



BRAND PERFORMANCE CHECK

Living Crafts GmbH & Co. KG

PUBLICATION DATE: JULY 2018

this report covers the evaluation period 01-01-2017 to 31-12-2017

ABOUT THE BRAND PERFORMANCE CHECK

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

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

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

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

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

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

BRAND PERFORMANCE CHECK OVERVIEW

Living Crafts GmbH & Co. KG

Evaluation Period: 01-01-2017 to 31-12-2017

MEMBER COMPANY INFORMATION	
Headquarters:	Selbitz, Germany
Member since:	15-01-2016
Product types:	Fashion, Sportswear
Production in countries where FWF is active:	China, India, Romania, Turkey
Production in other countries:	Bosnia and Herzegovina, Croatia, Germany, Lithuania, Poland
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	68%
Benchmarking score	61
Category	Good

Summary:

Living Crafts has met most of FWF's performance requirements. It has monitored 68% of its production volume, thereby meeting the monitoring threshold of 60% required for the second year of membership. With a benchmarking score of 61 points, Living Crafts is awarded the 'Good' category.

Living Crafts is part of the Dennree group and provides Denn's (the group's retailer), with workwear as well as other special textiles. Its business model of selling organic garments is mostly focused on business to business sales, although it also sells clothes through Denn's shop and to consumers through its website. In 2017, seasonal items saw an upward trend and accounted for 53% of the annual turnover.

To accommodate a wide range of products, Living Crafts requires a higher number of suppliers relative to the size of the company. The brand maintained a similar number of suppliers (in comparison to 2016), main changes being - addition of a new production location in Bosnia-Herzegovina, a new supplier in India with a long-term contract, largely reducing (towards exit) sourcing from China and adding two new suppliers in Germany, to replace a supplier facility that was closed.

The set-up at Living Crafts allows for a natural integration of social compliance considerations in sourcing and the way business is conducted. The purchasing department is responsible for material planning, cost estimation, order placement, supplier management as well as administration of compliance with GOTS standards and the FWF membership requirements. FWF recommends Living Crafts further leverage this set-up by:

- 1) Strengthening the supplier evaluation and scoring system, defining a scoring framework and using the information in supplier-related decision making and incentivisation of supplier performance.
- 2) Developing a pricing policy that ensures minimum wage at supplier factories and improving purchasing practices through increased awareness of supplier capacities and costing models.
- 3) Implementing a responsible exit strategy for suppliers where the brand is likely to stop sourcing for quality or other reasons.
- 4) Active participation and contribution to joint follow-up and remediation with other members at shared suppliers.

As Living Crafts expands its supplier base to support business growth, FWF recommends the brand use learnings from sourcing in 2017, strengthen its supplier identification and selection process for new suppliers, towards ensuring possibility of long-term relationships. Living Crafts also needs to consciously work towards increasing the monitoring percentage to over 80% of its production volume in its third year of FWF membership.

PERFORMANCE CATEGORY OVERVIEW

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

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

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

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

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

1. PURCHASING PRACTICES

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
1.1a Percentage of production volume from production locations where member company buys at least 10% of production capacity.	16%	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: Living Crafts added 6 new suppliers in 2017, due to growth, addition of new products and also strategic decision to stop sourcing from China (2 suppliers) and one location in Turkey. Living Crafts does not intend adding new suppliers unless required and would like to increase leverage at existing suppliers. Through the year, the brand also had situations where they had to adjust or move production locations due to quality issues (India) and towards facilitating better management of suppliers (Bosnia). While the brand is working on consolidation of suppliers, for key products, the brand maintains relationships with at least 2 suppliers as a back-up and for cost comparison.

Recommendation: FWF recommends Living Crafts to continue its efforts to consolidate its supplier base where possible, and increase leverage at main supplier(s) 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.	4%	FWF provides incentives to clothing brands to consolidate their supplier base, especially at the tail end, as much as possible, and rewards those members who have a small tail end. Shortening the tail end reduces social compliance risks and enhances the impact of efficient use of capital and remediation efforts.	Production location information as provided to FWF.	3	4	0

Comment: Living Crafts places smaller order volumes at suppliers that can produce specific products and has reduced its tail end from 9% last year.

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

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

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
1.2 Percentage of production volume from production locations where a business relationship has existed for at least five years.	42%	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.	2	4	0

Comment: Living Crafts values long-term relationships and is aware that to improve working conditions, it is important to work with a supplier for a longer period of time. But similar to the previous year, due to a significant growth and quality-related issues, Living Crafts added new suppliers to its supplier base.

Recommendation: FWF recommends Living Crafts to maintain stable business relationships with suppliers. In the context that Living Crafts is expanding its supplier base to support business growth, FWF recommends that the brand define and strengthen its supplier identification and selection process for new suppliers, towards ensuring possibility of long term relationships.

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: Living Crafts established relationship with six new suppliers (with active production volume in 2017) and has collected questionnaires from all (excluding textile and printing subcontractor of an Indian supplier). It had difficulties in collecting questionnaires from one supplier in 2016, as they had started production before the questionnaire was returned. The brand went ahead with the production assuming the documents will be returned given the supplier is shared with another FWF member and is familiar with the process. The brand has reduced orders and might stop production at the supplier in the next year.

Requirement: Living Crafts needs to ensure that new suppliers sign and return the questionnaire before first orders are placed.

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
1.4 Member company conducts human rights due diligence at all (new) production locations before placing orders.	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: When selecting a new supplier, it is important for Living Crafts that the supplier is committed to the FWF CoLP and improving working conditions. Living Crafts only selects suppliers that are part of BSCI, SAI and prefers FWF production countries and suppliers of FWF member brands. It does not yet include the outcomes of the audit reports in its decision-making process. Living Crafts is aware of high risk country issues through FWF country studies and discusses these country issues with suppliers, like Syrian refugees in Turkey or wage levels in India, but has not yet defined a systemic process for this.

In general, Living Crafts will visit the supplier before placing orders. When visiting the supplier, FWF membership is discussed, presented and the Health and Safety Checklist is used.

Recommendation: FWF recommends Living Crafts to further improve its system for human rights due diligence. It could include and train its agent more on FWF requirements and risk analysis. As a next step, Living Crafts could develop a system to integrate high risk country issues and the outcomes of existing audit reports in its decision making strategy and/or agree on follow-up on existing CAP before placing orders at new suppliers.

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

Comment: Living Crafts discusses outcomes of audits with its suppliers and keeps track of the progress made. During visits, it verifies actual improvements made by the supplier.

Supplier evaluation and scoring system :The brand has developed a supplier evaluation and scoring system to track supplier performance across areas of production quality, design and social compliance to support evidence-based supplier decision-making, which is presently ad-hoc and based on perceptions. Living Crafts has already discussed the scores with one supplier in India(who was positive and interested in the process) and one in Turkey(who was not very happy about the process).The scores will be reviewed, filled by respective departments and updated annually. The scores are currently not used for decision making, but planned for future strategic discussions and internal decision-making and to incentivise suppliers based on performance.

Supplier exit scenarios: Living Crafts is in a growth phase with changes being made to sourcing patterns and suppliers, leading to stopping relations with certain suppliers.

- 1) Customer feedback led to a decision to entirely stop sourcing from China, but with the relationship with the agent not being very smooth, a responsible exit strategy could not be defined or implemented
- 2) Living Crafts has reduced sourcing at an Indian supplier due to quality issues and might need to exit, but has not had conversations with the supplier to understand the impact. The audit report at the supplier does indicate reduced work days for workers and the brand suspects this might possibly be linked to their sourcing.
- 3) When the supplier does not reach out to the brand to understand forecast for the next production cycle, the brand does not actively engage on informing that no production is planned for the next cycle, assuming the supplier is not expecting any orders from them.

Requirement: If a supplier is being phased out, a responsible exit strategy and process should be implemented. The strategy should take into account the social impact of the decision and clearly define steps to mitigate or prevent the negative impact based on leverage.

Recommendation: Supplier evaluation and scoring system:

1) Currently, the scoring of suppliers on social compliance is qualitative and perception based. Living Crafts needs to develop a scoring framework which clearly defines what each score means (considering outcomes of audits, training and/or complaints) and ensure consistency in scoring. The scoring system could be built together with the suppliers by mutually agreeing on an evaluation criteria.

2) FWF encourages Living Crafts to use the supplier evaluation/scoring system as a criterion for future order placement. Part of the system can be to create an incentive for rewarding suppliers for realised improvements on working conditions.

Exit Strategy:

FWF encourages Living Crafts to use FWF's guidelines on responsible exit strategy, develop and implement a responsible exit strategy, also making sure all relevant staff is informed about this.

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

Comment: Living Crafts offers two seasonal collections, has Never Out of Stock (NOS) items and provides work wear clothing to the group company. Suppliers receive forecasts for most orders half a year to one year in advance. During production, Living Crafts regularly discusses production progress. Due to a large stock, Living Crafts has flexibility with regard to its lead times.

Sales of NOS require less development efforts and the brand tries to ensure continuity and predictability with long-term contract collaboration. But with an increase in seasonal items, it is challenging to accommodate wide range of products within existing suppliers, which also sometimes affects production planning.

Recommendation: FWF recommends Living Crafts to learn more about the relationship between the standard minute per style, the total production capacity of a factory and the required capacity for its production. With its main suppliers, it could work towards more integrated planning. Furthermore, FWF recommends Living Crafts to learn more about low and high seasons for its suppliers and assess whether it could shift its Never Out of Stock-items to the low season.

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
1.7 Degree to which member company mitigates root causes of excessive overtime.	No production problems /delays have been documented.	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.	N/A	6	0

Comment: At six suppliers of Living Crafts, a FWF audit had been conducted. At two suppliers, no excessive overtime was found during the audits in 2016. For 2017, of the three audits, for one supplier in Turkey the audit report showed that there was excessive overtime. Living Crafts had not received the audit report till early 2018 and due to the small size of the order (around 2% FOB and nearly zero leverage), the indicator has been rated n/a.

Recommendation: 1) FWF strongly recommends that Living Crafts actively follow-up with the supplier in Turkey to understand the root cause of excessive overtime and take necessary measures to prevent excessive overtime.
 2) FWF recommends that Living Crafts discuss working hours with the suppliers in India and Turkey where excessive overtime is a high risk.

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
1.8 Member company's pricing policy allows for payment of at least the legal minimum wages in production countries.	No policy in place	The first step towards ensuring the payment of minimum wages - and towards implementation of living wages - is to know the labour costs of garments.	Formal systems to calculate labour costs on per-product or country/city level.	0	4	0

Comment: There has not been much progress from the previous year on this indicator. Living Crafts negotiates prices with its suppliers based on market value and compares prices per country. It is somewhat aware of legal minimum wages levels in a country. Through FWF audits reports and audit reports of other organisations, it is learning whether the legal minimum wage at suppliers is paid.

Requirement: Living Crafts needs to develop a pricing policy where Living Crafts knows the labour cost of garments and which allows the payment of at least legal minimum wages in production countries.

Recommendation: At a minimum, member companies are recommended to investigate wages levels in production countries, among others by making use of FWFs 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 progress towards living wages.

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
1.9 Member company actively responds if suppliers fail to pay legal minimum wages.	No minimum wage problems reported	If a supplier fails to pay minimum wage, FWF member companies are expected to hold management of the supplier accountable for respecting local labour law.	Complaint reports, CAPs, additional emails, FWF audit reports or other documents that show minimum wage issue is reported/resolved.	2	2	-2

Comment: At six suppliers of Living Crafts, a FWF audit had been conducted. At two suppliers, no wage issues was found during the audits in 2016. For 2017, of the three audits, for one supplier in Turkey the audit report showed issues regarding payment of overtime premium and awareness of workers on wage calculation. Living Crafts had not received the audit report till early 2018 and due to the small size of the order (around 2% FOB and nearly zero leverage), the indicator has been rated n/a.

Recommendation: Living Crafts should actively follow-up with the supplier in Turkey to understand the root cause of issues associated with worker wages and take necessary measures to resolve and prevent future occurrence.

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: No late payments were found during FWF audits.

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

Comment: Living Crafts is learning about wage levels through FWF audit reports and interaction with suppliers. During a FWF supplier seminar in India, several of its Indian suppliers expressed willingness to work on living wages.

Living Crafts engaged in a discussion with one of its Indian suppliers to understand the supplier costs and business model. The approach the brand used was mutual exchange, by sharing with the supplier its own cost and pricing and in return the supplier also openly shared their costing.

Recommendation: FWF recommends Living Crafts develop a strategy with short ,medium and long term goals to achieving a living wage. Annually, Living Crafts can update goals and necessary activities, tracking progress through the year. In all, the approach needs to be defined, structured and not done on an ad-hoc basis.

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

PURCHASING PRACTICES

Possible Points: 38

Earned Points: 17

2. MONITORING AND REMEDIATION

BASIC MEASUREMENTS	RESULT	COMMENTS
% of own production under standard monitoring (excluding low-risk countries)	47%	
% of production volume where monitoring requirements for low-risk countries are fulfilled	21%	FWF low risk policy should be implemented. 0 = policy is not implemented correctly. N/A = no production in low risk countries.
Meets monitoring requirements for tail-end production locations.	N/A	1st or 2nd year member and tail-end monitoring requirements do not apply.
Total of own production under monitoring	68%	Minimums: 1 year: 40%; 2 years 60%; 3 years+: 80-100% Measured as a percentage of turnover.

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

Comment: The Head of Purchasing is responsible for following 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 FWF teams cannot be used, the member companies' own auditing system must ensure sufficient quality in order for FWF to approve the auditing system.	Information on audit methodology.	N/A	0	-1

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

Comment: Similar to the previous year, Living Crafts actively engages with suppliers on audit report findings and CAP but is yet to involve representatives of the trade union, also due to language barriers. Living Crafts is not aware of how many suppliers have worker representatives.

Recommendation: FWF recommends Living Crafts to actively involve workers and worker representatives in following CAPs. It could hire a local consultant or local FWF staff to assist them with worker involvement. As a first step, the brand should identify the worker representative at the supplier factories and can add this information to the spreadsheet used to document and track the status of audit reports, factory visits.

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

Comment: Living Crafts regularly discusses CAP follow up with its suppliers and keeps track of its progress. Most issues were closed but some issues still need to be verified by Living Crafts or a next audit. For some issues which have been closed based on evidence of outcomes, it is important that in its verification process, Living Crafts ensures that the root causes have been identified and addressed.

Recommendation: To facilitate remediation, FWF recommends that Living Crafts could consider hiring a local consultant to assist factory in developing an action plan and in investigating root causes.

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.	77%	Formal audits should be augmented by annual visits by member company staff or local representatives. They reinforce to production location managers that member companies are serious about implementing the Code of Labour Practices.	Member companies should document all production location visits with at least the date and name of the visitor.	4	4	0

Comment: Staff of Living Crafts visited production locations in India, Turkey and Germany. The Agents visit the production locations every 2 months.

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
2.6 Existing audit reports from other sources are collected.	Yes and quality assessed	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.	2	3	0

Comment: Living Crafts collected one audit report for their Indian supplier, but mainly focused on implementing the Corrective Action Plan provided by the report.

Recommendation: FWF recommends that Living Crafts review the audit reports in detail and clarify areas with incomplete information and ensure that the CAP addresses all findings.

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 FWF membership, countries, specific areas within countries or specific product groups may pose specific risks that require additional steps to address and remediate those risks. FWF requires member companies to be aware of those risks and implement policy requirements as prescribed by FWF.	Policy documents, inspection reports, evidence of cooperation with other customers sourcing at the same factories, reports of meetings with suppliers, reports of additional activities and/or attendance lists as mentioned in policy documents.	3	6	0
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	Intermediate			3	6	-2
Other risks specific to the member's supply chain are addressed by its monitoring system	Policies are not relevant to the company's supply chain			N/A	6	-2

Comment: Living Crafts is generally aware of high risks in specific areas and, for example, organised Workplace Education Programme focused on addressing gender-based violence at one supplier location in India. Based on high risks, it has excluded several countries from production activities, like Bangladesh.

For Turkey, currently, Living Crafts is relying on information from suppliers, agents and other brands (FWF members) at shared suppliers, for monitoring purposes. Living Crafts had not discussed with one supplier the possible employment of Syrian workers and legal requirements on their employment (work permit, labour standards in line with the related legislation, etc). Later in 2017, this was remediated, with the factory communicating that they do not employ Syrian refugees.

Recommendation: FWF strongly encourages members to schedule visits to Turkish suppliers and their known subcontractors at least annually. Suppliers who appear to be at particular risk of violations related to Syrian refugees – or at risk of using unauthorised subcontractors – should be scheduled for a high-quality audit focused on these risks. Members should also investigate whether other audits have recently been conducted, and whether they identify risks. As many Syrian refugees are working in subcontractor factories, FWF encourages members to ensure they are included whenever main suppliers are audited. When selecting new suppliers, appropriate due diligence regarding undocumented refugees and subcontractors is important. This is especially true for factories close to the Syrian border, where large numbers of Syrian refugees are living.

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: At several suppliers in low-risk countries, Living Crafts is aware of other FWF members and they inform each other on labour standards. At one supplier in Romania, Living Crafts actively worked with other FWF members to resolve a complaint and work towards remediation of the CAP. For a new supplier in Bosnia, Living Crafts engaged with another FWF member to understand risks, collected training reports (of an orientation provided on FWF to the factory management) and is also planning to conduct a joint audit at the factory.

Recommendation: FWF recommends that Living Crafts initiate, support and document the status of joint follow-up actions. Even though one brand commonly takes the lead it is important to be kept informed of the status in order to be aware of required implementation steps before communication with or visits to the factory.

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.	50-100%	Low-risk countries are determined by the presence and proper functioning of institutions which can guarantee compliance with national and international standards and laws.	Documentation of visits, notification of suppliers of FWF membership; posting of worker information sheets, completed questionnaires.	1	2	0

Comment: Living Crafts has six suppliers from Germany, Lithuania, Croatia and Poland. It fulfilled monitoring requirements for low-risk countries for most of these suppliers.

In 2017, one supplier in Germany had a fire accident but no injuries were reported. The brand engaged with the supplier and was kept updated of the investigation.

Recommendation: FWF recommends Living Crafts to implement all monitoring requirements for low-risk countries in order to count it towards the monitoring percentage.

All production sites in low-risk countries must:

- o Be visited regularly by Member company representatives;
- o Be informed of FWF membership and return the completed CoLP questionnaire before production orders are placed;
- o Be aware of specific risks identified by FWF;
- o Have the FWF Worker Information Sheet posted in local languages.

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
2.10 Extra bonus indicator: in case FWF member company conducts full audits above the minimum required monitoring threshold.	Not applicable	FWF encourages all of its members to audit/monitor 100% of its production locations and rewards those members who conduct full audits above the minimum required monitoring threshold.	Production location information as provided to FWF and recent Audit Reports.	N/A	3	0

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
2.11 Questionnaire is sent and information is collected from external brands resold by the member company.	No external brands resold	FWF believes it is important for affiliates that have a retail/wholesale arm to at least know if the brands they resell are members of FWF or a similar organisation, and in which countries those brands produce goods.	Questionnaires are on file.	N/A	2	0

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

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
2.13 Questionnaire is sent and information is collected from licensees.	No licensees	FWF believes it is important for member companies to know if the licensee is committed to the implementation of the same labour standards and has a monitoring system in place.	Questionnaires are on file. Contracts with licensees.	N/A	1	0

MONITORING AND REMEDIATION

Possible Points: 29

Earned Points: 20

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 FWF membership, and cannot be successfully managed on an ad-hoc basis.	Manuals, emails, etc., demonstrating who the designated staff person is.	1	1	-1

Comment: The Head of Purchasing is responsible for resolving worker complaints. The Managing Director supports in resolving complaints.

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

Comment: Through on-site visits Living Crafts checks whether the Worker Information Sheet is posted. It also asks suppliers to send pictures of the posted Worker Information Sheet. From most of its suppliers, it has received pictures of a posted Worker Information Sheet.

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
3.3 Percentage of FWF-audited production locations where at least half of workers are aware of the FWF worker helpline.	83%	The FWF complaints procedure is a crucial element of verification. If production location based complaint systems do not exist or do not work, the FWF worker helpline allows workers to ask questions about their rights and file complaints. Production location participation in the Workplace Education Programme also count towards this indicator.	Percentage of audited production locations where at least 50% of interviewed workers indicate awareness of the FWF complaints mechanism + percentage of production locations in WEP programme.	4	4	0

Comment: At one supplier in India and other supplier in Turkey, less than half of workers were aware of the FWF worker helpline.

Recommendation: Living Crafts can stimulate its suppliers to participate in WEP trainings, to raise awareness about the existence and the functioning of FWF's worker helpline. In addition to sending the worker information sheet, the brand can use the worker information cards available for download on FWF's website

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
3.4 All complaints received from production location workers are addressed in accordance with the FWF Complaints Procedure	Yes	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.	3	6	-2

Comment: At a shared supplier, FWF received a complaint concerning overtime, incorrect pay slips and high production targets. The complaint was closed in 2017. A verification audit within the factory has been planned in 2018 to verify the status of the points raised in this complaints report.

Recommendation: FWF recommends Living Crafts to discuss preventive steps with the other FWF members. Furthermore, FWF recommends Living Crafts to include workers in solving complaints where applicable.

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
3.5 Cooperation with other customers in addressing worker complaints at shared suppliers	Active cooperation	Because most production locations supply several customers with products, involvement of other customers by the FWF member company can be critical in resolving a complaint at a supplier.	Documentation of joint efforts, e.g. emails, sharing of complaint data, etc.	2	2	0

Comment: At a shared supplier, FWF received a complaint concerning overtime, incorrect pay slips and high production targets. Since an audit was already planned, the complaint was checked during the audit, which showed that the overtime was within legal limits, that only the pay slip of the complainant was incorrect and that work stress was an issue on the work floor. The other FWF member took the lead in resolving the complaint and following up on the CAP. The complaint was closed in 2017, Living Crafts actively cooperated in the process, was informed throughout and also discussed the complaint with the main office of the supplier in Germany. Additionally the member brands, the German supplier and FWF also reviewed the complaint handling process and discussed areas for improvement for the future.

COMPLAINTS HANDLING

Possible Points: 15

Earned Points: 12

4. TRAINING AND CAPACITY BUILDING

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

Comment: Living Crafts discusses FWF membership and related updates in weekly round tables with teams from all departments. Apart from this, the Whiteboard at the entrance hall of the office is used to communicate information.

In 2017, an internal introduction on FWF membership was provided to all staff members and every one received log-in for member site for e.g. Marketing team to access brochures, templates etc. Also, all new staff receive an introduction to FWF.

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

Comment: The Director and Head of Purchasing are staff in direct contact with suppliers who are also working on the FWF membership requirements.

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	Agents have the potential to either support or disrupt CoLP implementation. It is the responsibility of member company to ensure agents actively support the implementation of the CoLP.	Correspondence with agents, trainings for agents, FWF audit findings.	1	2	0

Comment: Living Crafts mainly works with three agents in Turkey and one in China. The agents have been provided with an orientation on the FWF CoLP and questionnaire.

Currently, Living Crafts is working with one agent on the CAP for a supplier in Turkey

Recommendation: FWF recommends Living Crafts to actively train its sourcing contractors/agents on monitoring and gender-related problems to enable them to support the implementation of the CoLP.

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
4.4 Production location participation in Workplace Education Programme (where WEP is offered; by production volume)	44%	Lack of knowledge and skills on best practices related to labour standards is a common issue in production locations. Good quality training of workers and managers is a key step towards sustainable improvements.	Documentation of relevant trainings; participation in Workplace Education Programme.	4	6	0

Comment: In 2017, a WEP training was organized by Living Crafts at an Indian supplier location. The two day training also covered topics pertaining to gender based violence, effective internal grievance mechanisms and FWF's complaints mechanism.

A WEP-training was already provided by another FWF member at a Romanian supplier in 2016.

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

Comment: Living Crafts is working with another FWF member brand on planning audits and training for the supplier in Bosnia.

TRAINING AND CAPACITY BUILDING

Possible Points: 15

Earned Points: 8

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: Living Crafts knows about most of its production locations with whom it has a direct relationship or through an agent. Several of its suppliers indicated through the FWF questionnaire or during an audit that subcontractors were actively used. Living Crafts has a policy in place which requires transparency and disclosures from suppliers on subcontracting.

Recommendation: FWF members are advised to develop a systematic approach to complete the supplier list. Part of the approach can be:

1. follow up on information from the FWF Questionnaire
2. Automatically include information from audit reports and complaints
3. Business relationships with agents include transparency of production locations.
4. Agreements with factories on the use of subcontractors stating clearly that when subcontractors are used, they are included in the monitoring system and information is shared on the subcontracted production process.

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: Living Crafts is a small organisation where information is easily shared. The Head of Purchasing regularly updates the Managing Director and staff from the design department about working conditions at production locations. Audit reports and CAPs are freely available for most of the staff members. Additionally, post supplier visits, tours to the premises of suppliers are documented, photographs and significant feedback are made available to all members of staff by sharing the minutes of meeting.

INFORMATION MANAGEMENT

Possible Points: 7

Earned Points: 4

6. TRANSPARENCY

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

Comment: In general, customers of Living Crafts are very interested in organic products that are produced with respect for labour standards. Living Crafts communicates about FWF membership on its website, actively informs consumers through brochures and displays at Denny's stores. Communication about FWF membership is in line with the FWF Communications Policy.

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
6.2 Member company engages in advanced reporting activities	No	Good reporting by members helps to ensure the transparency of FWF's work and shares best practices with the industry.	Member company publishes one or more of the following on their website: Brand Performance Check, Audit Reports, Supplier List.	0	2	0

Comment: Living Crafts has not published audit reports or performance check reports online and it has not taken other efforts for increased transparency.

Recommendation: FWF recommends Living Crafts to publish one or more of the following reports on its website: brand performance check, audit reports, supplier information. Good reporting by members helps to ensure the transparency of Living Crafts and FWF's work.

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 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 FWF's communication policy.	Social report that is in line with FWF's communication policy.	2	2	-1

TRANSPARENCY

Possible Points: 6

Earned Points: 4

7. EVALUATION

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

Comment: Living Crafts is a small organization where relevant staff regularly meet to discuss FWF requirements, progress and FWF membership. The Managing Director is also part of the team.

Recommendation: FWF advises to organise a meeting with all concerned departments to discuss the outcomes of this performance check and use those to formulate future action plans with timelines and defined responsibility.

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.	67%	In each Brand Performance Check report, FWF may include requirements for changes to management practices. Progress on achieving these requirements is an important part of FWF membership and its process approach.	Member company should show documentation related to the specific requirements made in the previous Brand Performance Check.	4	4	-2

Comment: There were three requirements in the previous performance check of which two have been addressed. The requirement pertaining to developing a pricing policy is still pending.

Requirement: Living Crafts needs to develop a pricing policy where Living Crafts knows the labour cost of garments and which allows the payment of at least legal minimum wages in production countries.

EVALUATION

Possible Points: 6

Earned Points: 6

RECOMMENDATIONS TO FWF

Living Crafts recommends FWF to open up the FWF database to all FWF members to enable FWF members to easily share factory details, especially in their search for new suppliers.

SCORING OVERVIEW

CATEGORY	EARNED	POSSIBLE
Purchasing Practices	17	38
Monitoring and Remediation	20	29
Complaints Handling	12	15
Training and Capacity Building	8	15
Information Management	4	7
Transparency	4	6
Evaluation	6	6
Totals:	71	116

BENCHMARKING SCORE (EARNED POINTS DIVIDED BY POSSIBLE POINTS)

61

PERFORMANCE BENCHMARKING CATEGORY

Good

BRAND PERFORMANCE CHECK DETAILS

Date of Brand Performance Check:

26-06-2018

Conducted by:

Supraja Suresh

Interviews with:

Frank Schell- Managing Director
Ulrike Andersson - Head of Purchasing
Sandra Richter - Accounting team
Peggy Pöbnecker - Accounting team
Christin Heese -Marketing team
Sonja Maisel - Sales/ Denn's team