



Statement FWF Brand Performance Check 2020

In this statement we would like to comment the results of the latest FWF Brand Performance Check, because we do not think that a fair assessment was ensured this year. The Brand Performance Check should reflect the progress and efforts we made in 2020 regarding fair working conditions and the implementing of points stated in the FWF Code of Labour Practice. 2020 was a very challenging year not only for us, but also for our suppliers. They had to deal with canceled orders, implementing new measurements to avoid Covid-related risks and many interruptions of their supply chain. We were aware of this difficult situation and put more time and efforts in the CSR work than ever. We supported our suppliers by not canceling any orders, even if we had to deal with decreasing sales volumes. We became more flexible regarding delivery times and we kept on working towards more transparency regarding living wages and our supply chain. Furthermore we tried to fulfill the recommendations of the last Brand Performance Check as we do it every year.

Unfortunately we did not have the feeling that our efforts and progresses counted in the Brand Performance Check and we still do not understand why we lost 8 points compared to last year which lead to losing our leader status, which we kept for many years. We would like to comment the following indicators to outline our point of view:

1.4: Member company conducts human rights due diligence at all (new) production locations before placing orders. (2/4)

FWF: Furthermore, the brand was informed of the dialogue between management and worker representatives of one supplier where wage issues were not reported and discussed.

HA: Our main supplier is one of only a few companies in the Chinese textile business which implemented a worker representative committee. In the past the reports of these meetings were always accepted by FWF. Wages were discussed with the worker representatives but as mentioned many times before wages are not an issue at our main supplier. That is why we do not understand why we are getting only 2 of 4 points here.

1.8: Member company can demonstrate the link between its buying prices and wage levels in production locations. (2/4)

FWF: 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.

HA: The suppliers stated that there were no Covid-19 related costs in the respective checklist and confirmed this statement when we went into dialogue.

1.13: Member company determines and finances wage increases. (2/6)

FWF: Fair Wear recommends Hemptage 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 two of its factories are located. The brand could also make more active use of the worker representation at one supplier to obtain more feedback on wage increases and the cost of living.

HA: Our Chinese partners are paying the highest wages among the Chinese supplier listed at FWF. Why do FWF use Shanghai as a benchmark for Rushan? There is a distance of about 900km between and the living costs are not comparable. We receive the reports of the worker rep. meetings and wages were never an issue. In the respective BSCI report the living wage benchmark for Rushan is Weihai. Compared to Shanghai the wage level is lower that is why we have serious issues with this scoring.

1.14: Percentage of production volume where the member company pays its share of the target wage. (2/6)

FWF: The wages do not yet meet the Asia Floor Wage-benchmark which is the highest benchmark.

HA: Asia Floor Wage is not our target wage. This indicator is not about Asia Floor Wage.

FWF: 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). The brand has not yet clearly agreed on a target wage and benchmark with the factories.

HA: This is about our main supplier. The production is based in Rushan. Taking the living wage of Suzhou has to be a mistake, this is the region where our knitting producer is located. Furthermore the cancelation of orders due to Covid-19 (by other companies) caused less piece rate bonuses so the wages decreased by 10% in 2020.

2.7: Compliance with FWF risk policies. (3/6)

FWF: The brand did not further assess the impact of the decreasing orders and the lowering of wages on workers.

HA: We did not cancel any orders, so this issue was not caused by us. We accepted price increases while other companies demanded discounts.

FWF: The brand did not check whether worker representatives were actively included in following up on COVID-19 related issues.

HA: The worker representatives are always included and have the chance to state the concerns of the workers . We receive the meeting reports between management and worker representatives on a regular basis and neither wages nor Covid-19 related issues were stated.