



# **Brand Performance Check**

## **Hempage AG**

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

## About the Brand Performance Check

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

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

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

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

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

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

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

# Brand Performance Check Overview

## Hempage AG

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

Member company information	
Headquarters:	Adelsdorf , Germany
Member since:	2009-10-01
Product types:	Garments, clothing, fashion apparel
Production in countries where Fair Wear is active:	China, Tunisia
Production in other countries:	Hungary
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	100%
Benchmarking score	73
Category	Good

## Summary:

Hempage has shown progress and met most of Fair Wears' performance requirements. With a benchmark score of 73 points, the brand is awarded the 'good' status. The brand has a monitoring percentage of 100%.

## Corona Addendum:

At the start of 2020, Hempage had excellent prospects based on the 2019 sales and the orders placed by customers for 2020. The brand had placed a higher amount of orders at its suppliers to meet the growing demand from customers. However, the COVID-19 pandemic severely hit Hempage at first. Its biggest customer in retail had to close down. In recent years, the brand had also focused on small retail shops that had to close during lockdowns. Throughout 2020, the brand recovered well and maintained a comparable level of turnover to 2019, although costs had increased. From the start of the pandemic until the time of the Brand Performance Check, all staff was on furlough for two days a week.

Hempage sources from four production locations located in China (2), Tunisia (1) and Hungary (1). The brand has a strong partnership, especially with its Chinese and Hungarian suppliers. When the pandemic broke out in China, the brand entered into a dialogue with its suppliers about the impact of the pandemic. The brand ensured its suppliers that produced, in-production, or planned orders would not be cancelled, despite Hempage's increased orders before the pandemic. The member filled its storage to support its suppliers. Its Chinese suppliers reported that other customers had cancelled orders but that the factory was able to retain its workers and that workers would be paid at least the legal minimum wage. The factories provided country risks and information. However, the brand did not use audits or other monitoring tools to verify the impact of the temporary closure on workers. The brand returned its focus to excessive overtime and analyzing wages in working towards living wages after the initial crisis response.

The Hungarian supplier is a small workshop where Hempage is nearly the only customer. The supplier only had to make minor adjustments as Hempage guaranteed orders. As good communication and commitment to improving working conditions from the Tunisian supplier were lacking, the brand decided to stop production after it would finalize the last three orders. The brand had little leverage at the supplier. Hempage continued following up the audit report throughout 2020 that was done early in that year but received little response from the supplier.

Fair Wear strongly recommends Hempage to improve its system to more use of audits and/or other monitoring tools to verify the impact of the pandemic on suppliers and their workers. At the same time, Fair Wear commends Hempage for the support extended to its suppliers by maintaining a high level of orders.

## 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.	2.74%	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.	1	4	0

**Comment:** Hempage sources from four factories located in China, Tunisia and Hungary. The member sells hemp garments, which few factories can produce. Each factory is responsible for a specific type of product, which cannot be interchanged between the factories. As Hempage is a small brand, it has few possibilities to increase its leverage over its suppliers.

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.	0%	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.	4	4	0

**Comment:** At all of its suppliers, HempAge spends more than 2% of its production volume. At one supplier, HempAge spends less than 3% of its production volume, but still has over 90% leverage.

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.	78%	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.	4	4	0

**Comment:** Hempage values long-term relationships. With three out of four suppliers, the brand has relationships for more than five years. In 2019, the brand had to find a new denim supplier which it found in a Tunisian supplier.

Performance indicators	Result	Relevance of Indicator	Documentation	Score	Max	Min
1.3 All (new) production locations are required to sign and return the questionnaire with the Code of Labour Practices before first bulk orders are placed.	2nd years + member and no new production locations selected	The CoLP is the foundation of all work between production locations and brands, and the first step in developing a commitment to improvements.	Signed CoLPs are on file.	N/A	2	0

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

**Comment:** Hemptage has a system in place to conduct human rights due diligence. The brand has a strong relationship with its three long-term suppliers based on trust. Country-specific information and information about the supplier is received mainly from these suppliers.

This was also the case when the COVID-19 pandemic broke out as the brand relied heavily on the information provided by the suppliers. According to the brand, its two Chinese suppliers already had to face a significant order reduction due to the US-Chinese trade war prior to the pandemic. After the pandemic broke out, the brand entered into a dialogue with its Chinese suppliers. Following the Chinese news, the brand discussed factory closures, lay-offs and reduced wages with the factories. The suppliers informed the brand that it would retain its workers and that at least the basic wages would be paid. These wages are higher than the legal minimum wages. Furthermore, the brand was informed of the dialogue between management and worker representatives of one supplier where wage issues were not reported and discussed. The brand also collected information about the average wage over 2020 showing that the average wage had slightly decreased. The brand did not make use of audits to verify the situation but decided to follow the three-year cycle meaning the factories will be audited in 2021. Furthermore, the brand made little use of additional monitoring tools besides the information provided by the supplier.

The Hungarian supplier consists of two persons, where the brand has very high leverage. The brand did inquire about the impact of COVID-19 but did not follow up any further due to the low risks as orders from Hepage would continue. The brand had decided to stop relations with its Tunisian supplier in February 2020, partially due to a lack of follow up on the CAP and erratic communication. Although the brand followed up on the CAP throughout the year, it had not checked specific COVID-19 related risks. In 2020, no new suppliers were added.

**Recommendation:** Fair Wear recommends Hepage to build on its strong partnership with its suppliers but also to ensure that the brand knows and shows the impact on workers. We recommend the brand to make use of audits and additional monitoring tools to verify the working conditions at the supplier next to the information provided by the supplier.

Performance indicators	Result	Relevance of Indicator	Documentation	Score	Max	Min
1.5 Production location compliance with Code of Labour Practices is evaluated in a systematic manner.	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:** The brand keeps track of and evaluates the progress of its suppliers. The brand has scored its suppliers based on performance on several indicators, including progress on CAPs. The brand includes progress on CAPs in its decision-making process. The brand does not yet provide incentives for suppliers to make progress on CAPs.

In 2019, the brand started sourcing at a Tunisian supplier. However, Hepage soon came to the conclusion that factory management had little interest in improving working conditions, while communication was flawed. At the start of 2020, the brand informed the agent and the factory that Hepage would stop production at this supplier after the final orders in 2020 would be finished. The brand had low leverage at the factory, expecting that the reduction of orders would not lead to a significant impact on the workers. During the outbreak of the COVID-19 pandemic, the brand checked with other Fair Wear members, who do have significant leverage at these suppliers, whether they would reduce their orders. This was not the case.

When the COVID-19 pandemic broke out in China, the brand entered into a dialogue with its Chinese suppliers. The brand remained in dialogue with these suppliers throughout the pandemic. Hepage had increased the size of its orders before the pandemic due to increased orders from customers. However, although several customers cancelled orders, the member did not cancel, reduce or postpone orders at its suppliers during the pandemic. The brand stored the excess garments in its stock, which it could sell throughout the year.

**Recommendation:** Fair Wear encourages Hempage to create incentives for rewarding suppliers for realised improvements in working conditions.

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:** Hempage has two seasonal collections and Never Out of Stock-garments that make up the largest part of its production volume. The orders for seasonal products are placed at suppliers after the fairs and between the seasons. For example, for its fall/winter collection, the brand receives the samples and adjusts the designs in November. Forecasts are given in January-February. After the fairs, the brand places orders in March. The garments are delivered in August and September. The member changes colours and details only for a few items in each collection. Depending on the season, there are between 18-25 new styles and 3-5 new colours in each collection. The member is in close contact with its suppliers about the production planning throughout the process.

For its NOS-items, the brand asks its supplier for the lead time and plans accordingly. The brand places production of its NOS-items in the low season.

The brand regularly discusses production planning with its suppliers. In case of delays, for example, due to delays of fabric delivery, the brand accepts delays and discusses new delivery dates with its customers.

The COVID-19 pandemic impacted the production planning and delivery of Hempage's garments. The Chinese factories prolonged the period of factory closure during the Chinese New Year because of COVID-19. The brand then engaged in dialogue with the factories about production planning, which did not lead to significant alterations to its production planning. Throughout the year, the brand was faced with delays due to transport issues within and outside China. This did affect the production planning as the brand did not receive its samples in time and was then not able to confirm orders in time. The brand accepted the resulting delay. On the other hand, while many brands cancelled and postponed orders during the pandemic, the brand stuck to its planned orders to support its suppliers to keep the factory running. These garments were put in stock.

**Recommendation:** Fair Wear recommends Hempage to learn more about the standard minute per style and how the production of its products impacts the total production capacity of the factory.

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

**Comment:** Excessive overtime takes place at its two Chinese suppliers. The brand is in dialogue with these suppliers about overtime. The suppliers provide overviews of the working hours to the brand. For its main supplier, the sheet showed a slight decrease compared to the record-high year 2019. The slight decrease can be explained by the reduction of orders at the start of the pandemic. One of the root causes of overtime at its main Chinese supplier is the fact that the dyeing mill is delivering late. The supplier has built its own dyeing mill but was not yet able to open the mill. The factory has active worker representatives, but overtime is not yet discussed with them. To support the factory in reducing excessive overtime, the brand then decided to reduce the number of colours and the width of its collection. The brand placed orders in the low season as much as possible.

The brand is checking and analysing whether the records sent by the other Chinese supplier are correct. The brand uses documentation from the suppliers but does not use other verification tools to verify the working hours. Furthermore, the brand studied the Fair Wear Guidance on Excessive Overtime and forwarded this to the two factories.

At the Tunisian supplier, wage and time records were not correct. Another Fair Wear member is in the lead on following up on this. Hempage did request time records from the supplier, despite its announced exit.

Although the brand is in constant dialogue with the factories about production planning, the brand did not specifically check excessive overtime due to the COVID-19 pandemic. The brand considers this to be part of the regular dialogue between the brand and the factory.

**Recommendation:** Fair Wear recommends Hempage to continue discussing root causes of overtime, to include other customers and to make more active use of other monitoring tools. The complaints handling system can also be used actively to report on excessive overtime.

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

**Comment:** According to the brand, it accepts prices that are requested by the factories. In case the prices are too high, the brand enters into a dialogue about the garment and changes to the garment to reduce the price.

Hempage collected the Fair Wear labour minute costing tool from three of its suppliers and analysed the wage data, and made the connection between the buying price and the wages for one article. The brand was not yet able to link it to the brand's buying prices on a broader scale.

The Fair Wear Occupational Health and Safety sheet contained a question to suppliers about increased costs due to COVID-19. The two Chinese suppliers did not indicate on the form that there was an increase in costs. The brand did not further follow up on this and did not enter into further discussions with its suppliers about COVID-19 related costs.

**Recommendation:** Fair Wear recommends Hempage to expand its knowledge of cost breakdowns of all product groups. A next step would be to calculate the labour minute costs of its products to be able to calculate the exact costs of labour and link this to their own buying prices. Fair Wear recommends Hempage to discuss COVID-19 related costs more deeply with suppliers. The labour minute value and product costing calculator also enables suppliers to include any COVID-19 related costs.

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:** The audit report of its Tunisian supplier showed that annual bonuses and overtime premiums were not paid. The audit report was received by the time the brand was deciding to stop production at this supplier. Throughout the year, the brand continued to ask and discuss wage levels, although little information was received from the supplier.

When the Chinese factories closed down due to COVID-19, the brand asked the two suppliers what the impact was on a loss of jobs and wages. The two suppliers responded by stating that no jobs would be lost and that workers would at least receive their basic wages, which is higher than the legal minimum wage. From one supplier, the brand was informed of the dialogue between management and worker representatives, which showed that wage issues were not raised during that meeting. From the wage data received by the suppliers, the brand understood that the average wage levels had gone down a little bit compared to the previous year. Hempage expects this was due to the fact that workers could do less overtime in February and workers missing out on bonuses. The brand did not ask specific questions about how the factory remained able to pay the wages despite a reduction in orders and the factory closure. The brand did not use other monitoring tools to specifically check the payment of the legal minimum wage as it trusts its suppliers are open and transparent about any issue.

**Recommendation:** Fair Wear strongly recommends Hempage to build on its strong partnership with its suppliers, but at the same time know and show the impact of the COVID-19 pandemic and the reduction of orders on the wages, where at least the legal minimum wages are ensured. The brand could ask more specific questions and can make use of other monitoring tools to verify statements from the supplier. Furthermore, the brand could also explore a more active role for the worker representatives to identify and alert the brand of wage issues.

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:** The brand has different payment terms per supplier where payments are done upon delivery or three months after delivery. The brand was able to pay in line with the agreed-upon payment terms during the COVID-19 pandemic.

**Recommendation:** Fair Wear encourages the brand to shorten its payment term of three months after delivery to ensure sufficient cash flow for its suppliers.

Performance indicators	Result	Relevance of Indicator	Documentation	Score	Max	Min
1.11 Degree to which member company assesses and responds to root causes for wages that are lower than living wages in production locations.	Intermediate	Assessing the root causes for wages lower than living wages will determine what strategies/interventions are needed for increasing wages, which will result in a systemic approach	Evidence of how payment below living wage was addressed, such as: Internal policy and strategy documents, reports, correspondence with factories, etc	4	6	0

**Comment:** In 2020, Hempage discussed living wages and root causes with its two main Chinese suppliers. The brand and the suppliers are in agreement with each other to raise wages. Wage increases are done annually although the average wage decreased for workers during the COVID-19 pandemic. According to the brand, this was due to fewer overtime hours at the start of the pandemic and missing out on bonuses. However, the brand did not analyse thoroughly what the root cause of the lower average wage was.

At one supplier, workers showed resistance to increasing the lowest wages as they believe that the higher wages should then also be increased. Furthermore, in dialogue with the supplier, the brand learned that the factory sometimes supports workers in-kind to meet the cost of living, for example by buying porc during festive holidays. The brand remained in dialogue with the factories about living wages and collected wage records but did not further address the root causes of non-payment of living wages.

**Recommendation:** Fair Wear recommends Hempage to conduct root cause analyses for the decrease in wages during the COVID-19 pandemic. Furthermore, Fair Wear encourages Hempage to involve worker representatives and local organisations in assessing root causes of wages lower than living wages.

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

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

**Comment:** With its two main Chinese suppliers, the brand is working towards living wages. The brand regularly analyzes the wage levels. The member also collected the labour minute costing calculators from the factories. The calculators are a point of discussion between the brand and the factory as the calculator is not filled out entirely correctly.

Furthermore, the brand has been looking for benchmarks for the region of Shandong for one supplier but could not find specific benchmarks. The audit report only provides for the Asia Floor Wage benchmark which the factories and the brand feel does not match the cost of living in the regions where the factories operate. The brand continued discussions on how to raise wages in the factory. At one supplier, there is an active worker representation that has not yet been consulted on the benchmarks, the cost of living and the increase of wages.

**Recommendation:** Fair Wear recommends Hempage to start increasing wages with suppliers. The brand could make use of the Fair Wear living wage policy that contains benchmarks for the regions of Suzhou and Shanghai where one of its factories is located. At the other factory, the brand could make more active use of the worker representation at one supplier to obtain more feedback on wage increases and the cost of living.

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.	15%	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.	2	6	0

**Comment:** For one Chinese supplier, the brand could show that wages meet the living wage estimate for the region of Suzhou (Anker method). The FOB sourced at this supplier counts towards this indicator (15%). The wages do not yet meet the Asia Floor Wage-benchmark, which is the highest benchmark.

At the other Chinese supplier, the brand could show the average wages over 2019 and 2020, which showed that wages had decreased by 10%. The wages no longer meet the previous benchmark of the region of Suzhou (Anker method) or any other Fair Wear recommended living wage estimate. However, as this factory is not located in the region of Suzhou, but in a region where there are no regional living wage benchmarks available, the brand was not able to set a target wage (see 1.13). As the brand could also not demonstrate it is contributing to higher wages by making explicit it is paying its share of a living wage such as Asia Floor Wage (see 1.8), the FOB sourced at this supplier does not count towards this indicator.

**Recommendation:** Fair Wear recommends Hempage to clearly agree on a target wage with its suppliers and raise wages and prices accordingly. Hempage can make use of the Fair Wear Living Wage Policy and recommended estimates in this process. Furthermore, Fair Wear recommends assessing which benchmark fits its Chinese suppliers best, in consultation with the supplier and its worker representatives.

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## Purchasing Practices

**Possible Points: 50**

**Earned Points: 33**

## 2. Monitoring and Remediation

Basic measurements	Result	Comments
% of production volume where an audit took place.	97%	
% of production volume where monitoring requirements for low-risk countries are fulfilled.	3%	To be counted towards the monitoring threshold, FWF low-risk policy should be implemented. See indicator 2.9. (N/A = no production in low risk countries.)
Member meets monitoring requirements for tail-end production locations.	N/A	
Requirement(s) for next performance check		
Total monitoring threshold:	100%	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:** The CSR manager and CEO 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.	No Corrective Action Plans were active during the previous year	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.	N/A	2	-1

**Comment:** As there were no audits conducted in 2020, this indicator is rated n/a.

Performance indicators	Result	Relevance of Indicator	Documentation	Score	Max	Min
2.4 Degree of progress towards resolution of existing Corrective Action Plans and remediation of identified problems.	Intermediate	Fair Wear considers efforts to resolve CAPs to be one of the most important things that member companies can do towards improving working conditions.	CAP-related documentation including status of findings, documentation of remediation and follow up actions taken by member. Reports of quality assessments. Evidence of understanding relevant issues.	6	8	-2

**Comment:** Hemptage followed up the 2018 audit reports at its Chinese suppliers. The brand also followed up the audit report of its Tunisian supplier. A significant number of issues were recorded in the CAP, which related to wages, working hours and health and safety. The brand made efforts to follow up. Unfortunately, little response was received from the agent and the factory. From another Fair Wear member, the brand received the updated CAP and the wage levels.

To ensure that workers are more aware of the Fair Wear Code of Labour Practices, a WEP-basic at its Chinese suppliers was organised. The brand could show that health and safety issues were addressed. Issues concerning working hours, wages and social security remained, which the brand continued to work on with the suppliers. Worker representatives are not yet actively included in the dialogue between the brand and the factory to address issues at the factory. Furthermore, the brand did not make use of other monitoring tools to verify progress made.

From the dialogue between the brand and the two Chinese suppliers about COVID-19, very few issues were reported. However, it did become apparent that overall wages had decreased in comparison to the year before and dropped below the living wage benchmark (see 1.14). Overall and in comparison to 2019, the brand had more active issues in its supply chain due to the issues at its Tunisian supplier and COVID-19 which the brand intended to remediate.

**Recommendation:** The feedback and supportive evidence that is sent by suppliers can be complex and difficult to interpret when unfamiliar with the local laws and expertise. Hempage can use Fair Wear's local team to verify the supportive evidence in case that is desirable. Furthermore, Fair Wear recommends Hempage to include worker representatives in the identification and remediation of issues.

Performance indicators	Result	Relevance of Indicator	Documentation	Score	Max	Min
2.5 Percentage of production volume from production locations that have been visited by the member company in the previous financial year.	not applicable	Due to the Covid-19 pandemic, brands could often not visit their suppliers from March - December 2020. For consistency purposes, we therefore decided to score all our member brands N/A on visiting suppliers over the year 2020.	Member companies should document all production location visits with at least the date and name of the visitor.	N/A	4	0

Performance indicators	Result	Relevance of Indicator	Documentation	Score	Max	Min
2.6 Existing audit reports from other sources are collected.	No existing reports/all audits by FWF or FWF member company	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.	N/A	3	0

**Comment:** Audits at its three suppliers in countries with higher risks were conducted by Fair Wear. The brand did not collect other audit reports.

**Recommendation:** Fair Wear recommends Hempage to collect other audit reports about its suppliers to cross-check and verify improvements made by the supplier.

Performance indicators	Result	Relevance of Indicator	Documentation	Score	Max	Min
2.7 Compliance with FWF risk policies.	Average score depending on the number of applicable policies and results	Aside from regular monitoring and remediation requirements under Fair Wear membership, countries, specific areas within countries or specific product groups may pose specific risks that require additional steps to address and remediate those risks. Fair Wear requires member companies to be aware of those risks and implement policy requirements as prescribed by Fair Wear.	Policy documents, inspection reports, evidence of cooperation with other customers sourcing at the same factories, reports of meetings with suppliers, reports of additional activities and/or attendance lists as mentioned in policy documents.	3	6	-2
Compliance with FWF enhanced monitoring programme Bangladesh	Policies are not relevant to the company's supply chain			N/A	6	-2
Compliance with FWF Myanmar policy	Policies are not relevant to the company's supply chain			N/A	6	-2
Compliance with FWF guidance on abrasive blasting	Policies are not relevant to the company's supply chain			N/A	6	-2
Compliance with FWF guidance on risks related to Turkish garment factories employing Syrian refugees	Policies are not relevant to the company's supply chain			N/A	6	-2
Other risks specific to the member's supply chain are addressed by its monitoring system	Intermediate			3	6	-2

**Comment:** When the COVID-19 pandemic started, the brand entered into a dialogue with its suppliers about the impact of the pandemic on the suppliers and their workers. The suppliers informed the brand that customers had reduced orders at the start of the pandemic. They also informed the brand that wages would be decreased but at basic wages would be paid and that workers would not be dismissed. The brand did not further assess the impact of the decreasing orders and the lowering of wages on workers.

Furthermore, the brand asked the two Chinese suppliers to fill out the Fair Wear OHS-sheets, which did not show any issues that had to be followed up by the brand. The brand did not check whether worker representatives were actively included in following up on COVID-19 related issues. The brand did not plan audits or make use of other monitoring tools to verify the situation on-site.

The brand is aware of the risks in China, such as excessive overtime and non-payment of legal minimum wages and is working to remediate these issues. The brand does not make use of cotton produced in Xinjiang, China and discussed this risk with suppliers. The brand has not yet focused on risks related to gender.

**Recommendation:** In monitoring suppliers during the COVID-19 pandemic, Fair Wear strongly recommends Hempage to go beyond dialogue and ensure its system makes use of tools that ensure that the brand can know and show violations of working conditions caused by the pandemic. The brand could make use of audits or other monitoring tools, such as dialogue with worker representatives, monitoring visits by third parties, a documents-check by Fair Wear staff or the collection of external audit reports. Furthermore, we encourage Hempage to collect information and assess risks specifically related to gender in China.

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:** The brand actively collaborates with other Fair Wear members at its suppliers.

Performance indicators	Result	Relevance of Indicator	Documentation	Score	Max	Min
2.9 Percentage of production volume where monitoring requirements for low-risk countries are fulfilled.	100%	Low-risk countries are determined by the presence and proper functioning of institutions which can guarantee compliance with national and international standards and laws. Fair Wear has defined minimum monitoring requirements for production locations in low-risk countries.	Documentation of visits, notification of suppliers of Fair Wear membership; posting of worker information sheets, completed questionnaires.	2	2	0

**Member undertakes additional activities to monitor suppliers.:** No (o)

**Comment:** Hempage sources only from one long-term supplier located in Hungary. It is a small workshop producing socks. The brand fulfilled the monitoring requirements but did not take extra efforts to monitor the supplier.

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

**Comment:** Hempage has no tail-end suppliers.

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: 21**

**Earned Points: 15**

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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:** The CSR manager is responsible for addressing worker complaints as well as any other problems identified by the monitoring system.

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:** Hepage aims to visit its production locations once a year and checks on the presence of the Worker Information Sheets. When other staff visits production locations they are asked to take a picture of the Worker Information Sheet as evidence. During the Performance Check, the brand could show that the sheets were posted at suppliers through photographic evidence.

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.	100%	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.	6	6	0

**Comment:** Three suppliers have received the WEP-basic training to inform workers about the Fair Wear CoLP and the complaints hotline. The Tunisian supplier was trained in 2018, while the two Chinese suppliers were trained in 2020.

Its main Chinese supplier also conducts internal training on labour standards. Despite all the efforts, awareness on the Fair Wear CoLP remains low among workers.

**Recommendation:** Fair Wear recommends Hempage to engage with its suppliers and conduct a root cause analysis of why the number of workers that are aware remains low. Involving worker representatives or interviewing workers could support Hempage in analysing root causes.

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 2020, no complaints were filed by workers at suppliers from Hempage.

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

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## Complaints Handling

**Possible Points: 9**

**Earned Points: 9**

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## 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:** At Hempage, all staff is aware of Fair Wear membership. The brand introduces new staff to Fair Wear membership in preparation for its presence at fairs.

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:** Hempage is a small company where information is easily shared. The CEO and CSR manager regularly exchange information. The person responsible for purchasing is also regularly updated.

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:** Hempage sources through an agent from one factory in Tunisia. This agent has been informed about FWF's Code of Labour Practices and was involved in addressing the CAP with the factory.

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

**Comment:** Between 2018 and 2020, no advanced training has been held at Hempage's suppliers. Hempage has looked into opportunities to provide more advanced training to suppliers, but has not found adequate programmes yet.

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

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

**Comment:** As no advanced training programmes were provided, this indicator is rated n/a.

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## **Training and Capacity Building**

**Possible Points: 11**

**Earned Points: 5**

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## 5. Information Management

Performance indicators	Result	Relevance of Indicator	Documentation	Score	Max	Min
5.1 Level of effort to identify all production locations.	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:** Hempage regularly checks for subcontracting with its suppliers. The brand discusses subcontracting and agreed with the Chinese factories that subcontracting is not allowed.

One Chinese supplier has all the processes in-house. The brand makes use of audits to check for subcontracting. Furthermore, a local independent QC officer who is hired by Hempage to check the quality of the products before shipment also does regular in-line inspections, which significantly limits the risk of subcontracting.

The other Chinese supplier produces garments without printing and embroidery. A previous audit (2018) identified a risk of subcontracting. The brand then discussed this with the supplier, after which the supplier started to hire more staff for its production. The QC officer checks the products in the factory after production.

A subcontractor was identified during the 2020 Fair Wear audit at its Tunisian supplier. The brand did not further follow up on this as the brand decided to exit the supplier.

The brand did not yet do an analysis of the production capacity of the supplier per timeslot that the orders are produced for Hempage compared to the orders of Hempage.

**Recommendation:** Fair Wear recommends Hempage to analyse and compare information on production capacity, labour minutes and peak seasons with the labour minutes needed per garment, the size of the orders and the available capacity of the factory in a specific period.

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:** Hemptage is a small brand where information is easily and actively shared by the CEO, CSR manager and other staff members who visit the production locations.

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## Information Management

**Possible Points: 7**

**Earned Points: 7**

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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:** Hemptage communicates about Fair Wear on its website. All its 2020 communication adheres to FWF's communication policy.

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

**Comment:** The brand shares the Brand Performance Check report online and has disclosed 100% of its suppliers to the public.

Performance indicators	Result	Relevance of Indicator	Documentation	Score	Max	Min
6.3 Social Report is submitted to FWF and is published on member company's website.	Complete and accurate report submitted to FWF AND published on member's website.	The social report is an important tool for members to transparently share their efforts with stakeholders. Member companies should not make any claims in their social report that do not correspond with Fair Wear's communication policy.	Social report that is in line with Fair Wear's communication policy.	2	2	-1

**Comment:** The member submitted its social report to Fair Wear and published it on its website.

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## **Transparency**

**Possible Points: 6**

**Earned Points: 6**

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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:** The company CEO holds the meetings where the outcomes of the Brand Performance Check are discussed with the relevant persons who need to follow up.

Performance indicators	Result	Relevance of Indicator	Documentation	Score	Max	Min
7.2 Level of action/progress made on required changes from previous Brand Performance Check implemented by member company.	No requirements were included in previous Check	In each Brand Performance Check report, Fair Wear may include requirements for changes to management practices. Progress on achieving these requirements is an important part of Fair Wear membership and its process approach.	Member company should show documentation related to the specific requirements made in the previous Brand Performance Check.	N/A	4	-2

## Evaluation

**Possible Points: 2**

**Earned Points: 2**

## Recommendations to Fair Wear

- Focus on what is important to advance members. Initiatives such as Gruner Knopf which do not advance the sector should not have a priority focus for Fair Wear Foundation.
- Follow up the recommendations from last year.

## Scoring Overview

Category	Earned	Possible
Purchasing Practices	33	50
Monitoring and Remediation	15	21
Complaints Handling	9	9
Training and Capacity Building	5	11
Information Management	7	7
Transparency	6	6
Evaluation	2	2
Totals:	77	106

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

73

### Performance Benchmarking Category

Good

## Brand Performance Check details

Date of Brand Performance Check:

02-06-2021

Conducted by:

Wilco van Bokhorst

Interviews with:

Thorsten Keil - CSR manager

Robert Hertel - CEO

Bernd Hartner - Chief Financial Officer

Anke Nollau - Finance officer