



BRAND PERFORMANCE CHECK

Living Crafts GmbH & Co. KG

this report covers the evaluation period 01-01-2018 to 31-12-2018

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: 01-01-2018 to 31-12-2018

MEMBER COMPANY INFORMATION	
Headquarters:	Selbitz, Germany
Member since:	15-01-2016
Product types:	Fashion, Sportswear
Production in countries where FWF is active:	India, Romania, Turkey
Production in other countries:	Bosnia and Herzegovina, Croatia, Germany, Lithuania, Poland, Serbia
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	81%
Benchmarking score	56
Category	Good

Summary:

In 2018, Living Crafts met most of FWF's performance requirements. With 81% of its supply base under monitoring, Living Crafts meets the threshold for member companies in their third year of membership. With a benchmarking score of 56, Living Crafts is awarded the 'Good' category.

Living Crafts is part of Dennree, and provides the corporate group with workwear clothing and other specific textile products (e.g. various bags). Living Crafts' purchasing strategy focuses exclusively on natural textiles with the corresponding certification (GOTS). The 2018 business year was a success, and Living Crafts was once again able to achieve double-digit growth. Throughout 2018, Living Crafts visited its suppliers, stabilised its supplier base and onboarded four new suppliers in India, Turkey and Serbia. When onboarding a new supplier, Living Crafts prefers to work with suppliers that already produce for another FWF member. This helps to gain leverage and provides a higher chance of achieving improvements on working conditions at shared suppliers.

In 2018, Living Crafts has further improved its internal system of the suppliers' evaluation but still needs to use this system in a more systematic way. Furthermore, Living Crafts should continue working on living wages as follows :

- a) Assessing the root causes of wages that are lower than living wages, taking into account its leverage and effect of its own pricing policy
- b) Analysing how to increase wages and develop a strategy to finance the costs of wage increases
- c) Setting a target wage for its suppliers based on its analyses and financing strategy

The role of CSR and Head of Purchasing is combined. In the past few years, Living Crafts' turnover has significantly increased and there is an urgent need for additional support for sustainability efforts to drive all projects successfully. FWF recommends allocating more manpower to the CSR department.

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.	5%	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: In 2018, 5% of Living Craft's production volume came from factories where the company buys at least 10% of production capacity. This is a decrease of 11% in comparison to the previous financial year. Throughout the year, Living Crafts expanded its sourcing due to further business growth in its product range and added four new suppliers (Turkey, India, Serbia) to its supplier base. Due to small order volumes, it is challenging for the company to achieve higher leverage at the existing suppliers. Therefore, in several cases, Living Craft's is partnering with other FWF members to leverage the work related to CSR.

Recommendation: FWF recommends Living Crafts to continue its efforts to consolidate its supplier base and increase leverage at their second and third tier 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.	7%	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: In 2018, 7% of the production volume came from locations where Living Crafts buys less than 2% of its total FOB. This percentage has increased by 3% in comparison to the previous financial year. The cause of this increase is the expansion of the product assortment and search for new unique but sustainable products. Living Crafts started to work with a niche fabric supplier in India, fabrics are naturally died by herbs, but the process of developing the right quality took longer and cannot provide high volumes yet.

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

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

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
1.2 Percentage of production volume from production locations where a business relationship has existed for at least five years.	58%	Stable business relationships support most aspects of the Code of Labour Practices, and give production locations a reason to invest in improving working conditions.	Supplier information provided by member company.	3	4	0

Comment: Living Crafts values long-term relationships and is aware of the importance to work with the supplier for a longer period of time in order to be able to improve the working conditions. The effort in placing the orders with its long term suppliers lead to an increase of 16% in comparison to the previous year.

Recommendation: FWF recommends the member to maintain stable business relationships with suppliers. Long term relationships support most aspects of the Code of Labour Practices, and give factories a reason to invest in improving working conditions.

It is advised to describe policies regarding maintaining long term business relationships in a sourcing strategy that is agreed upon with top management/sourcing staff.

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
1.3 All (new) production locations are required to sign and return the questionnaire with the Code of Labour Practices before first bulk orders are placed.	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: In 2018, Living Crafts established a relationship with four new suppliers (Turkey, India, Serbia) and has collected questionnaires from all four suppliers before placing first orders. Code of Labour Practices is posted at all new suppliers, the evidence was provided during the Brand Performance Check. Last year requirement to collect a questionnaire from one supplier (India) was fulfilled.

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: Almost 70% of Living Crafts' total production is located in India, Lithuania and Croatia. When selecting a new supplier, it is important for Living Crafts that the supplier is committed to FWF Code of Labour Practices and willing to work on improving working conditions. The part of the selection process of the new supplier is a check whether the suppliers are part of BSCI, SAI, GOTS with preference being a current supplier of another FWF member. This way Living Crafts would gain higher leverage at the factory to work on improving working conditions. Living Crafts will visit the supplier together with its agent before placing the first order. When visiting the supplier, FWF membership is discussed, presented and the Health and Safety Checklist is used. Furthermore, the outcomes of the audits are included in the decision-making process on the existing suppliers.

Living Crafts is aware of high-risk country issues through FWF country studies. The company discusses them with suppliers and has developed a checklist of the process for onboarding new suppliers. When the company starts working in a new country, it makes in prior a country-risk analysis, a SWOT-analysis, check country studies and exchange information with other FWF members. For a new factory onboarding in the active production country, the company would check for the country-specific risks.

Recommendation: FWF recommends Living Crafts to further improve its system and process for human rights due diligence and conduct risk analysis in depth. The existing audit reports and CAPs should be better incorporated in a decision-making process on orders placement.

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: In 2017, Living Crafts developed and implemented an internal system for the evaluation of its supplier performance called 'Lieferantenrating', which was further refined in 2018 after FWF feedback. The criteria were more specified to provide a better understanding of the ranking score range between 1-10 (highest) to its suppliers. Additionally, criteria for design/development and purchasing lead time were added into this evaluation process. All interfaces within the company produce an evaluation for all sub-areas, thus provide an objective and measurable result. The process of these evaluations is discussed in the internal meetings and during the meeting with suppliers. Currently, the internal suppliers' evaluation meeting takes place once a year but the intention is to have them at least twice a year (Feb/Sept). To further strengthen and assure the quality of its products, Living Crafts partnered with selected and reliable partners SGS and the Hohenstein Institute. The company had a requirement to create its internal exit strategy and has adopted the FWF exit strategy. In 2018 no factory was exited and the business relationship with two Chinese factories stopped already in 2017. A factory in Poland stopped production due to its internal management conflict and Living Crafts had to move its production to another location in Tunisia for production in 2019.

Recommendation: As it is not always possible to reward suppliers with more volumes, the member could look into other incentives that reward supplier's commitment towards the CoLP. An example would be to offer training for skill building/capacity development, placing more NOS styles.

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 corporate workwear clothing to the mother 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 large products in stock, Living Crafts has flexibility with regard to its lead times, which are currently 6-8 months. To reduce the stock, an IT software program was developed to obtain the real-time numbers on stock data. This program will be implemented in the second half of 2019 and will help the company to manage its orders more precisely.

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

All new styles are presented at the start of the season in January and in July to prevent work at peak times, which requires advanced internal planning. In this respect, Living Crafts has developed very detailed planning, including all specific data from the collection development to order placement, photoshoot planning, and packaging design. Process aligning takes place in weekly team meetings, and as a last resort, a model may be omitted from the collection planning, if the self-imposed deadline cannot be reached. The company has internal deadlines for releasing styles, in case the deadlines are not met, the delivery times are extended.

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.

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: No FWF audits were conducted in 2018 and no excessive overtime found during the audits in 2016. In 2017 this issue was found at one supplier in Turkey where the brand has almost 0 estimate leverage. Another FWF member with higher leverage is sourcing from this factory which took lead in the remediation on the excessive overtime.

Recommendation: 1) FWF strongly recommends that Living Crafts actively participate in following-up with the suppliers when excessive overtime is found.
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 can demonstrate the link between its buying prices and wage levels in production locations.	Insufficient	Understanding the labour component of buying prices is an essential first step for member companies towards ensuring the payment of minimum wages – and towards the implementation of living wages.	Interviews with production staff, documents related to member's pricing policy and system, buying contracts.	0	4	0

Comment: Living Crafts shared the FWF costing sheet with its suppliers (India) but has difficulties with receiving feedbacks. The company's intention is to share the costing sheets with all its suppliers. In addition, all suppliers are asked to provide the labour minute cost for products. The product price is negotiated for every order.

Requirement: Living Crafts needs to demonstrate an understanding of the link between buying prices and wage levels, to ensure their pricing allows for the payment of the legal minimum wage.

Recommendation: At a minimum, members are recommended to investigate wage 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 into the labour costs per product. This forms the basis for ensuring enough is paid to cover at least a minimum wage and for taking steps towards living wages.

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.	No problems reported/no audits	If a supplier fails to pay minimum wage or minimum wage payments cannot be verified, FWF 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, FWF Audit Reports or additional monitoring visits by a FWF auditor, or other documents that show minimum wage issue is reported/resolved.	N/A	0	-2

Comment: No FWF audits were conducted in 2018. In 2017, the audit report at one supplier in Turkey showed issues regarding payment of overtime premium. Due to the small size of the order (around 2% FOB and nearly zero leverage), the indicator has been rated n/a. Another FWF member with higher leverage is sourcing from this factory and took lead on CAP remediation.

In general, during factory visits in Turkey, the Managing Director is regularly checking the workers' payroll to ensure the minimum wage is paid.

Recommendation: Living Crafts should actively continue monitoring the supplier in Turkey and make sure the measures taken at the factory are sustainable.

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 reported in FWF audits.

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
1.11 Degree to which member company assesses and responds to root causes for wages that are lower than living wages in production locations.	Insufficient	Assessing the root causes for wages lower than living wages will determine what strategies/interventions are needed for increasing wages, which will result in a systemic approach	Evidence of how payment below living wage was addressed, such as: Internal policy and strategy documents, reports, correspondence with factories, etc	0	6	0

Comment: Living Crafts tries to actively involve its Indian suppliers into the process of working towards living wages. In this way, it wants to ensure that all extra money the supplier would receive, actually goes to the workers.

Living Crafts is learning about wage levels through FWF audit reports and interaction with suppliers. During an FWF supplier seminar in India in 2017, 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 a mutual exchange, by sharing with the supplier its own cost and pricing and in return, the supplier also openly shared their costing.

However, it has been very difficult for Living Crafts to scale up and make significant progress in comparison to the previous year.

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

Recommendation: Living Crafts should 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 throughout the year.

FWF encourages Living Crafts to involve worker representatives and local organizations in assessing the root causes of wages lower than living wages. It is advised that the outcomes of the root cause analysis are discussed with top management, to form a basis for an embedded strategy.

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

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
1.13 Member company determines and finances wage increases	None	Assessing the root causes for wages lower than living wages will determine what strategies/interventions are needed for increasing wages, which will result in a systemic approach.	Evidence of how payment below living wage was addressed, such as: internal policy and strategy documents, reports, correspondence with factories, etc.	0	4	0

Comment: Living Crafts has not determined and financed wage increases yet.

Requirement: Living Crafts should make analyses on how to increase wages and develop a strategy to finance the costs of wage increases.

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

FWF strongly recommends Living Crafts to integrate the financing of wage increases in its own systems, herewith committing to a long term process that leads to sustainable implementation of living wages.

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
1.14 Percentage of production volume where the member company pays its share of the target wage	0%	FWF member companies are challenged to adopt approaches that absorb the extra costs of increasing wages.	Member company's own documentation, evidence of target wage implementation, such as wage reports, factory documentation, communication with factories, etc.	0	3	0

Comment: Living Crafts has not yet agreed on target wages with suppliers

Requirement: Living Crafts is expected to begin setting a target wage for its suppliers based on its analyses and financing strategy

PURCHASING PRACTICES

Possible Points: 41

Earned Points: 14

2. MONITORING AND REMEDIATION

BASIC MEASUREMENTS	RESULT	COMMENTS
% of own production under standard monitoring (excluding low-risk countries)	50%	
% of production volume where monitoring requirements for low-risk countries are fulfilled	25%	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.)
Meets monitoring requirements for tail-end production locations.	No	FWF members must meet tail-end monitoring requirements. Implementation will be assessed during next Brand Performance check.
Requirement(s) for next performance check		
Total of own production under monitoring	81%	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 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/CSR 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: In 2018, only one CAP (Turkey) was active and the company actively cooperated on CAP remediation with another FWF member. The audit report and CAP findings were shared on time with factory management and similar to the previous year, Living Crafts actively engaged with the supplier.

Recommendation: Before an audit takes place, Living Crafts is recommended to check with the supplier whether worker representatives are active. In this way, they can be involved from the start of an audit and be invited for the audit opening and exit meeting.

Including workers when following up on audit reports gives them the opportunity to be informed of issues in the factory and have a voice in the prioritization of issues.

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
2.4 Degree of progress towards resolution of existing Corrective Action Plans and remediation of identified problems.	Intermediate	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.	6	8	-2

Comment: Living Crafts systematically addresses CAP follow up with its suppliers. The Head of Purchasing/CSR keeps track of the remediations of the CAP findings. CAP findings are prioritized by Living Crafts and follow-up is discussed with suppliers via email. Additionally, the Head of Purchasing/CSR and Director discuss the follow-up of CAPs with their suppliers during on-site visits. Moreover, Living Crafts is actively cooperating with other FWF members on CAP implementations where possible.

Recommendation: FWF encourages Living Crafts to continue strengthening their system to analyse how they might have contributed to findings and what changes they can make in their purchasing practices. It is advised to include worker representation in the remediation process. Either to engage workers in identifying and implementing improvements or to verify realised improvements.

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
2.5 Percentage of production volume from production locations that have been visited by the member company in the previous financial year.	79%	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: The staff of Living Crafts visited production sites in India, Turkey, and Lithuania. The agents visit suppliers every two months. During every visit at production sites by the staff of Living Crafts a Basic Health and Safety Check is done and the CoLP is verified if posted. In addition, many pictures of the production location are taken. All information collected from the production site is shared internally with the production team via the public folder and stored in soft (digital) and hard (paper) copy.

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
2.6 Existing audit reports from other sources are collected.	Yes	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.	1	3	0

Comment: Living Crafts collected and followed up on three 3rd party audit reports for its suppliers in Serbia, Turkey and Bosnia and Herzegovina.

Recommendation: Existing reports form a basis for understanding the issues and strengths of a supplier, and reduces double work. Existing audits can be counted towards the monitoring threshold if the quality of the report is assessed using the FWF audit quality tool and corrective actions are implemented.

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	-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	Intermediate			3	6	-2
Other risks specific to the member's supply chain are addressed by its monitoring system	Intermediate			3	6	-2

Comment: Living Crafts has identified all suppliers and subcontractors in Turkey. The company sources from six factories and is aware of the risks related to Turkish garment factories employing Syrian refugees and unauthorized subcontracting. It discusses these risks with all its suppliers during the production sites visits. The main four suppliers of Living Crafts in Turkey are shared with other FWF members. The policy on Syrian refugees has been shared with those suppliers. There is close cooperation between FWF members working on CAPs implementations and policies at all shared production sites.

Living Crafts stopped sourcing in China in 2017.

Living Crafts is aware of the risk of gender-based violence in India and discussed this issue with all its suppliers in India. In 2017, a WEP violence prevention training was conducted at its biggest supplier. Two FWF audits were conducted at the beginning of 2019 and the follow up on the CAPs should be checked during next year performance check.

Recommendation: The member brand could encourage their Turkish suppliers that if a position opens up they can consider employing a Syrian refugee worker. They can discuss with their suppliers to cooperate with United Work, an NGO that collects the CVs of Syrian refugees in Turkey. Living Crafts could discuss what support they can offer support when Syrian workers are employed.

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, Living Crafts is aware of other FWF members and they inform each other on labour standards. At one supplier in Romania, Living Crafts actively works towards remediation of the CAP with other FWF members and resolved a complaint. For a new supplier in Tunisia, Living Crafts engaged with another FWF member to understand risks collected training reports (of orientation provided on FWF to the factory management) and is also planning to conduct a joint audit at 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. FWF has defined minimum monitoring requirements for production locations in low-risk countries.	Documentation of visits, notification of suppliers of FWF membership; posting of worker information sheets, completed questionnaires.	2	3	0

Comment: In 2018, Living Crafts sourced from nine suppliers from Germany, Lithuania, Croatia, and Poland. It fulfilled monitoring requirements for low-risk countries.

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	FWF 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 FWF and recent Audit Reports.	N/A	2	0

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
2.11 Questionnaire is sent and information is collected from external brands resold by the member company.	No external brands resold	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: 30

Earned Points: 22

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/CSR 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 Member company has informed factory management and workers about the FWF CoLP and complaints hotline.	Yes	Informing both management and workers about the FWF 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: 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.

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.	31%	After informing workers and management of the FWF CoLP and the complaints hotline, additional awareness raising and training is needed to ensure sustainable improvements and structural worker-management dialogue.	Training reports, FWF's data on factories enrolled in the WEP basic module. For alternative training activities: curriculum, training content, participation and outcomes.	4	6	0

Comment: WEP trainings were conducted at one supplier in India and one supplier in Turkey.

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	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

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

COMPLAINTS HANDLING

Possible Points: 9

Earned Points: 7

4. TRAINING AND CAPACITY BUILDING

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
4.1 All staff at member company are made aware of FWF membership.	Yes	Preventing and remediating problems often requires the involvement of many different departments; making all staff aware of FWF membership requirements helps to support cross-departmental collaboration when needed.	Emails, trainings, presentation, newsletters, etc.	1	1	0

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 order to convey comprehensive and sound knowledge regarding FWF standards to its entire workforce, in May 2018 Living Crafts organized a one-day training course within its own premises, realized by the Fair Wear Foundation. Employees of another FWF brand within the region were also able to take part in this course. New employees receive brief training from the Purchasing/CSR. Other employees who may wish to refresh their knowledge are also invited to these training courses. Access to the Fair Wear Foundation members' website is available to all employees working in marketing and sales.

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 Managing Director and Head of Purchasing/CSR 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 two agents in Turkey. The agents have been provided with an orientation on the FWF Code of Labour Practices.

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

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. FWF has developed several modules, however, other (member-led) programmes may also count.	Training reports, FWF's data on factories enrolled in training programmes. For alternative training activities: curriculum, training content, participation and outcomes.	0	6	0

Recommendation: FWF recommends Living Crafts 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 change and long-term structures to improve working conditions. To this end, Living Crafts can make use of FWF's Workplace Education Programme communication or violence prevention module or implement advanced training through service providers or brand staff. FWF guidance on good quality training is 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

Recommendation: FWF recommends members to check whether their supplier conducts regular anti-harassment committee meetings, whether an external expert attends these meetings and whether complaints are reported to the committee. The member should also communicate to suppliers that reported incidents will not result in negative consequences (such as withdrawing orders) as long as the factory investigates and remediates them accordingly. The member could also check whether committee members and management are organizing awareness raising activities about sexual harassment and whether re-elections of the committee and/or re-training are needed, e.g. due to worker turnover.

TRAINING AND CAPACITY BUILDING

Possible Points: 11

Earned Points: 4

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 all its production locations with whom it has a direct relationship or through an agent. Living Crafts has a policy in place which requires transparency and disclosures from suppliers on subcontracting.

Recommendation: FWF recommends Living Crafts to periodically check with its agents whether all known production locations are still up to date and use the information coming from questionnaires to update supplier data, including subcontractors.

FWF recommends Living Crafts to take additional efforts to ensure that the brand is always informed beforehand about the placement of production at production locations. Furthermore, the brand could also agree with its main suppliers that only a pre-selected number of production locations can be used for production.

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 organization and information can be shared in an efficient and fast way. The Head of Purchasing/CSR regularly updates the Managing Director and staff from the design department about working conditions at production locations. CAP's and audit reports available for most of the staff members. Additionally, post supplier visits, tours to the premises of suppliers are documented, photographs and significant feedbacks are made available to all members of staff by sharing the minutes of the meeting with suppliers.

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: Living Crafts communicates about FWF membership on its website, through social media, informs consumers through brochures and on-site displays at Denn'sA stores. Communication about FWF membership is in line with the FWF Communications Policy.

Recommendation: Living Crafts is advised to communicate the communication rules to 3rd parties and actively monitor adherence to the rules. This is to make sure that 3rd party retailers and resellers communicate the same FWF message and to avoid 100% fair message and/or greenwash messages. The FWF 3rd party resellers flyer can support in explaining FWF, FWF's work and the communication rules for 3rd parties. Members are accountable for the communication behaviour of 3rd party retailers, resellers, and customers as part of the Brand Performance Check.

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
6.2 Member company engages in advanced reporting activities	Published Brand Performance Checks, audit reports, and/or other efforts lead to increased transparency.	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.	1	2	0

Comment: Living Crafts publishes Brand Performance Check reports on its website.

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

Comment: Living Crafts shared its social report with FWF and posted it on its website.

TRANSPARENCY

Possible Points: 6

Earned Points: 5

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: The Director and head of Purchasing/CSR are actively involved with Living Crafts' FWF membership and evaluate regularly. This is done in an informal, ad hoc way. Suppliers feedback is also taken into account in these evaluations.

The Brand Performance Check report is used to set priorities, as well as for input to the sourcing strategy and the FWF workplan.

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.	50%	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:

- 1) Living Crafts has collected the questionnaires from all its suppliers.
- 2) Living Crafts had a requirement to create its internal exit strategy and has adopted the FWF exit strategy policy.

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 labor 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 would appreciate sharing its campaign templates (Fashion Revolution) in advance, so the brand would have enough time to participate.

FWF policies are written in general and not to the point. Living Crafts needs to translate all the documents into the German language. Living Crafts advises to FWF to highlight the most important information in the policy text.

According to Living Crafts, FWF Transparency policy is a plus point.

SCORING OVERVIEW

CATEGORY	EARNED	POSSIBLE
Purchasing Practices	14	41
Monitoring and Remediation	22	30
Complaints Handling	7	9
Training and Capacity Building	4	11
Information Management	4	7
Transparency	5	6
Evaluation	6	6
Totals:	62	110

BENCHMARKING SCORE (EARNED POINTS DIVIDED BY POSSIBLE POINTS)

56

PERFORMANCE BENCHMARKING CATEGORY

Good

BRAND PERFORMANCE CHECK DETAILS

Date of Brand Performance Check:

10-05-2019

Conducted by:

Terezia Haselhoff

Interviews with:

Frank Schell- Managing Director

Ulrike Andersson - Head of Purchasing/CSR

Sandra Richter - Accounting team

Christin Heese -Marketing team