for choosing to stock external brands who also take their supply chain responsibilities seriously.

Credit can be earned towards this indicator by reselling products manufactured by FWF or Fair Labour Association (FLA) members. Currently, these are the only two affiliations which meet the requirements for this indicator.

Documentation: Documentation on this indicator includes: External production data in FWF's information management system, documentation of sales volumes of products made by FWF or FLA members.

N/A (Not Applicable) conditions: Only if the member does not resell any external brands.

2.13 Questionnaire is sent and information is collected from licensees.

Max	Min	
1	0	N/A
<i>Yes, and member has information of production locations</i>	No	No licensees

Relevance of indicator:

Some member companies have licensees that produce and sell under a member company's logo for certain agreed markets or subsidiaries that purchase apparel and other sewn articles directly from factories. Those licensees operate independently through own production and distribution channels.

Member companies generally have limited influence over the sourcing behaviour of licensees. However, FWF 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. For this purpose the member should send a questionnaire to their licensees to collect the necessary information, including details of the production locations used by the licensee.

Documentation: [Questionnaires](#) are on file. Contracts with licensees.

N/A (Not Applicable) conditions: Only if the member does not have licensees.

Section 3: Complaints Handling

Basic Complaints Handling Statistics

In addition to the Indicators, the following basic statistics are reported about each member:

- Number of worker complaints received since last Brand Performance Check
- Number of worker complaints in process of being resolved
- Number of worker complaints resolved since last Brand Performance Check

A high number of worker complaints is not necessarily an indication of poor working conditions; in many cases it means the member's efforts to publicise worker helplines are being successful, and workers are beginning to report problems.

3.1 A specific employee has been designated to address worker complaints.

Max	Min
1	-1
Yes	No

Relevance of indicator:

A specific member staff person should be designated and available to address any complaints filed by factory workers. Follow up is a serious part of FWF membership, and cannot be successfully managed on an ad-hoc basis.

Documentation: Documentation regarding the establishment of a contact person includes: Manuals, emails, etc., demonstrating who the designated staff person is.

3.2 Member company has informed factory management and workers about the FWF CoLP and complaints hotline

Max	Min
2	-2
Yes	No

Relevance of indicator:

Informing both management and workers about the FWF Code of Labour Practices is a key step towards sustainable improvements in working conditions and the development of social dialogue at suppliers.

The FWF Worker Information Sheet outlines the basic labour standards which should be respected in the factory; it encourages workers to engage with factory procedures as well as institutions and trade unions to solve issues within the factory. It also provides contact information for the FWF complaint hotline which serves as a backup system when factory-level complaint mechanisms do not function and/or trade unions are not present. When unions are present, FWF's complaint mechanism can support the work of unions and managers in resolving complaints.

FWF members should have a system in place that demonstrates that the FWF Worker Information Sheet has been visibly posted at all production locations. This indicator applies to all production locations; main CMT suppliers, subcontractor CMT suppliers, and all other subcontractors. FWF members may also use other basic information material such as the FWF Worker Information Card to inform workers and management.

Documentation: Photos by member company staff, audit reports, checklists from factory visits, other evidence that the Worker Information Sheet is posted.

3.3 Degree to which member company has actively raised awareness of the FWF CoLP and complaints hotline

Max			
6	4	0	N/A
<i>Advanced efforts at 75%+ of the production volume (excluding volume in low risk countries).</i>	<i>Advanced effort at <75% of its production volume (excluding volume in low risk countries)</i>	<i>No efforts</i>	<i>All production in low-risk countries</i>

Relevance of indicator:

Whereas indicator 3.2 requires the member brand to ensure Worker Information Sheet is posted at *all* suppliers (including tail-end production locations, all subcontractors and locations in low-risk countries), indicator 3.3 measures how active the member company is in raising awareness about the CoLP and the complaints hotlines. This applies to CMT suppliers, CMT subcontractors and subcontractors where there is a direct business relationship, excluding production in low-risk countries.

At an *advanced level*, FWF members have ensured good quality systematic training of workers and management on the FWF CoLP and complaint hotline. To this end members can either use FWF’s Workplace Education Programme (WEP) basic module, or implement training related to the FWF CoLP and complaint hotline through service providers, brand staff or factory management, enrol factory management in FWF’s Factory Guide or make use of alternative training methods.

The advanced level involves training requirements that exclude low-risk production locations and those locations at the tail-end when the required monitoring threshold is met.

Training must meet FWF quality standards to receive credit for this indicator. The training must be a first step in raising awareness on basic human/labour rights and cover all code elements (whereas indicator 4.4 looks at in-depth training programmes for the purposes of remediation and building capacity on one or more of the code elements). The Gender Based Violence module that FWF offers in India and Bangladesh specifically covers the WEP Basic and will therefore count towards this indicator.

The validity of training activities not designed by FWF depends on the design and demonstrated impact. Member companies should contact FWF regarding quality standards before beginning training. FWF will continue to release guidance to support members in systematically training workers and management on the FWF CoLP and complaints hotline.

For this indicator, a training session is considered valid for three years, to account for worker turnover. Alternative methods for raising awareness of labour rights through for instance the factory guide or other (online) programmes may need to be continuous – the validity should be discussed with FWF in advance.

Documentation related to factory participation in the WEP basic module includes: training reports, FWF’s data on factories enrolled in the WEP basic module. Documentation on factory participation in alternative training activities includes: curriculum, other documentation of training content, participation and outcomes.

N/A (Not Applicable) conditions: Only for members who produce solely in low risk countries.

3.4 All complaints received from factory workers are addressed in accordance with the FWF Complaints Procedure.

Max		Min	
6	3	-2	N/A
Yes + preventive steps taken <i>Appropriate action has been taken. A CAP has been agreed upon with FWF, the management and, where applicable, worker representative. Remediation is in process or complete. Advanced steps are taken to uncover root causes of problem and prevent them from recurring. When appropriate, analysis includes incidents at other factories.</i>	Yes <i>Appropriate action has been taken. A CAP has been agreed upon with FWF, management and where applicable worker representation. Remediation is in process or complete.</i>	No <i>Complaints received and no or insufficient actions taken.</i>	No complaints received

Relevance of indicator:

Involvement by the FWF member is crucial in resolving a complaint at a supplier.

Traditional factory audit processes usually consist of discussions with brands and managers, with little input from workers themselves. The FWF complaints mechanism is one way to ensure workers have input on discussions about working conditions, as are the worker interviews conducted during FWF audits. Please see the [FWF Complaints Procedure](#) for full details on how to resolve complaints and guidelines for involving workers in the process.

When applicable, worker representatives must be included in any agreement to the CAP and the remediation process.

Documentation: Documentation for this indicator includes any document showing that member has completed all required steps in the complaints handling process.

N/A (Not Applicable) conditions: Only if no complaints were received during the past year.

3.5 Cooperation with other customers in addressing worker complaints at shared suppliers.

Max	Min	
2	0	N/A
Active cooperation <i>Member company cooperates with other customers to resolve complaints.</i>	No cooperation <i>Member company does not cooperate with other customers on complaints at shared suppliers.</i>	<i>No complaints or cooperation not possible/necessary</i>

Relevance of indicator:

Because most factories supply several customers with products, the involvement of other customers (including non-FWF members) can be critical in resolving a complaint at a supplier.

Cooperation is required between FWF members sourcing from the same factory. Refusal to cooperate with other FWF members will result in an automatic 'No Cooperation.'

Documentation: Documentation of joint efforts includes: Emails, sharing of complaint data, etc., and/or efforts to resolve complaint when cooperation is impossible.

N/A (Not Applicable) conditions: Only if no complaints were received during the past financial year, no other customers were active at factory, other customers refused to cooperate or cooperation was not necessary to solve the complaint.

Section 4: Training & Capacity Building

4.1 All staff at member company are made aware of FWF membership.

Max	Min
1	0
Yes	No

Relevance of indicator:

Making all staff aware of FWF membership helps to support cross-departmental collaboration when needed.

Documentation: Documentation on awareness of FWF membership includes: emails, trainings, presentations, newsletters.

4.2 All staff in direct contact with suppliers is informed of FWF requirements.

Max	Min
2	-1
Yes	No

Relevance of indicator:

Nearly all jobs in an apparel brand affect supply chain working conditions: senior management, sourcing, purchasing, sales, marketing, product design and Corporate Social Responsibility. All should understand their role in implementing FWF requirements. Preventing and remediating problems often requires the involvement of many different departments. At a minimum, sourcing, purchasing, design and Corporate Social Responsibility (CSR) staff should possess the knowledge necessary to implement FWF requirements and advocate for change within their organisations.

Documentation: Documentation on information to staff includes: FWF Seminars or equivalent trainings, FWF Annual Conference and other training events are attended, evidence of internal presentations, etc. Relevant training provided by other organisations may count towards this requirement if it supports elements of the FWF Code. If staff remains unchanged, trainings in previous years can count.

4.3 All sourcing contractors/agents are informed about FWF's Code of Labour Practices.

Max		Min	
2	1	0	N/A
Yes + agents/contractors support CoLP implementation	Yes	No	Member does not use agents/contractors
<i>Agents/contractors actively support CoLP implementation.</i>	<i>Agents/contractors are informed about the requirements of the CoLP, and inform suppliers about CoLP requirements.</i>	<i>Member has not sufficiently informed agents to support the implementation of the CoLP.</i>	

Relevance of indicator:

Many brands work with a range of external agents and intermediaries who work on their behalf in sourcing functions. Any external agents, intermediaries or other contractors working on behalf of the member should have the same knowledge and commitment to supporting the Code of Labour Practices as individuals directly employed by the brand.

Intermediaries have the potential to either support or disrupt CoLP implementation. It is the responsibility of member to ensure agents actively support the implementation of the CoLP.

Documentation: Documentation on sufficient information about the CoLP among sourcing contractors and agents includes: Correspondence with agents, trainings for agents, FWF audit findings, etc.

N/A (Not Applicable) conditions: Only if the member does not use agents.

4.4 Factory participation in training programmes that support transformative processes related to human rights.

Max				Min	
6	4	2	1	0	N/A
50%+	25-49%	10-24%	1-9%	0	All production in low-risk countries

Relevance of indicator:

Training programmes can play an important role in improving working conditions, especially for more complex issues such as freedom of association or gender-based violence where factory-level transformation is needed.

Within its Workplace Education Programme (WEP), FWF offers different modules to support such transformation processes for issues that are more strongly linked to the factories responsibility and where single factories can achieve relevant changes.

Currently the FWF WEP modules “violence prevention capacity building” and “communication” as well as the ILO Better Work programme are automatically counted towards this indicator.

FWF will continue to develop modules that support factory-level transformative processes related to human rights. A current list of all available modules can be found in the WEP overview on FWF’s member website.

Members may arrange trainings on their own or with other initiatives/ local organisations. Trainings must meet quality standards to receive credit for this indicator; member companies should contact FWF regarding the quality before beginning training.

For this indicator, a training session is considered valid for three years to account for worker turnover.

Documentation: Documentation related to factory participation includes: training reports, FWF’s data on factories enrolled in training programmes.

N/A (not applicable conditions): Only when member produces solely in low-risk countries.

4.5 Degree to which member company follows up after a training programme

Max	Min	
2	0	N/A
Active follow-up <i>FWF member can demonstrate follow-up activities after factory-level trainings that support transformative processes.</i>	No follow-up	No training programmes have been conducted or member produces solely in low-risk countries.

N/A (not applicable conditions): Only when no training programmes took place or when a member produces solely in low-risk countries.

Relevance of indicator:

FWF regards training as a crucial tool to support transformative processes, but acknowledges that complementary activities such as remediation and changes on brand level are needed as well to achieve lasting impact.

Efforts of FWF member brands to follow up after a training programme are assessed under this indicator. This may include following up with the factory on further management-worker dialogue activities, ensuring peer to peer education, discussing whether issues raised during such activities might be impacted by brand practices and confirming regular anti-harassment committee meetings are implemented.

FWF will continue to provide guidance on actionable follow-up recommendations for brands after factory-level training programmes.

Documentation: Documentation of discussions with factory management and worker representatives, minutes of regular worker-management dialogue meetings or anti-harassment committees.

Section 5: Information Management

5.1 Level of effort to identify all production locations.

Max		Min
6	3	-2
Advanced	Intermediate	Insufficient

Relevance of indicator:

Brands need to know where their products are actually made before they are able to assess human rights risks or support improvements. This indicator measures the level of effort taken to ensure that production locations of both first-tier suppliers and their subcontractors are known.

Advanced: No evidence of missing information; strong systems in place to reduce risk of unknown suppliers entering supply chain. (Local) staff is available to manage the risk of subcontracting. If applicable, all data is collected for home-based work as defined in FWF's [Guidance on home-based work](#).

Intermediate: Member makes efforts to identify production locations, but approach is not systematic; a small number of first-tier production locations may be missing; there is evidence of missing subcontractor locations.

Insufficient: A significant percentage of first-tier production locations are missing; agent or intermediary information is reported instead of production locations; known product types are not accounted for in the supplier list; member company works with intermediaries who refuse to provide production locations; inconsistency between listed suppliers and overviews; or no documented efforts to identify unknown production locations.

Documentation: Documentation on efforts to identify all production locations includes: Production location information as provided to FWF, financial records of previous financial year, evidence of member systems and efforts to identify all production locations (e.g. interviews with factory managers, factory audit data, webshop and catalogue products, etc.). Data collected for home-based work.

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

Max	Min
1	-1
Yes	No

Relevance of indicator:

CSR, purchasing and other staff that interact with suppliers need to be able to share information in order to establish a coherent and effective strategy for improvements. This indicator looks at how FWF membership requirements are embedded within the member company and how particularly sourcing/production staff integrates the CSR outcomes in their procedures and vice versa.

Documentation: Documentation on internal information sharing includes: Internal information system, status CAPs, reports of meetings of purchasing/CSR staff, systematic manner of storing information.

Section 6: Transparency

6.1 Degree of member company compliance with FWF Communications Policy.

Max				Min
2	0	-2	-3	Automatic 'Needs improvement'
<i>Minimum communications requirements are met AND no significant problems found</i>	<i>Significant problems found, but are remediated appropriately.</i>	<i>Severe problems found, but remediated appropriately.</i>	<i>Problems not remediated appropriately</i>	<i>On-garment communications by brand that is not Leader</i>

FWF's communications policy exists to ensure transparency for consumers and stakeholders, and to ensure that member communication about FWF is accurate.

Third party retailers, resellers or customers who have business relationships with FWF members may mention Fair Wear Foundation in their communications. However members are responsible for ensuring that any 3rd-party communications follow FWF policy. **Members will be held accountable for the communications behaviour of 3rd-party retailers, resellers and customers as part of their Brand Performance Check.**

Please consult the FWF Communications Guide for more details.

Minimum Requirements:

1. FWF membership must be clearly stated on the member's website. At a minimum: *[brand name] is a member of Fair Wear Foundation.*
2. For members with multiple brands covered by FWF membership, the statement must be included on each brand's website.
3. The member and all brands covered by membership must be included on the 'brands' page on www.fairwear.org. Details are provided in the communications policy, but the rule of thumb is any identity used on the back neck label of a garment should be listed on the website.

Policy violations:

FWF members are responsible for ensuring that they and their 3rd-party resellers, retailers or consumers do not engage in any of the violations listed here. Any violations need to be remediated upon notification by FWF.

Significant violations of FWF's communications policy include the following:

- Any communication that implies that products, factories or brands are 'certified' or 'fair.' Language referring to 'FWF-audited' factories implies certification and must be avoided
- Use of FWF logo without the statement '[brand name] is a member of Fair Wear Foundation' that can be found prominently on the website and without a link to the website or the text 'www.fairwear.org.'

Severe violations of FWF's communications policy include the following:

- Any reference to FWF membership in catalogues or websites near product (when not a *Leader*)
- Failure of a *Leader* to use correct logo for on-garment communications

- For *Leaders*: Production of on-garment communication materials without formal FWF approval
- For *Leaders*: Any on-garment communication mentioning FWF added by a 3rd-party
- In cases where garments produced by FWF members are resold by 3rd parties under a different brand name (e.g. blanks and promotional wear): any communication that implies that the 3rd-party brand is a member of or approved by FWF
- In cases where members' own brands are not covered by FWF membership, those additional brands may not under any circumstances imply they are FWF members

On-garment communication by brand that is not *Leader*:

On-garment communications includes hangtag, garment labels, and any product packaging. Such communication is restricted to brands that have achieved *Leader* status. Under no circumstances may 3rd parties (retailers, customers, etc.) add on-garment communications that mentions FWF.

Any mention of FWF in on-garment communications by a 3rd party retailer or by a member that is not a *Leader* will result in an automatic Needs Improvement rating at the next Brand Performance Check.

Brands that move from *Leader* status to *Good* or *Needs Improvement* have a one-year grace period during which they may continue to use on-garment communications while working to regain *Leader* status.

6.2 Member company engages in advanced reporting activities.

Max		Min
2	1	0
Supplier list is disclosed to the public.	Published Brand Performance Checks, audit reports, and/or other efforts lead to increased transparency.	No

Relevance of indicator:

Good reporting by members helps to ensure the transparency of FWF's work and share best practices with the industry.

Documentation: Documentation related to advanced reporting activities includes: Brand Performance Check, audit reports, disclosed production location list.

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

Max		Min	
2	1	-1	N/A
Complete and accurate report submitted to FWF AND published on member's website.	Complete and accurate report submitted to FWF	Inaccurate or not done	For new member companies

Relevance of indicator:

The Social Report is an important tool for member companies to transparently share their efforts with stakeholders. Therefore, member companies should not make any claims that do not correspond with FWF's communications policy.

Documentation: Report adheres to [FWF guidelines for Social Report](#) content.

N/A (Not Applicable) conditions: The social report may be written the following year in case a member joins in the last half year of its financial year, or if the deadline for submitting the social report falls after the Performance Check.

Section 7: Evaluation

7.1 Systematic annual evaluation of FWF membership is conducted with involvement of top management.

Max	Min
2	0
Yes	No

Relevance of indicator:

An annual evaluation involving top management ensures that FWF policies are integrated into the structure of the member company. Evaluation can include input from relevant external stakeholders and feedback from suppliers.

Documentation: Documentation on top management involvement in systematic annual evaluation includes: Meeting minutes, verbal reporting, PowerPoint presentations, etc.

7.2 Level of action/progress made on required changes from previous Brand Performance Check implemented by member company.

Max		Min	
4	2	-2	N/A
50-100%	1-49%	0%	No requirements were included in previous performance check

Relevance of indicator:

In each Brand Performance Check report, FWF may include requirements for changes to management practices. Progress on achieving these requirements is an important part of FWF membership and its process approach.

Documentation: Member should show documentation related to the specific requirements made in the previous Brand Performance Check.

GLOSSARY

Apparel FWF membership covers garments, footwear, bags, belts, tents, sleeping bags, luggage, home textiles and related products made from fabric, leather, or other textile materials serving the same purpose. For ease of use, all these products are included whenever apparel is mentioned in this guide.

Code of Labour Practices Also known as The Code, or CoLP, the Code of Labour Practices is FWF's version of a Code of Conduct. It's the core of our work. At the heart of our Code are the eight labour standards. But the Code is more: it's the agreement between FWF and its member brands, our common goal. The Code lists the things your company has agreed to work towards. The CoLP elements are:

1. Employment is freely chosen
2. Freedom of association and the right to collective bargaining
3. No discrimination in employment
4. No exploitation of child labour
5. Payment of a living wage
6. Reasonable hours of work
7. Safe and healthy working conditions
8. A legally binding employment relationship

Consolidation Member companies are advised to look for consolidation. To limit the number of production locations where member companies have a small volume of production means that they will

have more leverage to influence working conditions. This also means they will be less exposed to risks regarding social compliance.

Complaints procedure Ideally, grievances about working conditions would be resolved at the factory level, with formal worker representation embedded in social dialogue processes. In practice, however, factory workers often lack access to fair and effective complaints channels at the local level. And that is why FWF has set up a complaints procedure. FWF's complaints procedure serves as a safety net. It is designed to ensure workers in member companies' supply chains always have access to remedy in instances of noncompliance – but only in instances where workers are not able to access local complaint systems. When a complaint is filed and found admissible, FWF conducts an investigation and requires the affiliate to implement corrective actions with the supplier. Whenever possible, local workers' representatives (e.g. trade unions or NGOs) are involved in the investigation and remediation process.

Except for low-risk countries, where other resources are available to workers, FWF has a local complaints handler in the countries where it is active. This ensures that workers making products for FWF member companies can safely and fairly seek redress for violations of the Code of Labour Practices.

Cut-Make-Trim is the main process where products are actually assembled – normally by sewing, but sometimes using other techniques (like gluing).

Due Diligence In human rights compliance, as in finance, a certain degree of investigation and evaluation should be undertaken before

entering into or continuing a business relationship. Due diligence requires an understanding of national/regional risks, product-specific risks, and, significantly, the ways in which brand management choices either reduce or increase those risks. FWF expects member companies to conduct adequate human rights due diligence with its suppliers before and during business relationships.

External Production Describes finished goods which are bought by member companies from other brands for resale in a retail or wholesale (web)shop owned by the member. Typically, member companies will manufacture the majority of the goods they sell but may also resell other brands' products as part of their retail/wholesale assortment. (See 'Own Production' for details). FWF encourages member companies to resell goods from another FWF member, or a member of Fair Labour Association.

Everything after fabric production all production locations that are involved in the steps of product assembly after the production of fabric, leather, trims, or other component parts. This includes Cut-make-trim (CMT), as well as supporting processes like cutting, embroidery, printing, washing, ironing, garment knitting, packing, finishing and any other related processes used to help transform component parts into finished garments.

First tier supplier normally CMT factories who brands buy finished garments from. They commonly have a role in both production, and orchestrating subcontractors for certain processes when needed.

Brands may have a direct relationship with main factories – where they directly exchange money for finished goods – or a mediated re-

relationship, where brands contract with a main factory via an agent or intermediary, but the exchange of money for goods with the factory can still be documented.

FOB An acronym for 'Freight on Board' or 'Free on Board' indicating the price a brand pays for a garment once it has loaded on a ship for export. This is a common payment arrangement for the apparel industry, and is one type of documentation used by FWF in assessing monitoring systems.

Garment FWF membership covers garments, footwear, bags, belts, tents, sleeping bags, luggage, home textiles and related products made from fabric, leather, or other textile materials serving the same purpose. For ease of use, all these products are included whenever garment is mentioned in this guide.

Leverage For the purposes of remediation, leverage is partly defined by the share of the production volume the brand buys from a factory and the length of the business relation, but is not a static concept. It can be influenced by a range of mechanisms, including by inserting contractual provisions, but also through collaboration with other customers or parties.

Low-risk countries These are determined by the presence and effective functioning of institutions such as trade unions, worker committees, labour legislation and labour inspection, which can guarantee compliance with national and international standards and laws. FWF considers all present member states of the European Union and the European Free Trade Association to be low-risk countries, except for Bulgaria and Romania.

Main supplier normally CMT factories who brands buy finished garments from. They commonly have a role in both production, and orchestrating subcontractors for certain processes when needed.

Brands may have a direct relationship with main factories – where they directly exchange money for finished goods – or a mediated relationship, where brands contract with a main factory via an agent or intermediary, but the exchange of money for goods with the factory can still be documented.

Monitoring threshold FWF member companies commit to monitoring all of their suppliers over time. Member companies are required to achieve monitoring targets in incremental steps, year on year, which are known as the Monitoring Threshold.

On-garment communication Refers to any mention of FWF membership on packaging and other on-garment materials (hangtags, inseam labels, etc.), or the FWF name or logo next to products on websites or catalogues.

Own Production 'Own production' goods are commissioned from a factory by the FWF members, directly or through an agent or other intermediary, normally to the design of the FWF affiliate. Member companies have a direct responsibility for the working conditions at site making 'own production' goods.

'Own Production' includes:

- Any production bearing the name or mark of a brand owned or controlled by the affiliate.
- Any unbranded product designed for resale to another (apparel) brand.

- Any so-called 'Private Label' items.
- Any product rebranded for an end consumer (e.g. promotional wear or corporate/government end users).

See also External Production

Remediation includes all activities undertaken by the brand towards improving working conditions. This can be based on due diligence, the results of audits, or the suggestions that emerge from a complaint resolution.

Supplier/production location the factory and other locations where garments are actually produced.

Supply chain tail Garment companies most commonly source a relatively large volume from a relatively small number of production locations, and have a number of suppliers where they only source small orders. Leverage and impact to change labour standards at those production locations is commonly lower.

Production cluster Production clusters can have a variety of models ranging from vertically integrated factories that include multiple processes in a single location under one management, to local production clusters where a brand contracts a lead factory who in turn work with a network of factories that provide other services like embroidery, packaging or extra CMT capacity. A third model where a brand contracts an agent who has the relationships with factories that may change from one order to the next, presents significant challenges in monitoring and improving working conditions.

