



BRAND PERFORMANCE CHECK

FOND OF GmbH

PUBLICATION DATE: NOVEMBER 2017

this report covers the evaluation period 01-08-2016 to 31-07-2017

ABOUT THE BRAND PERFORMANCE CHECK

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

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

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

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

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

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

BRAND PERFORMANCE CHECK OVERVIEW

FOND OF GmbH

Evaluation Period: 01-08-2016 to 31-07-2017

MEMBER COMPANY INFORMATION	
Headquarters:	Cologne, Germany
Member since:	01-11-2016
Product types:	Bags & Accessories
Production in countries where FWF is active:	China, India, Myanmar, Viet Nam
Production in other countries:	
BASIC REQUIREMENTS	
Workplan and projected production location data for upcoming year have been submitted?	Yes
Actual production location data for evaluation period was submitted?	Yes
Membership fee has been paid?	Yes
SCORING OVERVIEW	
% of own production under monitoring	88%
Benchmarking score	67
Category	Good

Summary:

In 2017, FOND OF GmbH has shown progress and met most of FWFs' performance requirements. Its monitoring threshold of 88% exceeds FWF's requirements for members in first year of membership by far (FWF requirement is 40%). Because of this, combined with a benchmark score of 67, FWF has awarded a "Good" rating.

FOND OF GmbH produces bags. Approximately 90% of the turnover comes from so-called kids brands Affenzahn, ergobag and satch. Other lifestyle/pro brands are AEVOR and pinpong as well as AEP/SALZEN, Offermann and klatta.

In 2016, all brands were produced at 29 production sites (tier 1) in four countries: China, India, Myanmar and Vietnam. This includes subcontractors, for example, printing sites. Many of these production sites are shared with other FWF member brands, which explains why many of the production sites were audited before FOND OF GmbH became a member to FWF. Since FOND OF GmbH became a FWF member, two audits have been carried out by FWF teams: one in Myanmar and one in Vietnam (15% of the 88% monitoring threshold). Aside tier 1 suppliers, FOND OF GmbH knows most of its tier 2 suppliers which is important to their bluesign certified material.

FOND OF GmbH became a member in November 2016 and spent the first eight months aligning its internal systems with FWF requirements. Aside making products that add value (like ergonomically correct kids bags) it is crucial to FOND OF GmbH that people employed are able to deploy their full potential in their work - at the head quarter and at its production sites. The way the company works regarding long-term relationships with suppliers, continuous monitoring and active remediation is in line with FWF requirement. This is reflected in the monitoring percentage and the benchmark score in this first Brand Performance Check.

FWF encourages FOND OF GmbH to deepen its active approach to monitoring into proactive remediation. FOND OF GmbH needs to standardize its follow-up of Corrective Action Plans (CAP) in a more structured way to be able to measure progress and to evaluate this. Focus need to be on working hours at production sites and on living wages at their suppliers. Awareness-raising among workers through training and involvement of worker representation has started and is to be encouraged.

PERFORMANCE CATEGORY OVERVIEW

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

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

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

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

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

1. PURCHASING PRACTICES

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
1.1a Percentage of production volume from production locations where member company buys at least 10% of production capacity.	95%	Member companies with less than 10% of a production location's production capacity generally have limited influence on production location managers to make changes.	Supplier information provided by member company.	4	4	0

Comment: FOND OF GmbH has a consolidated supply chain. 95% of its production volume comes from production locations where the company buys at least 10% of the factory's production capacity. At some of its main suppliers FOND OF GmbH' brands account for 30-40% of the suppliers' production capacity.

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
1.1b Percentage of production volume from production locations where member company buys less than 2% of its total FOB.	10%	FWF provides incentives to clothing brands to consolidate their supplier base, especially at the tail end, as much as possible, and rewards those members who have a small tail end. Shortening the tail end reduces social compliance risks and enhances the impact of efficient use of capital and remediation efforts.	Production location information as provided to FWF.	3	4	0

Comment: 10% of production volume comes from production locations where FOND OF GmbH buys less than 2%. FOND OF GmbH's short supply chain shows it has a consolidated supplier base.

Recommendation: FWF recommends FOND OF GmbH to further consolidate its supply base by limiting the number of suppliers in its 'tail end'. To achieve this, members should determine whether suppliers where they buy less than 2% of their FOB are of strategic relevance. Shortening the tail will reduce the social compliance risks the member is exposed to and will allow the member to improve working conditions in a more efficient and effective way.

It is advised to describe the process of consolidation in a sourcing strategy that is agreed upon with top management/sourcing staff.

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
1.2 Percentage of production volume from production locations where a business relationship has existed for at least five years.	67%	Stable business relationships support most aspects of the Code of Labour Practices, and give production locations a reason to invest in improving working conditions.	Supplier information provided by member company.	3	4	0

Comment: 67% of production volume comes from production locations where a business relationship has existed for at least five years. The decision to start with a new supplier is taken with the intention to enter into a long term commitment with this supplier. In the past year only one change occurred at a supplier: an additional factory was built next to the existing factory to be able to meet the production demand of FOND OF GmbH.

Recommendation: FWF advises to describe policies regarding maintaining long term business relationships in a sourcing strategy that is agreed upon with top management/sourcing staff.

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
1.3 All new production locations are required to sign and return the questionnaire with the Code of Labour Practices before first bulk orders are placed.	No	The CoLP is the foundation of all work between production locations and brands, and the first step in developing a commitment to improvements.	Signed CoLPs are on file.	0	2	0

Comment: Since this is the first year of membership to Fair Wear Foundation, FOND OF GmbH has asked all production locations to fill in the FOND OF GmbH company profile. After joining FWF, this document has been adjusted and now includes the following: all details about the supplier such as name, address, main customers, departments and production steps they do, number of employees, working hours, lead times, compensations, overtime surcharge, if they have a trade union, subcontractor information and last but not least the Code of Labour Practice (CoLP).

FOND OF GmbH has used FWF's CoLP and asks specific questions to the labour standards to see whether the production site understands what they are answering. Most of the production sites have been visited, the company profile and the answers related to the CoLP discussed.

Since the company profile is a computerized document to fill in, FOND OF GmbH missed to ask most of its production sites to also sign and stamp the Code of Labour Practice.

Requirement: FOND OF GmbH needs to ensure that all suppliers sign and return the questionnaire. For new production sites, they need to sign and return the questionnaire with the Code of Labour Practices before first orders are placed.

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
1.4 Member company conducts human rights due diligence at all new production locations before placing orders.	Advanced	Due diligence helps to identify, prevent and mitigate potential human rights problems at new suppliers.	Documentation may include pre-audits, existing audits, other types of risk assessments.	4	4	0

Comment: FOND OF GmbH's biggest supplier in China decided to move production to Myanmar. FOND OF GmbH has agreed to move its production under the condition of an audit to evaluate social standards from the beginning. The first audit conducted in 2016 showed needs improvement requirements on various levels. This is why FOND OF GmbH has involved SMART Myanmar to provide training to the factory management. Right after joining Fair Wear Foundation, a FWF audit was conducted (approximately one year after the first audit). The audit showed that several improvements were made. Further steps for improvement have been noted and integrated in the regular follow up of corrective actions at FOND OF GmbH.

All production sites are visited, especially when they are new. The FWF Health and Safety Checklist is always used and filled in as part of the visit. Existing audit reports are collected and analyzed before production takes place.

One new production site has been added in India as FOND OF GmbH recently bought the brands Offermann and Klatta. These brands sell FOND OF GmbH's first bags made out of leather and the supplier was already producing the brands before FOND OF GmbH took over. The supplier has been visited but no audit has taken place yet.

Another supplier in Viet Nam who has produced for FOND OF GmbH since the beginning has not been as open to the company as expected which is why some subcontractors had to be added to the supplier base. The production sites have been visited in the beginning of the year.

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
1.5 Production location compliance with Code of Labour Practices is evaluated in a systematic manner.	Yes	A systemic approach is required to integrate social compliance into normal business processes, and supports good decisionmaking.	Documentation of systemic approach: rating systems, checklists, databases, etc.	1	2	0

Comment: FOND OF GmbH continuously evaluates the status of CoLP implementation at its suppliers and actively supports them to improve. Given the company's small and stable supplier base, it is difficult for the company to reward one production location with higher order volumes.

There is not yet a written policy and procedure but criteria for a systematic supplier evaluation have been developed and will be implemented towards the end of 2017.

Recommendation: FOND OF GmbH is encouraged to develop an evaluation/grading system for suppliers where compliance with labour standards is a criterion for future order placement. Part of the system can be to create an incentive for rewarding suppliers for realized improvements in working conditions. Part of the system can show whether and what information is missing per supplier and can include outcomes of audits, trainings and/or complaints.

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
1.6 The member company's production planning systems support reasonable working hours.	General or ad-hoc system.	Member company production planning systems can have a significant impact on the levels of excessive overtime at production locations.	Documentation of robust planning systems.	2	4	0

Comment: Product development and design of all backpacks sold at FOND OF GmbH are done together with the supplier who produces the backpack then later as well. Only the brand satch is developed at one supplier, production takes place at several production sites. FOND OF GmbH pays all sample products adding a certain percentage for development cost in case applicable.

Having the supplier being this closely involved in the production and design itself, the purchasing is mainly responsible for a smooth order and delivery only.

When it comes to production planning, forecasting is especially important. FOND OF GmbH has two different processes with two different product categories: Kids and Adults.

Category 1 - kids:

FOND OF GmbH achieves approximately 90% of its turnover with their brands Affenzahn, ergobag, satch, pingpong. A calendar year is split in two seasons, each season has three order terms (rolling forecast). In the beginning of the year all tier 1 (sewing) and all nominated tier 2 (material and attachments; about 80% of the tier 2 suppliers are nominated and blue sign certified) receive a forecast of the planned production for the whole year. This includes an overview of what FOND OF GmbH plans to have produced each week throughout the year. Base for this planning is the information about production capacity at each supplier given by the supplier in its company profile at the start of cooperation. After receipt of forecast, the supplier has the chance to agree or disagree to the forecast of production for the coming year. After agreeing, FOND OF GmbH sends an update and final order every two months and revises the forecast with its final orders up to the market needs. Experience has shown that forecasts from the beginning of the year mainly prove to be correct throughout the year. Peak season for ergobag is July - December as school backpacks are mainly sold in February and March. Peak season for the brand satch is a little later as sales are high in April and May. In general a production site has five to six months to order material, produce the goods and have it sent to Europe.

Category 2 - lifestyle/pro:

The difference between adults and kids production planning is that the two production seasons are not split anymore in order terms: FOND OF GmbH orders twice a year. Production takes place all over the year, for the adult category there is no peak and low season so far. Since the adult brands are relatively new to FOND OF GmbH, forecasting the right amount remains difficult. FOND OF GmbH usually underestimates the amount of goods needed. It actively gathers the knowledge needed for more accurate predictions.

In case the supplier cannot hold to the order FOND OF GmbH agrees to either have the supplier either deliver partly or later or have the supplier use authorized subcontractors. Since FOND OF GmbH has relatively high leverage at its main suppliers, delayed delivery is usually a discussion point to learn and to avoid in future.

Recommendation: Fair Wear Foundation recommends FOND OF GmbH to include in their company policies rules about what percentage of order volume purchasers may go up and down after the forecast. This is to give the suppliers less risk of having too much/little material in time and to manage workers and their work time accordingly.

In addition, FWF recommends FOND OF GmbH to think of ways to move parts of the production from peak to low season to ensure more equal production throughout the year.

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
1.7 Degree to which member company mitigates root causes of excessive overtime.	Insufficient efforts	Some production delays are outside of the control of member companies; however there are a number of steps that can be taken to address production delays without resorting to excessive overtime.	Evidence of how member responds to excessive overtime and strategies that help reduce the risk of excessive overtime, such as: root cause analysis, reports, correspondence with factories, etc.	0	6	0

Comment: FWF conducted two audits in the previous financial year. Both audits conducted in Myanmar and Viet Nam indicated overtime at the production sites. Overtime at the production site in Myanmar has not been paid according to law.

Findings related to overtime have been discussed with the factory management but no specific actions have been taken yet that could eliminate root causes of excessive overtime. Reason for this is also FOND OF GmbH's first year of membership and hence time needed to focus on general systems and ways to follow up before digging into root causes.

Requirement: FOND OF GmbH should investigate to what extent its current buying practices has an effect on the working hours at supplier level. A root cause analysis of excessive overtime should be done to investigate which steps can be most effective to reduce excessive overtime.

Recommendation: The outcomes of the root cause analysis can be used for identifying strategies that minimize the impact of its sourcing practice on working hours at other factories.

FOND OF GmbH could discuss with factory management on the causes of excessive overtime and provide support to manage overtime. If necessary, FOND OF GmbH could hire local experts to analyze root cause of excessive overtime in cooperation with the supplier. FWF could recommend qualified persons upon request.

Since it is a systemic issue that occurs at most production locations and FoB produces at factories where other FWF members are also sourcing we recommend that FoB seeks to collaborate on this issue with other FWF brands.

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
1.8 Member company's pricing policy allows for payment of at least the legal minimum wages in production countries.	Country-level policy	The first step towards ensuring the payment of minimum wages - and towards implementation of living wages - is to know the labour costs of garments.	Formal systems to calculate labour costs on per-product or country/city level.	2	4	0

Comment: When it comes to pricing, FOND OF GmbH has a top down approach. Coming from the retail price, the design and FOB price of a backpack is determined. FOND OF GmbH has a mix calculation among its assortment which means that the percentage earned per backpack differs.

For each bag, FOND OF GmbH knows in detail the pricing for fabric and accessories. Wages are a separate item in the price calculation per style, however the labour cost is unverified.

FOND OF GmbH knows the laws and minimum wages in the country but does not yet cross check whether the wage calculated per product matches the needs of what is considered a living wage. FOND OF GmbH uses FWF's Wage Ladder and country studies as reference.

Recommendation: As an advanced step, increased transparency in costing and productivity gives insight in the labour costs per product. This forms the basis for ensuring enough is paid to cover at least minimum wage and for making steps towards living wages.

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
1.9 Member company actively responds if suppliers fail to pay legal minimum wages.	Yes	If a supplier fails to pay minimum wage, FWF member companies are expected to hold management of the supplier accountable for respecting local labour law.	Complaint reports, CAPs, additional emails, FWF audit reports or other documents that show minimum wage issue is reported/resolved.	1	2	-2

Comment: The FWF audit conducted at a production site in Myanmar showed that workers who fall under apprenticeship and are supposedly “unskilled” are paid below minimum wage. This is in line with Myanmar’s law however against FWF’s Code of Labour practice.

FOND OF GmbH started discussions with the factory on how to ensure all workers can receive minimum wages. This is despite of the fact that payments below minimum wage were actually paid according to local law.

Recommendation: FWF recommends FOND OF GmbH to investigate the process and rules for a worker to be declared “unskilled”. Workers should not be exploited by being categorized “unskilled” on purpose or for extra long time. It also needs close checking whether workers are provided contracts for skilled workers after they have finished the apprenticeship.

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
1.10 Evidence of late payments to suppliers by member company.	No	Late payments to suppliers can have a negative impact on production locations and their ability to pay workers on time. Most garment workers have minimal savings, and even a brief delay in payments can cause serious problems.	Based on a complaint or audit report; review of production location and member company financial documents.	0	0	-1

Comment: None of the audits conducted in its first financial year as a member to FWF showed evidence of late payments to suppliers by FOND OF GmbH.

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
1.11 Degree to which member company assesses root causes of wages lower than living wages with suppliers and takes steps towards the implementation of living wages.	Basic approach	Sustained progress towards living wages requires adjustments to member companies' policies.	Documentation of policy assessments and/or concrete progress towards living wages.	2	8	0

Comment: The second audit conducted by FWF in a factory in Viet Nam showed that the workers were paid higher than what trade unions demand in that region but wages are below living wage demanded by Asia Floor Wage.

At both production sites wages were part of the discussion with the factory management during a visit at the production site beginning of 2017. In addition FOND OF GmbH's purchasers have been informed about the findings.

Recommendation: FWF encourages FOND OF GmbH to assess the hypothetical cost effects of increasing wages towards benchmarks that are included in the wage ladder. To support companies in this process FWF has developed a calculation model that estimates the effect on FOB and retail prices under different pricing models.

FWF encourages FOND OF GmbH to discuss with suppliers about possibilities to work towards higher benchmarks. It is advised to start with suppliers where FOND OF GmbH has high leverage and long term business relationship. FWF has developed experience with approaches that ensure that production workers in the selected facility take full benefit from the additional amounts that are committed to wage increases. FWF could give FOND OF GmbH specific guidance on process roll-out on request.

FWF advises FOND OF GmbH to avoid the concept of a one-time charitable contribution, and strongly recommends FOND OF GmbH to commit to a long term process that leads to sustainable implementation of living wages.

In case FOND OF GmbH is interested to develop a joint approach to improve wages at a shared supplier, FWF is in the position to give advice on measures that need to be taken by FOND OF GmbH to ensure compliance with anti-trust/anti-competition legislation in relevant jurisdictions.

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
1.12 Percentage of production volume from factories owned by the member company (bonus indicator).	None	Owning a supplier increases the accountability and reduces the risk of unexpected CoLP violations. Given these advantages, this is a bonus indicator. Extra points are possible, but the indicator will not negatively affect an member company's score.	Supplier information provided by member company.	N/A	2	0

PURCHASING PRACTICES

Possible Points: 44

Earned Points: 22

Additional comments on Purchasing Practices:

Aside FWF, FOND OF GmbH is a Blue Sign partner. Goal is to have all tier 2 suppliers nominated to reach 100% blue sign certification. Together with other brands, FOND OF GmbH has invited interested suppliers to the outdoor fair ISPO in January where they have met to discuss blue sign certification.

2. MONITORING AND REMEDIATION

BASIC MEASUREMENTS	RESULT	COMMENTS
% of own production under standard monitoring (excluding low-risk countries)	88%	
% of production volume where monitoring requirements for low-risk countries are fulfilled	N/A	FWF low risk policy should be implemented. 0 = policy is not implemented correctly. N/A = no production in low risk countries.
Meets monitoring requirements for tail-end production locations.	Yes	
Total of own production under monitoring	88%	Minimums: 1 year: 40%; 2 years 60%; 3 years+: 80-100% Measured as a percentage of turnover.

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
2.1 Specific staff person is designated to follow up on problems identified by monitoring system	Yes	Followup is a serious part of FWF membership, and cannot be successfully managed on an ad-hoc basis.	Manuals, emails, etc., demonstrating who the designated staff person is.	2	2	-2

Comment: FOND OF GmbH has designated staff following up on problems identified by monitoring system. The company has decided to make staff in direct contact with suppliers responsible for social standards along the supply chain in addition to their Corporate Responsible (CR).

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
2.2 Quality of own auditing system meets FWF standards.	Member makes use of FWF audits and/or external audits only	In case FWF teams cannot be used, the member companies' own auditing system must ensure sufficient quality in order for FWF to approve the auditing system.	Information on audit methodology.	N/A	0	-1

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
2.3 Audit Report and Corrective Action Plan (CAP) findings are shared with factory and worker representation where applicable. Improvement timelines are established in a timely manner.	Yes	2 part indicator: FWF audit reports were shared and discussed with suppliers within two months of audit receipt AND a reasonable time frame was specified for resolving findings.	Corrective Action Plans, emails; findings of followup audits; brand representative present during audit exit meeting, etc.	2	2	-1

Comment: Audit reports by Fair Wear Foundation or Sumations GmbH were shared with factory management. Improvement timelines were established. Corrective actions are either discussed via email, Skype calls or during personal visits at the production site.

In its first year of membership, FOND OF GmbH focused on following up corrective actions which can be solved relatively quick.

Recommendation: FWF recommends FOND OF GmbH to find a system to follow up on in cases that improvements are not going according to plan.

FWF recommends FOND OF GmbH to also include and follow up more intensively on findings which are less easy to solve and might need extra and longer investment and time.

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
2.4 Degree of progress towards resolution of existing Corrective Action Plans and remediation of identified problems.	Basic	FWF considers efforts to resolve CAPs to be one of the most important things that member companies can do towards improving working conditions.	CAP-related documentation including status of findings, documentation of remediation and follow up actions taken by member. Reports of quality assessments. Evidence of understanding relevant issues.	4	8	-2

Comment: In principal audit report findings are cross-checked whether they match typical problems of the country shown in FWF's country studies.

In its first year of membership, FOND OF GmbH has focused on getting insight into factory conditions in general and its practice to use subcontractors.

FOND OF GmbH uses the CAPs of each audit as a base to follow up on corrective actions. A computerized system is set up to remind them when deadlines for remediation expire. CAPs are discussed during factory visits with the factory management, HR and worker representatives.

Recommendation: To facilitate remediation, FOND OF GmbH could consider:

- Hire a local consultant to assist factory in developing an action plan and to assist factory management in investigating root causes.
- Organize supplier seminars.
- Provide factory training.
- Share knowledge/material.
- Providing financial support to the supplier for implementing improvements.

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
2.5 Percentage of production volume from production locations that have been visited by the member company in the previous financial year.	99%	Formal audits should be augmented by annual visits by member company staff or local representatives. They reinforce to production location managers that member companies are serious about implementing the Code of Labour Practices.	Member companies should document all production location visits with at least the date and name of the visitor.	4	4	0

Comment: Almost all production sites and subcontractors have been visited in the past financial year. Social standards have been part of the discussions with the factories.

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
2.6 Existing audit reports from other sources are collected.	Yes, quality assessed and corrective actions implemented	Existing reports form a basis for understanding the issues and strengths of a supplier, and reduces duplicative work.	Audit reports are on file; evidence of followup on prior CAPs. Reports of quality assessments.	3	3	0

Comment: Before joining Fair Wear Foundation, FOND OF GmbH has already worked closely with Sumations GmbH. Those reports meet FWF requirements because FOND OF GmbH can demonstrate follow up and quality assessment.

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
2.7 Compliance with FWF risk policies.	Advanced result on all relevant policies	Aside from regular monitoring and remediation requirements under FWF membership, countries, specific areas within countries or specific product groups may pose specific risks that require additional steps to address and remediate those risks. FWF requires member companies to be aware of those risks and implement policy requirements as prescribed by FWF.	Policy documents, inspection reports, evidence of cooperation with other customers sourcing at the same factories, reports of meetings with suppliers, reports of additional activities and/or attendance lists as mentioned in policy documents.	6	6	-2
Compliance with FWF enhanced monitoring programme Bangladesh	Policies are not relevant to the company's supply chain			N/A	6	-2
Compliance with FWF Myanmar policy	Advanced			6	6	-2
Compliance with FWF guidance on abrasive blasting	Policies are not relevant to the company's supply chain			N/A	6	-2

Comment: FOND OF GmbH fulfills all FWF requirements of FWF's Myanmar policy.

Together with its Chinese supplier, FOND OF GmbH decided to move production to Myanmar. This decision was taken before FOND OF GmbH became a member to FWF and hence FOND OF GmbH did not explicitly plan a responsible exit strategy from the supplier in China.

An audit has taken place at the beginning of cooperation, another FWF audit was conducted after joining FWF concluding some improvements were realized. During that first year, FOND OF GmbH has supported the supplier with training conducted by SMART Myanmar. FOND OF GmbH took extra care to have middle management trained on trade union rights.

To avoid production at factories linked to the military and/or implicated in known cases of forced labour and/or built on land where ownership may be implicated in land grabbing practices, FOND OF GmbH has requested the landowner certificate of the supplier.

Since the audit was conducted relatively close towards the end of the financial year of FOND OF GmbH, the wage ladder of the factory in Myanmar was not yet published by FOND OF GmbH. However a summary of the audit report results are published online - see also indicator 6.2.

Recommendation: FWF recommends to include wage ladder information of production sites in Myanmar in the social report or on the company website. FWF will use this information to assess how each member progresses towards payment of living wages in cooperation with its suppliers. This information will be incorporated in the annual performance check of each member company that is sourcing from Myanmar.

FOND OF GmbH is recommended to investigate the wage levels at supplier factories to make certain at least the legal minimum wage i.e. no payment at trainee (50% of local minimum wage), or probation period (75% of local minimum wage) levels, is paid to workers. In addition, FOND OF GmbH must be very vigilant on child labour and Freedom of Association violations and take this into account during due diligence, monitoring and remediation efforts.

Before starting to source at a new factory in Myanmar, FOND OF GmbH is advised to approach FWF which could ask stakeholders whether any information is available on the prospected new supplier.

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
2.8 Member company cooperates with other FWF member companies in resolving corrective actions at shared suppliers.	Active cooperation	Cooperation between customers increases leverage and chances of successful outcomes. Cooperation also reduces the chances of a factory having to conduct multiple Corrective Action Plans about the same issue with multiple customers.	Shared CAPs, evidence of cooperation with other customers.	2	2	-1

Comment: FOND OF GmbH has demonstrated good practice in cooperating with other FWF member companies in resolving corrective actions at shared suppliers.

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
2.9 Percentage of production volume where monitoring requirements for low-risk countries are fulfilled.	No production in low-risk countries	Low-risk countries are determined by the presence and proper functioning of institutions which can guarantee compliance with national and international standards and laws.	Documentation of visits, notification of suppliers of FWF membership; posting of worker information sheets, completed questionnaires.	N/A	2	0

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
2.10 Extra bonus indicator: in case FWF member company conducts full audits above the minimum required monitoring threshold.	None	FWF encourages all of its members to audit/monitor 100% of its production locations and rewards those members who conduct full audits above the minimum required monitoring threshold.	Production location information as provided to FWF and recent Audit Reports.	N/A	3	0

Recommendation: FWF encourages FOND OF GmbH to audit production locations in the tails end. FWF rewards members who audit production locations in the tail end as well to mitigate potential social compliance risks.

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
2.11 Questionnaire is sent and information is collected from external brands resold by the member company.	No external brands resold	FWF believes it is important for affiliates that have a retail/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.	Questionnaires are on file.	N/A	2	0

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
2.12 External brands resold by member companies that are members of another credible initiative (% of external sales volume).	No external brands resold	FWF believes members who resell products should be rewarded for choosing to sell external brands who also take their supply chain responsibilities seriously and are open about in which countries they produce goods.	External production data in FWF's information management system. Documentation of sales volumes of products made by FWF or FLA members.	N/A	3	0

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
2.13 Questionnaire is sent and information is collected from licensees.	No licensees	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.	Questionnaires are on file. Contracts with licensees.	N/A	1	0

MONITORING AND REMEDIATION

Possible Points: 27

Earned Points: 23

Additional comments on Monitoring and Remediation:

FOND OF GmbH has conducted several audits together with Sumations GmbH before joining Fair Wear Foundation. Several production sites are shared with other FWF affiliates. FOND OF GmbH actively follows up findings together with the other brands.

3. COMPLAINTS HANDLING

BASIC MEASUREMENTS	RESULT	COMMENTS
Number of worker complaints received since last check	1	At this point, FWF considers a high number of complaints as a positive indicator, as it shows that workers are aware of and making use of the complaints system.
Number of worker complaints in process of being resolved		
Number of worker complaints resolved since last check	1	

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
3.1 A specific employee has been designated to address worker complaints	Yes	Followup is a serious part of FWF membership, and cannot be successfully managed on an ad-hoc basis.	Manuals, emails, etc., demonstrating who the designated staff person is.	1	1	-1

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
3.2 System is in place to check that the Worker Information Sheet is posted in factories.	Yes	The Worker Information Sheet is a key first step in alerting workers to their rights.	Photos by company staff, audit reports, checklists from production location visits, etc.	2	2	0

Comment: FOND OF GmbH does not trust pictures of posted CoLPs which is why they do not collect them systematically. What is systematically collected are the pictures taken by FOND OF GmbH staff being at the supplier seeing the worker information sheets being posted. Since 99% of the production site are visited by FOND OF GmbH staff and all traveling staff is briefed in detail before seeing the production site, this is seen as good practice by Fair Wear Foundation.

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
3.3 Percentage of FWF-audited production locations where at least half of workers are aware of the FWF worker helpline.	0%	The FWF complaints procedure is a crucial element of verification. If production location based complaint systems do not exist or do not work, the FWF worker helpline allows workers to ask questions about their rights and file complaints. Production location participation in the Workplace Education Programme also count towards this indicator.	Percentage of audited production locations where at least 50% of interviewed workers indicate awareness of the FWF complaints mechanism + percentage of production locations in WEP programme.	1	4	0

Comment: Findings during the audit concluded that in Myanmar less than 50% of interviewed workers were aware of the FWF complaints mechanism, the CoLP and relevant legislation. In Viet Nam the Code of Labour Practice was not posted yet. Both audits took place shortly after FOND OF GmbH became a member to Fair Wear Foundation. The Worker Information Sheet is posted now and was checked during a visit at the production site.

76% of production volume was audited by Sumations GmbH. Since several of these production sites are shared with other FWF members also several of the audit reports concluded that the Code of Labour Practice has been posted at the factory.

Factories have been stipulated by FOND OF GmbH to participate in FWF's Workplace Education Programme. First WEPs are scheduled for the second year of membership.

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
3.4 All complaints received from production location workers are addressed in accordance with the FWF Complaints Procedure	Yes + Preventive steps taken	Providing access to remedy when problems arise is a key element of responsible supply chain management. Member company involvement is often essential to resolving issues.	Documentation that member company has completed all required steps in the complaints handling process.	6	6	-2

Comment: Fond of GmbH has addressed the complaint in accordance with the FWF Complaints Procedure. The complaint was remediated. As the complaint was not typical to production country challenges or general factory problems, preventive steps were not taken but learning from the complaint discussed with factory management to prevent from happening again.

For details check: <https://www.fairwear.org/resource/myanmar-complaint-fond-bags-march-2017-final-report/>

Worker representation was not yet included in solving the complaint but FOND OF GmbH together with the supplier is in process of establishing worker representation in that Myanmar factory.

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
3.5 Cooperation with other customers in addressing worker complaints at shared suppliers	No complaints or cooperation not possible / necessary	Because most production locations supply several customers with products, involvement of other customers by the FWF member company can be critical in resolving a complaint at a supplier.	Documentation of joint efforts, e.g. emails, sharing of complaint data, etc.	N/A	2	0

Comment: Cooperation with other customers in addressing the worker complaint was not necessary as it was solved in a timeline manner with FOND OF GmbH being the only involved brand working on the complaint.

COMPLAINTS HANDLING

Possible Points: 13

Earned Points: 10

4. TRAINING AND CAPACITY BUILDING

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
4.1 All staff at member company are made aware of FWF membership.	Yes	Preventing and remediating problems often requires the involvement of many different departments; making all staff aware of FWF membership requirements helps to support cross-departmental collaboration when needed.	Emails, trainings, presentation, newsletters, etc.	1	1	-1

Comment: FOND OF GmbH staff which is responsible to work with FWF on a daily basis has been trained during FWF's member seminar before joining as a member.

Within the month of joining, FWF has met with FOND OF GmbH for an afternoon to discuss FWF requirements. Communication and marketing colleagues have been invited to streamline all communication with FWF requirements and within all brands involved from the start.

FOND OF GmbH uses all kinds of on- and offline communication systems. FWF membership has broadly and been communicated internally and externally:

- CR is part of the agenda of the monthly overall staff meetings
- sales staff has been trained explicitly during sales meetings
- purchasers and design have been trained a whole day by FWF (see indicator 4.2)
- a team campus meeting was used to give more details to all staff
- customer service was trained on their needs by CR
- when new colleagues are hired, FWF is part of the on-boarding process

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
4.2 All staff in direct contact with suppliers are informed of FWF requirements.	Yes	Sourcing, purchasing and CSR staff at a minimum should possess the knowledge necessary to implement FWF requirements and advocate for change within their organisations.	FWF Seminars or equivalent trainings provided; presentations, curricula, etc.	2	2	-1

Comment: FWF trained designers and purchasing staff during a training given a whole day at the company's head quarter in July 2017. Aim was to ensure all FOND OF GmbH staff with responsibilities towards the suppliers are aware of FWF requirements and know how to support the team responsible for corporate responsibility (CR). The CR team again trained further colleagues who might have missed this opportunity internally.

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
4.3 All sourcing contractors/agents are informed about FWF's Code of Labour Practices.	Member does not use agents/contractors	Agents have the potential to either support or disrupt CoLP implementation. It is the responsibility of member company to ensure agents actively support the implementation of the CoLP.	Correspondence with agents, trainings for agents, FWF audit findings.	N/A	2	0

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
4.4 Production location participation in Workplace Education Programme (where WEP is offered; by production volume)	0%	Lack of knowledge and skills on best practices related to labour standards is a common issue in production locations. Good quality training of workers and managers is a key step towards sustainable improvements.	Documentation of relevant trainings; participation in Workplace Education Programme.	0	6	0

Comment: Since FOND OF GmbH became a member with only eight months time before the first brand performance check, none of the production locations participated in FWF's Workplace Education Programme yet. However, FOND OF GmbH has introduced the training programme to all their production sites. The first training took place just after the end of FOND OF GmbH's first year as a FWF member.

Recommendation: In order to ensure awareness and enhance understanding of the relevant labour standards, grievance mechanisms and the importance of a good mechanism for communication between employers and workers in the workplace, FWF developed the Workplace Education Programme. FWF currently offers the following training modules for the WEP: Basic, Communication, Gender Based Violence, Supervisor and the Factory Guide. More info on availability in countries can be found on the FWF website. FOND OF GmbH should motivate its main supplier(s) to join WEP training.

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
4.5 Production location participation in trainings (where WEP is not offered; by production volume)	All production is in WEP areas.	In areas where the Workplace Education Programme is not yet offered, member companies may arrange trainings on their own or work with other training-partners. Trainings must meet FWF quality standards to receive credit for this indicator.	Curricula, other documentation of training content, participation and outcomes.	N/A	4	0

TRAINING AND CAPACITY BUILDING

Possible Points: 9

Earned Points: 3

5. INFORMATION MANAGEMENT

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
5.1 Level of effort to identify all production locations	Advanced	Any improvements to supply chains require member companies to first know all of their production locations.	Supplier information provided by member company. Financial records of previous financial year. Documented efforts by member company to update supplier information from its monitoring activities.	6	6	-2

Comment: Shortly after joining, FOND OF GmbH had to realize that not all suppliers have been added to FWF's database which produce their products. One of its main suppliers has subcontracted production. FOND OF GmbH took immense efforts to ensure production site data is clear after they found out. CR together with colleagues have visited almost all production sites, explicitly the subcontractors.

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
5.2 CSR and other relevant staff actively share information with each other about working conditions at production locations.	Yes	CSR, purchasing and other staff who interact with suppliers need to be able to share information in order to establish a coherent and effective strategy for improvements.	Internal information system; status CAPs, reports of meetings of purchasing/CSR; systematic way of storing information.	1	1	-1

Comment: Every two weeks, purchasing, quality, logistics and CR meet to share detailed information about the suppliers. On behalf of the CR team information is given about recent travels, audit reports, complaints and subcontractors.

INFORMATION MANAGEMENT

Possible Points: 7

Earned Points: 7

6. TRANSPARENCY

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
6.1 Degree of member company compliance with FWF Communications Policy.	Minimum communications requirements are met AND no significant problems found	FWF's communications policy exists to ensure transparency for consumers and stakeholders, and to ensure that member communications about FWF are accurate. Members will be held accountable for their own communications as well as the communications behaviour of 3rd-party retailers, resellers and customers.	FWF membership is communicated on member's website; other communications in line with FWF communications policy.	2	2	-3

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
6.2 Member company engages in advanced reporting activities	Production locations are disclosed to the public	Good reporting by members helps to ensure the transparency of FWF's work and shares best practices with the industry.	Member company publishes one or more of the following on their website: Brand Performance Check, Audit Reports, Supplier List.	2	2	0

Comment: On its website, FOND OF GmbH communicates its production sites. This includes addresses and what brand is produced at what production site. In addition, a summary of the last audit report findings is available plus the information what organization has conducted the audit including a link to the organization for very interested readers.

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
6.3 Social Report is submitted to FWF and is published on member company's website	For new member companies	The social report is an important tool for members to transparently share their efforts with stakeholders. Member companies should not make any claims in their social report that do not correspond with FWF's communication policy.	Social report that is in line with FWF's communication policy.	N/A	2	-1

Comment: Although FOND OF GmbH did not have to write a social report according to FWF requirements yet, the company wrote a CR-report on 2016 achievements and included as many FWF requirements as possible to its report already.

TRANSPARENCY

Possible Points: 4

Earned Points: 4

7. EVALUATION

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
7.1 Systemic annual evaluation of FWF membership is conducted with involvement of top management	Yes	An annual evaluation involving top management ensures that FWF policies are integrated into the structure of the company.	Meeting minutes, verbal reporting, Powerpoints, etc.	2	2	0

Comment: CR meets with the CEO every two weeks. There is no systematic annual evaluation of FWF membership yet as FOND OF GmbH has just become a member eight months ago. FOND OF GmbH strategically decided for FWF as a partner from the beginning. First evaluation meeting is planned after the Brand Performance Check.

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
7.2 Level of action/progress made on required changes from previous Brand Performance Check implemented by member company.	No requirements were included in previous Check	In each Brand Performance Check report, 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.	Member company should show documentation related to the specific requirements made in the previous Brand Performance Check.	N/A	4	-2

EVALUATION

Possible Points: 2

Earned Points: 2

RECOMMENDATIONS TO FWF

Communication:

- The communication team wishes for more raw material to be able to customize FWF material better.
- Since FOND OF GmbH customers mainly speak German only, a German website is a demand.
- In general FOND OF GmbH sees more potential of FWF to be more visible and better seen in the German market. FOND OF GmbH would like to work more closely with FWF and other FWF members to reach more attention for FWF in the German market.

CR:

- Especially to discuss why living wages are needed to be paid, it would be good to have a one pager to convince CEOs.
- The social report requirements of FWF ask the brand to write in detail about the complaints. In general FOND OF GmbH is aware of the concept of why chapters could double in e.g. the social report and the Brand Performance Check. However in the case of complaints the company sees it would be better to shortly state that there are complaints and then refer to the complaints reports on FWF's website. Those in general are more detailed and in addition written by FWF as an external party.
- Audit reports from e.g. Sumations GmbH include a rating system which makes it easier to FOND OF GmbH to work on and communicate about.

SCORING OVERVIEW

CATEGORY	EARNED	POSSIBLE
Purchasing Practices	22	44
Monitoring and Remediation	23	27
Complaints Handling	10	13
Training and Capacity Building	3	9
Information Management	7	7
Transparency	4	4
Evaluation	2	2
Totals:	71	106

BENCHMARKING SCORE (EARNED POINTS DIVIDED BY POSSIBLE POINTS)

67

PERFORMANCE BENCHMARKING CATEGORY

Good

BRAND PERFORMANCE CHECK DETAILS

Date of Brand Performance Check:

12-09-2017

Conducted by:

Stefanie Santila Karl, Sharon Hesp

Interviews with:

Hannes Weber, Corporate Responsibility

Julian Conrads, Corporate Responsibility

Martin Steinbach, Corporate Brand & Communication

Alexandra Buchkremer, Purchasing

Andreas Masurek, Purchasing

Sven-Oliver Pink, CEO

Jens-Henning Pink, Product Manager (Purchasing until 04/2017)

Sarah Willeke, Accounting