



# **Brand Performance Check**

## **Filippa K AB**

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

## About the Brand Performance Check

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

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

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

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

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

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

# Brand Performance Check Overview

## Filippa K AB

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

Member company information	
Headquarters:	Stockholm , Sweden
Member since:	2008-02-29
Product types:	Garments, clothing, fashion apparel
Production in countries where Fair Wear is active:	Bulgaria, China, India, Romania, Turkey, Viet Nam
Production in other countries:	Belarus, China, Hong Kong Special Administrative Region, Estonia, Italy, Lithuania, Morocco, Peru, Portugal, Sweden, Ukraine
Basic requirements	
Workplan and projected production location data for upcoming year have been submitted?	Yes
Actual production location data for evaluation period was submitted?	Yes
Membership fee has been paid?	Yes
Scoring overview	
% of own production under monitoring	87%
Benchmarking score	53
Category	Good

## **Disclaimer**

*This performance check was conducted amidst the COVID-19 outbreak in 2020. Due to travel restrictions in 2020, the assessment methodology for this check was modified to adapt to an online version.*

*While the performance check does cover all indicators, Fair Wear was not able to cross-check information with the member company's other departments to the extent it would normally do. This may have led to shorter descriptions/comments in the report. We have taken additional measures to ensure the scores are still inclusive and representative of the performance/progress made: more documentation was requested from the member during the preparation phase and other staff members were interviewed to score a specific indicator, where necessary. Furthermore, due to our improved data management system, Fair Wear was able to better track and document progress, mitigating much of the disadvantage of a remote performance check.*

*This modified version was applied consistently to all members' performance checks starting their financial year in 2019 in order to maintain fair and comparable data.*

*Fair Wear will evaluate the members' response to the Corona-crisis in the performance check about the financial year starting in 2020. For members having financial years starting in April or later, parts of their response can already be reflected in the current performance check report, although their overall response will be evaluated in the next performance check.*

## Summary:

Filippa K has shown progress and met most of Fair Wear's performance requirements. With a monitoring percentage of 87% and a benchmarking score of 53, Filippa K is awarded the 'Good' category.

In 2019, Filippa K's focus has been on consolidation and transparency. A score card methodology was introduced to better grade and award suppliers in order to improve decision-making processes for the consolidation process. Besides its consolidation plans, Filippa K entered a new production country, Ukraine. Filippa K has conducted proper due diligence before starting with the new Ukrainian supplier.

In terms of transparency, Filippa K has specified production volume and FOB figures on subcontractor level.

While Filippa K's production planning system supports reasonable working hours at factory level, excessive overtime remains a challenge in its supply chain. Fair Wear expects Filippa K to proactively work on this, using the new Fair Wear guidance on addressing excessive overtime. Due to the introduction of a new CSR manager, progress on living wage projects has been minimal. Fair Wear expects Filippa K to take a more active role in discussing and implementing living wages with its suppliers.

Several Fair Wear audits have been conducted in 2019 at Filippa K's suppliers. To better monitor progress and have specific follow-up steps to work with, the CSR manager has developed a monitoring overview which is used as a central tool among the buyers and the CSR manager. This monitoring overview allows Filippa K to track if there is sufficient follow-up on the issues. However, the follow-up of the CAP issues and country-specific risks remains on a basic level. A more proactive approach is needed to address more complex and structural issues.

## Performance Category Overview

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

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

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

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

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

# 1. Purchasing Practices

Performance indicators	Result	Relevance of Indicator	Documentation	Score	Max	Min
1.1a Percentage of production volume from production locations where member company buys at least 10% of production capacity.	0%	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.	0	4	0

**Comment:** At none of its production locations, Filippa K buys at least 10% of the production capacity. In the previous year this was 43%. Reason for this decrease in percentage is that the member now has specified FOB figures of all subcontractors, where in the previous year only FOB on main supplier level was used. Filippa K is in the process of consolidation, focusing on core orders and decrease the number of suppliers. This will most likely result in an increase of percentage for this indicator per next year.

**Recommendation:** Fair Wear recommends Filippa K to consolidate its supplier base where possible, and increase leverage at main production locations to effectively request improvements of working conditions. 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
1.1b Percentage of production volume from production locations where member company buys less than 2% of its total FOB.	27%	Fair Wear provides incentives to clothing brands to consolidate their supplier base, especially at the tail end, as much as possible, and rewards those members who have a small tail end. Shortening the tail end reduces social compliance risks and enhances the impact of efficient use of capital and remediation efforts.	Production location information as provided to Fair Wear.	0	4	0

**Comment:** A total of 27% of the production volume is made at production locations where Filippa K buys less than 2% of its total FOB. This is a small decrease compared to 34% in the previous year.

Filippa K is aware of this relatively long 'tail end' for production and is currently in a transition phase to consolidate its supplier base.

**Recommendation:** Fair Wear recommends Filippa K to consolidate its supply base by limiting the number of production locations in its 'tail end'. To achieve this, Filippa K should determine whether production locations 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.	58%	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:** 58% of Filippa K's production volume comes from production locations where the brand's business relationship has existed for at least five years. This is a slight increase compared to the previous year (55%).

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

**Comment:** Filippa K receives a signed copy of the questionnaire from each production location prior to starting production at a new supplier. All questionnaires are uploaded to the Fair Wear database, including those of the six new production locations in 2019.

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



**Comment:** Filippa K works with the 'Filippa K sourcing flow chart', identifying actions for the four different steps before test orders are placed at a new supplier. The steps are: first evaluation (including analysis of existing audits and wage ladder), check up (with a self evaluation), visit (using Fair Wear checklist, health and safety check and photos) and start up (questionnaire and CoLP).

At the beginning of the design process, the buying department selects new suppliers in collaboration with the design department. The sourcing process will not start before the questionnaire with CoLP is received by CSR.

All of the steps were taken for the following new factories in 2019; two in China, one in Viet Nam and two in Portugal.

In addition, Ukraine was entered as a new production country, due to sudden business change of an important supplier in Lithuania. The Lithuanian factory decided to transform into an agency and stop actual production. The owner of this production site also has a factory in Ukraine which could provide the same quality and contains the necessary skills. The stable relationship with the factory owners and their transparency and good scoring on social compliance was reason for Filippa K to consider adding this new production country. At first, the CSR manager was very hesitant to go ahead, mostly due to the political turmoil in the country. After consulting various sources on the risks in Ukraine, the member contacted other Fair Wear members with experience in this country. Next, the CSR manager had a thorough discussion with top management. The fact that the production location is shared with two other Fair Wear brands - providing opportunity to collaborate - and that the site was already audited on behalf of these two members, made Filippa K decide to proceed and start working with this factory.

**Recommendation:** Filippa K could cooperate with local stakeholders to further investigate the situation in a specific country and can meet with them during monitoring visits to gain a better understanding of the local context. FWF can offer information on local stakeholders. In order to align sourcing decisions with CSR goals and objectives, it should be made clear in procedures on how labour standards influence monitoring and sourcing decisions.

Performance indicators	Result	Relevance of Indicator	Documentation	Score	Max	Min
1.5 Production location compliance with Code of Labour Practices is evaluated in a systematic manner.	Yes, and leads to production decisions	A systemic approach is required to integrate social compliance into normal business processes, and supports good decisionmaking.	Documentation of systemic approach: rating systems, checklists, databases, etc.	2	2	0

**Comment:** Filippa K annually discusses the sustainability performance (social and environmental performance) based on several criteria. Since 2018, Filippa K works with open costing sheets and uses suppliers' willingness to be transparent as a key indicator: no orders are given to suppliers that are not willing to use the open costing sheet. Filippa K communicated this clearly to its suppliers.

In 2019, one Portuguese supplier showed poor performance in terms of sustainability. Even though the quality of the products was good, orders were decreased to show the supplier that social compliance is equally important.

Filippa K created a clear overview of all factories, to better monitor data and to better compare performance. This score card methodology grades each supplier into 3 different categories; Partner, Preferred and Approved classification. This is currently only done on basic information and not yet on detailed social compliance level. The CSR manager intends to further develop this tool in 2020.

**Recommendation:** Fair Wear sees several opportunities for Filippa K to further develop a grading/evaluation system of suppliers where compliance with labour standards is a criterion for future order placement, also using the positive experience with the supplier learning as a result of QuizRR. Filippa K could include more details on social compliance and make results comparable for one supplier through time and compare the performance of one supplier to another.

Fair Wear recommends Filippa K to share and discuss the outcome of the supplier evaluation with all its suppliers. Sharing the social performance of a specific supplier compared to the social performance of the rest of Filippa K's suppliers could nudge a supplier to improve their own social compliance.

Furthermore, Fair Wear recommends Filippa K to consider how it can positively stimulate progress on social issues, for example by offering price increases, bonuses or financial support to resolve issues.

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

**Comment:** Filippa K has a system in place with a cycle of production planning, which is repeated twice a year. The member brand has two collections and two pre-collections. About 30-40% are core products and for these items, there is a carry-over. Filippa K discusses the planning and deadlines with the supplier and checks the long-term capacity, usually six months prior to delivery times.

For each style, Filippa K has insight into production capacity, knowing the costs of CMTP (Cut Make Trim and Packing), however not at the level of standard minutes per part of a style and total capacity of the production location. Filippa K indicates they trust their suppliers to make realistic planning based on regular working hours. To better monitor working hours, the member company stopped with their agent in Portugal and now communicates directly with the factory. According to Filippa K, communication already improved a lot and possible delays (mostly caused by fabric delay) is known immediately. An extra 3-4 weeks is always built in to allow delays of fabric. For their Asian suppliers, Filippa K adds another 4 weeks for shipment.

In addition to this, the buyers of Filippa K inform each other with the aim to evenly split orders across various suppliers. Or, if they know a supplier will not be able to manage a large quantity, orders will be moved to different suppliers. Filippa K checks the production process on a weekly basis during production.

**Recommendation:** Fair Wear recommends Filippa K AB to learn more about the standard minute per style and how the production of its products impacts the total production capacity of the factory. Late material delivery is one of the main reasons for delay and working overtime. Next to adding 3-4 weeks, Filippa K could also look into including all supply chain partners - including material suppliers - in its forecasting and production planning.

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

**Comment:** Excessive overtime was found during three Fair Wear audits, conducted in Chinese factories (one done in December 2018 and two done in 2019).

Filippa K considers overtime at their Chinese suppliers as one of their main challenges. For one of the three Chinese suppliers audited, Filippa K is now in the process of phasing out, as numerous attempts to jointly work on remediation have not been taken up by the supplier. Filippa K sees no other solution, as working hours have not been improved since 2014.

For the other two, Filippa K has offered several tools to improve on this topic. The QuizRR tool is used by one of them, however the supplier is not yet very pro-active in taking the issue up.

The third supplier is offered to take part in the ILO Better Work programme, helping them to manage working hours and understanding available tools.

During factory visits, Filippa K discusses roots causes of overtime, yet it is difficult to gain more insight. In 2018 a better workflow was created and orders were spread, however no clear improvements are verified yet.

**Recommendation:** To identify root causes of excessive overtime in their supply chain, brands can evaluate production processes and known occurrences of excessive overtime with all internal departments, their suppliers and worker representatives. Once root causes of overtime are known, the brand can use the new Fair Wear guidance on addressing excessive overtime and check what solutions, processes and tools are linked to a particular root cause.

Besides discussing it with the supplier and assessing root causes, Fair Wear strongly recommends Filippa K to actively take measures when excessive overtime is found. Taking measures to ensure that Filippa K knows and shows whether excessive overtime takes place at a supplier is key in resolving the issue. Measures such as regular checks by the local technician, documents checking and interviewing workers help assess whether excessive overtime takes place.

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

**Comment:** Since 2018, Filippa K works with open costing sheets, required for all suppliers to work with. Information provided in the costing sheet is still on a basic CMTP cost level and no insight into labour minutes and wages. There is not yet a solid system to verify payment of LMW at all suppliers. Filippa K has the intention to learn more about the Fair Wear wage ladder and use it to gain more understanding of wage levels throughout its supply base.

At the moment, Filippa K has low leverage at all its suppliers. To gain more transparency at the factory level, higher leverage is crucial. Therefore, to gain more insight into labour minute costs, consolidation is considered the main focus for now.

**Recommendation:** At a minimum, members are recommended to investigate wage levels in production countries, among others by making use of Fair Wear's Wage Ladder and country studies. As an advanced step, increased transparency in costing and productivity gives insight 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.

Calculating labour minute costs per product, based on the CMTP costs, is a next step towards exact costs of labour and the link to buying prices. The first priority should be to make sure this level of transparency can be achieved with Filippa K's main suppliers.

Filippa K is encouraged to provide buyers (or other employees involved in price negotiations with suppliers) training on cost breakdown. The living wage toolkit on the Fair Wear member hub, the recordings of Fair Wear webinars on living wages, the supplier seminars that will be organised in 2020, can be valuable resources to increase knowledge on living wage and how to take next steps.

Performance indicators	Result	Relevance of Indicator	Documentation	Score	Max	Min
1.9 Member company actively responds if production locations fail to pay legal minimum wages and/or fail to provide wage data to verify minimum wage is paid.	Yes	If a supplier fails to pay minimum wage or minimum wage payments cannot be verified, Fair Wear member companies are expected to hold management of the supplier accountable for respecting local labour law. Payment below minimum wage must be remediated urgently.	Complaint reports, CAPs, additional emails, Fair Wear Audit Reports or additional monitoring visits by a Fair Wear auditor, or other documents that show minimum wage issue is reported/resolved.	0	0	-2

**Comment:** During one audit in China conducted in December 2018, incomplete attendance records were found. The supplier's unwillingness to follow up on this audit finding and live up to the overall commitment made Filippa K to decide on a phase out of this supplier. The exit strategy will be assessed in the next performance year.

During another audit in China, conducted in 2019, it was found that records were incomplete and overtime premium was not paid to all workers involved. Filippa K shared the findings with its supplier and discussions on remediation took place. Both findings are improved, which is confirmed by a verification audit.

The QuizRR tool helped the supplier to understand more about the link between efficiency and wages. In the follow-up, Filippa K focused on factory organisation and it was shown that administration was improved.

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

Performance indicators	Result	Relevance of Indicator	Documentation	Score	Max	Min
1.11 Degree to which member company assesses and responds to root causes for wages that are lower than living wages in production locations.	Insufficient	Assessing the root causes for wages lower than living wages will determine what strategies/interventions are needed for increasing wages, which will result in a systemic approach	Evidence of how payment below living wage was addressed, such as: Internal policy and strategy documents, reports, correspondence with factories, etc	0	6	0

**Comment:** The CMTP costing sheet introduction was a good starting point and Filippa K has worked with this sheet throughout the year. However, Filippa K's CSR manager feels that more understanding of the system is needed (and consolidation of supplier base) before diving deeper in and entering Living Wage project. The goal was to get started on this in 2020, but given the pandemic this will be postponed to 2021. As a step to gain more insight, Filippa K participated in Fair Wear's Living Wage seminar in the fall of 2019. Wages of workers are not systematically discussed with suppliers in this year.

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

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

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

Performance indicators	Result	Relevance of Indicator	Documentation	Score	Max	Min
1.13 Member company determines and finances wage increases.	None	Assessing the root causes for wages lower than living wages will determine what strategies/interventions are needed for increasing wages, which will result in a systemic approach.	Evidence of how payment below living wage was addressed, such as: internal policy and strategy documents, reports, correspondence with factories, etc.	0	6	0

**Comment:** Filippa K has not yet systematically agreed on target wages with suppliers.

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

**Recommendation:** To support companies in analysing the wage gap, Fair Wear has developed a calculation model that estimates the effect on FOB and retail prices under different pricing models.

It is advised that the strategy for how to finance wage increases is agreed upon by top management. In determining what is needed and how wages should be increased, it is recommended to involve worker representation.

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

**Comment:** Filippa K has not yet agreed on target wages with suppliers, hence their share of the target wage is not yet paid.

**Requirement:** Filippa K is expected to begin setting a target wage for its production locations.

## Purchasing Practices

**Possible Points: 52**

**Earned Points: 18**



## 2. Monitoring and Remediation

Basic measurements	Result	Comments
% of production volume where approved member own audit(s) took place.		
% of production volume where approved external audits took place.	12%	
% of production volume where Fair Wear audits took place.	19%	
% of production volume where an audit took place.	31%	
% of production volume where monitoring requirements for low-risk countries are fulfilled.	56%	To be counted towards the monitoring threshold, FWF low-risk policy should be implemented. See indicator 2.g. (N/A = no production in low risk countries.)
Member meets monitoring requirements for tail-end production locations.	No (implementation will be assessed next performance check)	FWF members must meet tail-end monitoring requirements. Implementation will be assessed during next Brand Performance check.
Requirement(s) for next performance check	All factories must be visited by Filippa K staff at least once every 3 years. During factory visits, labour conditions and the use of subcontractors must be discussed, outcomes of the discussion must be documented, and the Fair Wear health and safety check-list must be completed and filed for Fair Wear to assess during a Brand Performance Check. Filippa K can collect existing audit reports from the production sites in order to ensure most up to date information on working conditions.	
Total monitoring threshold:	87%	Measured as percentage of production volume (Minimums: 1 year: 40%; 2 years 60%; 3 years+: 80-100%)

Performance indicators	Result	Relevance of Indicator	Documentation	Score	Max	Min
2.1 Specific staff person is designated to follow up on problems identified by monitoring system.	Yes	Followup is a serious part of Fair Wear membership, and cannot be successfully managed on an ad-hoc basis.	Manuals, emails, etc., demonstrating who the designated staff person is.	2	2	-2

**Comment:** Filippa K has designated a CSR manager to follow up on problems identified by the monitoring system.

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

Performance indicators	Result	Relevance of Indicator	Documentation	Score	Max	Min
2.3 Audit Report and Corrective Action Plan (CAP) findings are shared with factory and worker representation where applicable. Improvement timelines are established in a timely manner.	Yes	2 part indicator: Fair Wear audit reports were shared and discussed with suppliers within two months of audit receipt AND a reasonable time frame was specified for resolving findings.	Corrective Action Plans, emails; findings of followup audits; brand representative present during audit exit meeting, etc.	2	2	-1

**Comment:** The Fair Wear audit reports and Corrective Action Plans were shared with factory management. Timelines for improvement are established and the CAPs are regularly checked upon. Documents and pictures are collected as proof of follow up. The CSR manager coordinates this process in close contact with the buyers to monitor timelines and follow up.

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

Performance indicators	Result	Relevance of Indicator	Documentation	Score	Max	Min
2.4 Degree of progress towards resolution of existing Corrective Action Plans and remediation of identified problems.	Basic	Fair Wear considers efforts to resolve CAPs to be one of the most important things that member companies can do towards improving working conditions.	CAP-related documentation including status of findings, documentation of remediation and follow up actions taken by member. Reports of quality assessments. Evidence of understanding relevant issues.	4	8	-2

**Comment:** In 2019, the follow up of the CAPs was done by the buyers, while the CSR manager was in charge of keeping an overview. Filippa K showed communication with its suppliers about CAP findings and proof of the steps that were taken. Besides the two audits conducted in 2019, follow up of two audits done at the end of 2018 are also assessed for this indicator. In the weekly meeting of the buyers, audits and CAP-follow up is discussed, for example related to health and safety issues.

At one of the suppliers, there were findings related to communication, health and safety and Freedom of Association. With the use of QuizRR, follow up was shown on communication. One of the four audited suppliers participated in the first three QuizRR modules, focusing on communication and labour conditions. The fourth module deals with FoA and is planned for 2020/2021. Health and safety issues have been resolved, proof provided. Furthermore, Filippa K shared their long term projection of planning and discussed what the member brand can change from their side.

Overtime remains a big challenge for all Filippa K's Chinese suppliers. For three of the four audited factories, clear communication was shown in the follow up of this topic, however specific steps are minimal. For another audited Chinese supplier, Filippa K suggested participation in the ILO Better Work programme and this supplier gave a positive response. Next step will be taken in 2020/2021.

In the previous year, a requirement was given under this indicator, regarding the content of Filippa K's Code of Conduct. This has been resolved, the CoC is now in line with Fair Wear's CoLP and shared with all suppliers.

**Recommendation:** Fair Wear encourages Filippa K to continue strengthening their system to analyse how they might have contributed to findings and what changes they can make in their purchasing practices.

Fair Wear strongly recommends to ensure that the size of the supply chain and the available resources of Filippa K to actively follow up on CAP issues are coinciding. Possible solutions could be to decrease the number of suppliers or increase the amount of resources needed for active follow up.

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.	43%	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.	2	4	0

**Comment:** Buyers and CSR staff visit production sites regularly. 43% of the total production volume placed by Filippa K came from production locations that have been visited by Filippa K in 2019.

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:** Existing audit reports are collected as a step in the due diligence process to investigate new factories. When Filippa K works with a production location, it prefers to monitor through Fair Wear audits. In 2019, five external audits were assessed and included in the monitoring calculations.

Performance indicators	Result	Relevance of Indicator	Documentation	Score	Max	Min
2.7 Compliance with FWF risk policies.	Average score depending on the number of applicable policies and results	Aside from regular monitoring and remediation requirements under Fair Wear membership, countries, specific areas within countries or specific product groups may pose specific risks that require additional steps to address and remediate those risks. Fair Wear requires member companies to be aware of those risks and implement policy requirements as prescribed by Fair Wear.	Policy documents, inspection reports, evidence of cooperation with other customers sourcing at the same factories, reports of meetings with suppliers, reports of additional activities and/or attendance lists as mentioned in policy documents.	4	6	-2
Compliance with FWF guidance on abrasive blasting	Advanced			6	6	-2
Compliance with FWF guidance on risks related to Turkish garment factories employing Syrian refugees	Intermediate			3	6	-2
Other risks specific to the member's supply chain are addressed by its monitoring system	Intermediate			3	6	-2

**Comment:** For the denim production, Filippa K has a written policy against abrasive blasting, which is signed by its relevant suppliers. During visits Filippa K observes that sandblasting is not used in its production locations.

Filippa K worked with one factory in Turkey in 2019. The guidance on Syrian refugees was shared with the agent involved. The last visit took place in 2018 and the factory refused a re-audit. After several attempts by Filippa K to work on remediation together, it felt there was no other option than to discontinue the business relationship with this production location. Clear correspondence with the supplier was shown and a responsible exit procedure has been followed.

For other countries a risk assessment is part of Filippa K's due diligence process. Country-specific risks are noted for India, China and Romania, such as gender based violence, freedom of association and excessive overtime. Also for Italy and Portugal (Filippa K's most important production country) an adjusted risk assessment tool is used in the company's sourcing process, which helps sourcing staff to monitor potential risks. Issues related to peak and low seasons, working hours, overtime compensation, low season compensation, max. overtime per week and collective bargaining are included. The country-specific risks for India made Filippa K decide to phase out of this country. For China, Filippa K has been focusing on solid forecasting and training its suppliers through QuizRR in order to prevent specific risks. The new monitoring overview will help to take more proactive steps to focus on country specific risks in a systematic way.

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

Performance indicators	Result	Relevance of Indicator	Documentation	Score	Max	Min
2.8 Member company cooperates with other FWF member companies in resolving corrective actions at shared suppliers.	Active cooperation	Cooperation between customers increases leverage and chances of successful outcomes. Cooperation also reduces the chances of a factory having to conduct multiple Corrective Action Plans about the same issue with multiple customers.	Shared CAPs, evidence of cooperation with other customers.	2	2	-1

**Comment:** Filippa K actively cooperates with two other members in resolving corrective actions. Roles are divided and costs are shared.

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.	96%	Low-risk countries are determined by the presence and proper functioning of institutions which can guarantee compliance with national and international standards and laws. Fair Wear has defined minimum monitoring requirements for production locations in low-risk countries.	Documentation of visits, notification of suppliers of Fair Wear membership; posting of worker information sheets, completed questionnaires.	2	2	0

Performance indicators	Result	Relevance of Indicator	Documentation	Score	Max	Min
Member undertakes additional activities to monitor suppliers.	No			0	1	0

**Comment:** Filippa K has 53 production locations in low-risk countries. 45 of those were visited in the past three years, good for 96% of the total production volume sourced from low-risk countries. For both Italy and Portugal, Filippa K uses the Fair Wear risk assessments to monitor country specific issues.

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

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

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

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

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## Monitoring and Remediation

**Possible Points: 29**

**Earned Points: 21**

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### 3. Complaints Handling

Basic measurements	Result	Comments
Number of worker complaints received since last check.	0	At this point, FWF considers a high number of complaints as a positive indicator, as it shows that workers are aware of and making use of the complaints system.
Number of worker complaints in process of being resolved.	0	
Number of worker complaints resolved since last check.	0	

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

**Comment:** Filippa K's CSR manager is designated to address worker complaints.

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

**Comment:** A random sample of factories showed that the Worker Information Sheet was posted. The CSR manager is in close contact with the buying teams to make sure to monitor proper placement and use the H&S checklist during every factory visit.

Performance indicators	Result	Relevance of Indicator	Documentation	Score	Max	Min
3.3 Degree to which member company has actively raised awareness of the FWF CoLP and complaints hotline.	12%	After informing workers and management of the Fair Wear CoLP and the complaints hotline, additional awareness raising and training is needed to ensure sustainable improvements and structural worker-management dialogue.	Training reports, Fair Wear's data on factories enrolled in the WEP basic module. For alternative training activities: curriculum, training content, participation and outcomes.	4	6	0

**Comment:** One Chinese production location has followed the QuizRR module Rights and Responsibilities and blended learning, accounting for 12% of total production volume in high-risk countries. This training was attended by at least 10% of all production workers and cards were handed out to workers, to raise awareness of the Fair Wear complaint helpline. Another production location in China wanted to continue the QuizRR module in 2019 but has been facing financial difficulties, so this is put on hold.

**Recommendation:** Fair Wear recommends Filippa K to organise a worker session on Fair Wear's complaints helpline held by:

Option 1: factory management in collaboration with local CSO (NGO/union)

Option 2: Brand staff

Option 3: Third-party training provider

Additionally, Fair Wear advises Filippa K to hand out the worker information cards with the complaint helpline (Fair Wear can share some good practices from other brands). The member company can could organise an awareness-raising session with a group of workers, followed by peer-to-peer sessions.

Performance indicators	Result	Relevance of Indicator	Documentation	Score	Max	Min
3.4 All complaints received from production location workers are addressed in accordance with the FWF Complaints Procedure.	No complaints received	Providing access to remedy when problems arise is a key element of responsible supply chain management. Member company involvement is often essential to resolving issues.	Documentation that member company has completed all required steps in the complaints handling process.	N/A	6	-2

**Comment:** In this financial year, no complaints were received through the helplines.

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

## Complaints Handling

**Possible Points: 9**

**Earned Points: 7**

## 4. Training and Capacity Building

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

**Comment:** Once a month a business meeting is held for all HQ staff. Each year, the CSR manager shares information about Fair Wear membership during one of those monthly meetings, to provide marketing, merchandising and communications teams more insight into the methodology.

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

**Comment:** The buying group, which is responsible for the follow up of the Corrective Action Plans, has a weekly meeting, in which there is room to discuss the FWF related topics together.

Once every two months, there is a meeting between CSR manager and the buying team, in which FWF items, such as difficult issues in CAP follow up, are systematically discussed.

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

**Comment:** When Filippa K is using an agent, the agents are continuously updated about FWF requirements. With most agents, Filippa K has long-standing work relations. These agents play a key role in the monitoring of production locations and the translation of CAP follow up in the local language.

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

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

## Training and Capacity Building

**Possible Points: 11**

**Earned Points: 5**

## 5. Information Management

Performance indicators	Result	Relevance of Indicator	Documentation	Score	Max	Min
5.1 Level of effort to identify all production locations.	Intermediate	Any improvements to supply chains require member companies to first know all of their production locations.	Supplier information provided by member company. Financial records of previous financial year. Documented efforts by member company to update supplier information from its monitoring activities.	3	6	-2

**Comment:** Overall Filippa K has a solid understanding of where their products are made. The buying contract requires suppliers to be transparent about production locations, including subcontractors before orders are placed. Filippa K visits production locations, is proactively asking for updated production location data before orders are placed and checks this data during the production cycle. Filippa K's financial system is able to track payments to factory locations, including estimated shares for most of the subcontractors.

During the performance check it seemed that some data of production locations was incorrect, however this could be explained clearly and had merely to do with internal handover of CSR position, rather than identification information.

**Recommendation:** Fair Wear recommends Filippa K to integrate systematic periodical checks (with its agents where relevant) whether all known production locations are still up to date and use the information coming from questionnaires to update supplier data, including 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:** The CSR manager is also a buyer and works closely together with other buyers. The production staff is divided per product group. Buyers are responsible for following up on the Corrective Action Plans (CAPs). Information about working conditions at production sites is accessible to all.

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## **Information Management**

**Possible Points: 7**

**Earned Points: 4**

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## 6. Transparency

Performance indicators	Result	Relevance of Indicator	Documentation	Score	Max	Min
6.1 Degree of member company compliance with FWF Communications Policy.	Minimum communications requirements are met AND no significant problems found	Fair Wear's communications policy exists to ensure transparency for consumers and stakeholders, and to ensure that member communications about Fair Wear are accurate. Members will be held accountable for their own communications as well as the communications behaviour of 3rd-party retailers, resellers and customers.	Fair Wear membership is communicated on member's website; other communications in line with Fair Wear communications policy.	2	2	-3

**Comment:** Filippa K's public communication about Fair Wear membership is concise and complies with Fair Wear's Communication Policy. The requirement given in the previous financial year, recording the content of Filippa K's Code of Conduct has been resolved.

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

**Comment:** Filippa K discloses suppliers, including subcontractors on the website. For each style, the following information is shared in the web shop: the factory name, location, number of employees, the first year of collaboration, and whether it has been visited by the Filippa K team.

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.	Inaccurate or not done	The social report is an important tool for members to transparently share their efforts with stakeholders. Member companies should not make any claims in their social report that do not correspond with Fair Wear's communication policy.	Social report that is in line with Fair Wear's communication policy.	-1	2	-1



**Comment:** Filippa K's website links to its latest sustainability report and Fair Wear Brand Performance Check report. Due to reduced hours for editing in times of COVID19, the social report of this financial year has been inaccurate.

**Requirement:** The Fair Wear approach requires transparency on Filippa K's work towards social standards. The social report needs to be submitted to Fair Wear and published on Filippa K's website.

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## **Transparency**

**Possible Points: 6**

**Earned Points: 3**

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## 7. Evaluation

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

**Comment:** Fair Wear membership is evaluated with the management team and it was decided that Filippa K would like to reach for Leader status and make more progress.

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.	57%	In each Brand Performance Check report, Fair Wear may include requirements for changes to management practices. Progress on achieving these requirements is an important part of Fair Wear membership and its process approach.	Member company should show documentation related to the specific requirements made in the previous Brand Performance Check.	4	4	-2

**Comment:** Filippa K has shown progress on four out of the seven requirements given in the previous year. The requirements related to living wages are repeated in this brand performance check:

- Filippa K must assess the root causes of wages that are lower than living wages, taking into account its leverage and effect of its own pricing policy. Filippa K is expected to take an active role in discussing living wages with its suppliers. The Fair Wear wage ladder can be used as a tool to implement living wages, to document, monitor, negotiate and evaluate the improvements at its suppliers.
- Filippa K should analyse what is needed to increase wages and develop a strategy to finance the costs of wage increases.
- Filippa K is expected to begin setting a target wage for its production locations.

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## Evaluation

**Possible Points: 6**

**Earned Points: 6**

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## Recommendations to Fair Wear

- Filippa K feels that the relationship between Fair Wear and Filippa K has improved a lot. Continuous meetings were set between CSR and brand liaison, Filippa K very much appreciates this.
- Filippa K recommends Fair Wear to cooperate with QuizRR - both beyond auditing, focused on learning.
- Fair Wear is advised to develop more digital tools.

## Scoring Overview

Category	Earned	Possible
Purchasing Practices	18	52
Monitoring and Remediation	21	29
Complaints Handling	7	9
Training and Capacity Building	5	11
Information Management	4	7
Transparency	3	6
Evaluation	6	6
Totals:	64	120

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

53

### Performance Benchmarking Category

Good

## Brand Performance Check details

Date of Brand Performance Check:

30-06-2020

Conducted by:

Hendrine Stelwagen

Interviews with:

Christina Muljadi - CSR manager and Buyer Softwear Sports