



BRAND PERFORMANCE CHECK

DW-Shop GmbH

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this report covers the evaluation period 01-07-2015 to 30-06-2016

ABOUT THE BRAND PERFORMANCE CHECK

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

FWF's Brand Performance Check is a tool to evaluate and report on the activities of FWF's affiliate members. The Checks examine how affiliate management systems support FWF's Code of Labour Practices. They evaluate the parts of affiliate 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 factories, and most factories work for many different brands. This means that in most cases FWF affiliates have influence, but not direct control, over working conditions. As a result, the Brand Performance Checks focus primarily on verifying the efforts of affiliates. Outcomes at the factory level are assessed via audits and complaint reports, however the complexity of the supply chains means that even the best efforts of FWF affiliates cannot guarantee results.

Even if outcomes at the factory level cannot be guaranteed, the importance of good management practices by affiliates cannot be understated. Even one concerned customer at a factory 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 factory 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 affiliate 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

DW-Shop GmbH

Evaluation Period: 01-07-2015 to 30-06-2016

| AFFILIATE INFORMATION | |
|--|---------------------------------|
| Headquarters: | Königswinter, Germany |
| Member since: | 01-02-2012 |
| Product types: | Fashion, Bags & Accessories |
| Production in countries where FWF is active: | China, India, Indonesia, Turkey |
| Production in other countries: | Bolivia, Peru, United Kingdom |
| 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 |
| All suppliers have been notified of FWF membership? | No |
| SCORING OVERVIEW | |
| % of own production under monitoring | 91% |
| Benchmarking score | 56 |
| Category | Good |

Summary:

DW-Shop (hereafter DWS) has shown sufficient progress in implementing FWF's management system requirements. It has monitored 91% of its purchasing volume, which is as required considering their years of FWF membership. A large percentage (around 20%) of its production comes from homemaker suppliers, for which FWF adopted a monitoring policy which DWS followed up upon well.

Historically, DWS has had long-term relationships with many suppliers, or has purchased a large percentage of a supplier's production, leading to significant influence at the factory. However, DWS has been changing its supplier base to meet changing market demands. DW-Shop also has many small suppliers where it buys small quantities, and operates in countries and areas with specific risks on social compliance issues. Risks related to home workers as well as Syrian refugees have been integrated well into the monitoring system. Risks such as gender-based violence especially in India where DWS sources most have not yet been sufficiently addressed [please check].

DWS has changed its production planning system to improve processes. FWF recommends DWS to actively discuss the updated system with suppliers to limit excessive overtime. Root causes of excessive overtime should also be discussed and remediated, especially where DWS has high leverage.

DWS visited suppliers more frequently and pro-actively discussed social standard issues with them. Issues such as payment of a living wage (at least the legal minimum wage) and subcontracting of which DW-Shop is not always informed about need to be emphasized. More emphasis should be placed on making both suppliers' management and workers aware of the FWF CoLP basic requirements and to seek commitment of suppliers to step by step improvements. DWS has encouraged its suppliers to participate in the Workplace Education Programme. More action however is needed in India. For this, among others, increased capacity is needed for traveling staff, local staff and agents, to actively liaise with suppliers.

PERFORMANCE CATEGORY OVERVIEW

Leader: This category is for affiliates 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 affiliates who are making a serious effort to implement the Code of Labour Practices—the vast majority of FWF affiliates—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 affiliates will receive a 'Good' rating.

Needs Improvement: Affiliates 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. Affiliates 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: Affiliates 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. Affiliates 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 |
|---|--------|---|---|-------|-----|-----|
| 1.1 Percentage of production volume from suppliers where affiliate buys at least 10% of production capacity | 48% | Affiliates with less than 10% of a factories' production capacity generally have limited influence on factory managers to make changes. | Supplier information provided by affiliate. | 2 | 4 | 0 |

Recommendation: FWF recommends DWS 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.

Comment: This percentage has gone down approximately 18% since last year. DWS has 7% of its FOB produced at 3 suppliers in India where it has 100% leverage. At the same time DWS has many small suppliers of which it buys small quantities, in countries and areas with specific risks on social standards. Style requirements have changed at DWS in the past two financial years. To ensure ongoing business with especially those production sites where DWS has 100% leverage, DWS helps the supplier to understand new style requirements to be able to keep producing for the company.

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| 1.2 Percentage of production volume from suppliers where a business relationship has existed for at least five years | 63% | Stable business relationships support most aspects of the Code of Labour Practices, and give factories a reason to invest in improving working conditions. | Supplier information provided by affiliate. | 3 | 4 | 0 |
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Comment: DWS has long-term relationships with about two third of its suppliers (for almost 10 years). Since 2014/15 the supplier base of DWS has changed. Some long-lasting suppliers have gone bankrupt, some have not met styles requirements of DWS anymore.

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| 1.3 All new suppliers are required to sign and return the Code of Labour Practices before first orders are placed. | No | The CoLP is the foundation of all work between factories and brands, and the first step in developing a commitment to improvements. | Signed CoLPs are on file. | 0 | 2 | 0 |
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Requirement: Subcontractors should receive, sign and return the Code of Labour Practices in addition to the main production site. All subcontractors DWS agrees to use for their production need registration in the FWF database and monitoring of social standards as required by FWF.

Recommendation: FWF recommends DWS to explicitly address subcontracting before first orders are placed with potential new suppliers.

Comment: All new suppliers in 2015/16 have signed and returned the Code of Labour Practice before first orders were placed. However, not all suppliers are transparent about using subcontractors for DWS orders. These initially unknown subcontractors were hence not part of DWS monitoring system and have not signed the CoLP before the order.

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| 1.4 Company conducts human rights due diligence at all new suppliers before placing orders. | No | Due diligence helps to identify, prevent and mitigate potential human rights problems at new suppliers. | Documentation may include pre-audits, existing audits, other types of risk assessments. | 0 | 4 | 0 |
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Recommendation: A formal process should exist to evaluate the risks of labour right violations in the production area where new suppliers are located, and at the production locations of new suppliers themselves. For this evaluation, the actual new production locations should be visited before placing first orders and FWF information and tools (country studies, risk guidances, the OHS checklist) used to make a first assessment. DWS should discuss social standards with new suppliers and assess their level of commitment to work on related improvements. This evaluation should influence the decision on whether to place orders, how to prevent and mitigate risks, and what remediation steps may be necessary.

Comment: Chief buyers, in co-operation with the managing director, select new factories. Main criteria for choosing a new supplier is the range of products and its quality. Buyers discuss social compliance issues during the introduction, but do not always visit actual production locations before starting with a new supplier. In case of cooperation with agents, agents visit the production sites before first orders are placed and send pictures to DWS.

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| 1.5 Supplier 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 |
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Recommendation: DW-Shop is encouraged to develop an evaluation/grading system for suppliers where compliance with labour standards is a criterion for future order placement. Part of the system can be to create an incentive for rewarding suppliers for realized improvements in working conditions.

Comment: DWS is evaluating supplier compliance to a certain level and has started to work on a system to reward them for performance improvement. This is not yet not done in a systematic manner. DW-Shop does keep an excel file per supplier. This register is open for all DW-Shop traveling staff from Germany. DWS has a wide range of products, whereas the capacity of their suppliers is often limited to specific products. Possibilities to exchange products at suppliers is seen as limited. Rewarding suppliers is hence seen as a difficulty.

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| 1.6 The affiliate's production planning systems support reasonable working hours. | General or ad-hoc system. | Affiliate production planning systems can have a significant impact on the levels of excessive overtime at factories. | Documentation of robust planning systems. | 2 | 4 | 0 |
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Recommendation: FWF recommends DWS to pro-actively discuss with suppliers the improved production planning system and its purposes. This should not only focus on the supplier meeting delivery times, but also on limiting excessive overtime. Therefore the new production planning system of DW-Shop also needs to include consideration of the production capacity of the factory (for regular working hours) when determining the size and planning of orders. DW-Shop is recommended to integrate pro-actively overtime issues in regular production planning discussions with suppliers. Actual visits to suppliers may help in improving communication, check and discuss the planning and production capacity of the producer. DW-Shop is furthermore recommended to evaluate the new production planning system's impact on limiting overtime.

Comment: DWS produces three collections every year with a 65:35 summer-winter ratio. Production planning on the supplier side is usually six to eight months. At least four weeks are planned as a buffer between agreed shipping date and real shipment. This wider time frame is not shared with suppliers because of the risk that suppliers would use this time to plan extra orders and still be late and/or produce with excessive overtime. At several production sites, DWS has only a small leverage. Upon request, factory management responded that it is other brands causing excessive overtime hours. DWS states that they often have to accept their production being delayed as their order volume is small.

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| 1.7 Degree to which affiliate mitigates root causes of excessive overtime. | Intermediate efforts | Some production delays are outside of the control of affiliates; however there are a number of steps that can be taken to address production delays without resorting to excessive overtime. | Documentation of root cause analysis and positive steps taken to manage production delays or improve factory processes. | 3 | 6 | 0 |
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Requirement: DW-Shop should investigate to what extent its current buying practices has an effect on the working hours at supplier level. A root cause analysis of excessive overtime should be done to investigate which steps can be most effective to reduce overtime. Special attention should be given to piloting advanced work with those factories from which DW-Shop buys a large percentage of the production volume.

Recommendation: FWF recommends DWS to discuss with factory management on the causes of excessive overtime and provide support to manage overtime. If necessary, DW-Shop could hire local experts to analyze root causes of excessive overtime in cooperation with the supplier.

Comment: DW-Shop accepts late shipments, splits deliveries and pays air freight if needed for re-orders, which can help to reduce the risk of excessive overtime.

Audits done this year have not (yet) been able to verify the impact of the new system on reducing excessive overtime (OT). All audits done in the last year in India showed that overtime work is practice. Two out of five suppliers were not transparent or showed falsified records. One audit conducted in Turkey stated that little overtime was done but the amount of hours did not exceed legal requirements.

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| 1.8 Affiliate'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 |
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Requirement: DW-Shop needs to develop a pricing policy where DWS knows the labour cost of garments and which allows the payment of at least legal minimum wages in production countries.

Recommendation: DW-Shop is recommended to start integrating labour cost in price discussions with all suppliers and get to know country wages. DW-Shop is advised to select one (high leverage) supplier to advance efforts on improving wages.

Comment: DW-Shop includes experience with the supplier, previous prices and market development in its price. Labour costs are not systematically collected and discussed. DWS started to collect wage data from audit reports and via emails from suppliers. This data will be used to evaluate wage levels at production sites in the coming financial year.

DW-Shop claims to pay a higher price than other companies however higher wages resulting from this could not be verified in audits.

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| 1.9 Affiliate actively responds if suppliers fail to pay legal minimum wages. | Yes | If a supplier fails to pay minimum wage, FWF affiliates 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. | 1 | 2 | -2 |
|---|-----|--|---|---|---|----|

Recommendation: Due to this relatively high amount of cases of fail to pay legal minimum wages, DWS is recommended to pay special attention to wage payments in their monitoring and remediation strategy.

Comment: DWS informs the production sites about minimum wages at the beginning of the cooperation and in case of problems found also throughout the year. However, payment below legal minimum wage was found in four out of six audits in last financial year (often security guard and no verifiable system for other workers). All production sites have been requested to share the overview of the past months salaries. One production site ended business relationship with DWS. Business relationship with another production site and its subcontractor will be ended by DWS due to the fact that the production site does neither want to be transparent nor work on social standards at its production site. Documents to proof that minimum wages are paid have been shown to DWS by the forth production site. Results have not been verified by FWF yet.

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| 1.10 Evidence of late payments to suppliers by affiliate. | No | Late payments to suppliers can have a negative impact on factories 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 factory and affiliate financial documents. | 0 | 0 | -1 |
|---|----|--|--|---|---|----|

Comment: There is no evidence of late payments to suppliers by DWS.

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| 1.11 Degree to which affiliate 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 affiliates' policies. | Documentation of policy assessments and/or concrete progress towards living wages. | 2 | 8 | 0 |
|---|----------------|---|--|---|---|---|

Requirement: DW-Shop has to take adequate steps to move towards living wages as estimated by local stakeholders. DW-Shop is held more accountable for implementing adequate steps at the suppliers where DWS buys exclusively.

DW-Shop is expected to take an active role in discussing living wages with its suppliers, before and after audits, of all workers (all departments and including temporary piece-rate workers). After audits, the FWF wage ladder can be used as a tool to implement living wages. Most relevant wage estimates, such as local minimum wage, Asia Floor Wage, collective bargaining wage and industrial best practice wages are provided in the wage ladder. The wage ladder is included in FWF's audit reports. It demonstrates the gaps between workers' wages at a factory and living wages demanded by major stakeholders. The wage ladder can be used to document, monitor, negotiate and evaluate the improvements at its suppliers.

Recommendation: FWF encourages DWS to assess the hypothetical cost effects of increasing wages towards benchmarks that are included in the wage ladder and discuss these with suppliers about possibilities to work towards higher benchmarks.

Comment: In the majority of audits, FWF was not able to verify wage levels as the factory did not present wage records or there were strong indications that records had been falsified. None of the audit reports showed that what is estimated as a living wage is paid to the workers. Almost all production sites even paid (some) workers below the legal minimum wage.

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| 1.12 Affiliate sources from an FWF factory member. | No | When possible, FWF encourages affiliates to source from FWF factory members. On account of the small number of factories this is a 'bonus' indicator. Extra points are possible, but the indicator will not negatively affect an affiliate's score. | Supplier information provided by affiliate. | N/A | 1 | 0 |
| 1.13 Percentage of production volume from factories owned by the affiliate. | 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 affiliate's score. | Supplier information provided by affiliate. | N/A | 2 | 0 |

PURCHASING PRACTICES

Possible Points: 40

Earned Points: 14

Additional comments on Purchasing Practices:

DWS reports that it is difficult finding good suppliers producing small amounts in a limited color and size only.

DWS sources partly at production sites which are special in ownership, e.g. cooperatives in India.

The buying process of DW-Shop includes sourcing styles offered by the supplier as well as proposing designs to the supplier. Styles and material/quality are selected, prices are discussed, orders are sent with detailed work sheets. Style, quality and workmanship are re-checked via the sample sent by the factory and approved by buyer/technician.

2. MONITORING AND REMEDIATION

| BASIC MEASUREMENTS | RESULT | COMMENTS |
|---|--------|--|
| % of own production under standard monitoring (excluding low-risk countries) | 91% | |
| % of own production in low risk production countries where FWF's Low Risk policy has been implemented | 0% | FWF low risk policy should be implemented. 0 = policy is not implemented correctly. N/A = no production in low risk countries. |
| Total of own production under monitoring | 91% | Minimums: 1 year: 40%; 2 years 60%; 3 years+: 90% 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 |
| 2.2 Degree of progress towards resolution of existing Corrective Action Plans | Intermediate | FWF considers efforts to resolve CAPs to be one of the most important things that affiliates can do towards improving working conditions. | Documentation of remediation and followup actions taken by affiliate. | 4 | 8 | -2 |

Recommendation: To facilitate remediation, DW-Shop could consider:

- Hire a local consultant to assist factory in developing an action plan and to assist factory management in investigating root causes.
- Organise supplier seminars.
- Provide factory training.
- Share knowledge/material.
- Provide financial support to the supplier for implementing improvements.

FWF recommends DW-Shop to increase capacity of local staff and purchasers to follow-up on Corrective Action Plans during visits to suppliers.

FWF recommends DWS to use its high leverage at main supplier(s) to effectively request improvements of working conditions.

Comment: At DW-Shop different staff is involved in following-up CAP's. The audits in the past financial year were followed up by the CSR staff person in direct email contact with the factory. The buyers who travel to the audited suppliers get instruction from the CSR staff person what to check with suppliers in general. Several production sites have been visited and CAPs discussed. DWS decided internally to support production sites following up corrective actions financially. All audits conducted in the past financial year have shown severe non-compliance's towards FWF's labour standards.

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| 2.3 Percentage of production volume from suppliers that have been visited by the affiliate in the past financial year | 89% | Formal audits should be augmented by annual visits by affiliate staff or local representatives. They reinforce to factory managers that affiliates are serious about implementing the Code of Labour Practices. | Affiliates should document all factory visits with at least the date and name of the visitor. | 4 | 4 | 0 |
|---|-----|---|---|---|---|---|

Comment: In previous years, DWS only visited around 30% of actual production sites. Suppliers were met mainly at fairs or in offices. This has changed significantly during the last financial year. DWS now visited 89% of all production locations and social standards have been discussed during the visits by either local or DWS head office staff.

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| 2.4 Existing audit reports from other sources are collected. | Yes, quality assessed and corrective actions implemented | Existing reports form a basis for understanding the issues and strengths of a supplier, and reduces duplicative work. | Audit reports are on file; evidence of followup on prior CAPs. Reports of quality assessments. | 3 | 3 | 0 |
|--|--|---|--|---|---|---|

Comment: Existing audit reports have been collected, quality assessed and proof for follow-up of corrective actions shown to Fair Wear Foundation. They account for approximately 14% of the monitoring threshold.

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| 2.5 Audit Report and Corrective Action Plan (CAP) findings are shared with factory. 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 |
| 2.6 High risk issues specific to the affiliate's supply chain are identified and addressed by the monitoring system. | Intermediate Capacity | Different countries and products have different risks associated with them; monitoring systems should be adapted to allow appropriate human rights due diligence for the specific risks in each affiliates' supply chain. | Documentation may take many forms; additional research, specific FWF project participation; extra monitoring activities, extra mitigation activities, etc. | 3 | 6 | 0 |

Recommendation: Knowing the company and country specific risks facilitates the starting point for discussing this with suppliers. Affiliates can agree on additional commitments that are required to mitigate risks. DW-Shop can provide additional measures for support and integrate that in the monitoring system. For instance: integrated risk for the textile industry is gender discrimination and violence against women especially in India.

FWF offers the Workplace Education Program in Turkey, China and Bangladesh. The training program can help raise awareness for social dialogue, in India also addressing gender based violence at factory work floor. FWF recommends DWS to keep going with the efforts they have started with regard to home workers and to carefully monitor and actively address the working conditions at home worker stations according to FWF's home worker policy: http://www.fairwear.org/wp-content/uploads/2016/06/FWFGuidance_homebased_work-oct15.pdf

DWS needs to take extra care of risks related to fire safety and living conditions of migrant workers.

Comment: Many of DWS' production sites are small factories with low social compliance capacity. This risk has not been specifically addressed.

Although more than half of DWS' production sites are located in India, only one supplier of DWS in India has participated in the Workplace Education Program with training against work floor harassment. All audited India suppliers could benefit from WEP, sustained by audit findings.

The DW-Shop agent in Turkey actively followed up with suppliers on the FWF February 2015 guidance note on risks around Syrian refugee workers in Turkey (though during an audit after the release of the policy one supplier was found to be using a subcontractor for DWS production which was unauthorised by and unknown to DWS). One supplier in Turkey has signed up for the Workplace Education Programme.

Both in India and Turkey, DW-Shop has a supplier base which is more likely to subcontract (part of) production, leading to higher risks of non-compliance. Although DWS has discussed with factories that subcontracting is not allowed for production of DWS, unannounced and to DWS unknown subcontracting is confirmed by the audits done in the past financial year. The monitoring system of DW-Shop does not actively address this issue.

Another three production sites in China have successfully received the Workplace Education Program.

Approximately 20% of DWS' production is made by home workers. The sites have been visited by the CSR person in the past financial year. The FWF questionnaire on home workers was distributed and used to gather first information about the working conditions at the sites. DWS got to know who works as a home worker, how the work is organized, how much they are paid. Basic health and safety standards were checked during the personal visit. Due to these efforts, the 20% production at home workers has been counted towards the monitoring threshold.

FWF found repeating non-compliance on fire safety and living situation of migrant workers. Both issues have not been addressed explicitly by DWS. DWS started to ask factories for latest fire mock drills and training reports. Outcomes have not been verified yet.

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| 2.6a High risk issues specific to Bangladesh are identified and addressed by the monitoring system and remediation activities. | Not sourcing in Bangladesh | Affiliates sourcing in Bangladesh should take additional action to address both building and fire safety and the prevention of violence against women. | Building, electrical and fire safety inspection reports, evidence of cooperation with other customers sourcing at the same factories (Accord signatories and/or FWF affiliates), etc. | N/A | 3 | 0 |
| 2.6b High risk issues specific to Myanmar are identified and addressed by the monitoring system and remediation activities. | Not sourcing in Myanmar | Myanmar is still in the process of establishing the legal and civil society infrastructure needed to ensure compliance with labour rights. Extra care must be taken when doing business in Myanmar. | Shared CAPs, Wage Ladders per factory. | N/A | 3 | 0 |
| 2.7 Affiliate cooperates with other customers in resolving corrective actions at shared suppliers | No CAPs active or no shared suppliers. | Cooperation between customers increases leverage and chances of successful outcomes. Cooperation also reduces the changes 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. | N/A | 2 | -1 |
| 2.8 Monitoring requirements are fulfilled for production in low-risk countries | No production in lowrisk countries | Low risk countries are determined by the presence and proper functioning of institutions which can guarantee compliance with basic standards. | Documentation of visits, notification of suppliers of FWF membership; posting of worker information sheets, completed questionnaires. | N/A | 2 | 0 |

Comment: DWS is sourcing from only one production site in the United Kingdom a small amount of clothes. Monitoring requirements are fulfilled.

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| 2.9 External brands resold by the affiliate who have completed and returned the external brand questionnaire. (% of external sales volume) | 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 | 3 | 0 |
| 2.10 External brands resold by affiliates that are members of another credible initiative. (% of external sales volume) | No external brands resold | FWF believes affiliates who resell products should be rewarded for choosing to stock external brands who also take their supply chain responsibilities seriously. | 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 |

MONITORING AND REMEDIATION

Possible Points: 25

Earned Points: 18

Additional comments on Monitoring and Remediation:

Aside FWF membership, DWS is member of the Business Social Compliance Initiative (BSCI). This is to have access to existing audit reports by BSCI and also to cover the non-tex products DWS sells.

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 |
| 3.2 System exists 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 factory visits, etc. | 2 | 2 | 0 |

Recommendation: DW-Shop must ensure that the Code of Labour Practices, including contact information of the local complaints handler of FWF, is posted in factories in a location that is accessible to workers. DWS should check by means of a visit whether the CoLP is posted in the factories.

Comment: DW-Shop does keep an excel file per supplier with photo of worker info sheet. This register is open for all DW-Shop traveling staff from Germany. The buyers' experience from visits at suppliers' offices and factories are included in these documents. Local staff as well as traveling staff from the head office check the posting of the FWF CoLP, take pictures as evidence and check whether the complaints handler number is correctly posted.

However, DW-Shop purchasers do not always visit production locations and discuss FWF CoLP with suppliers. Four out of six suppliers audited claimed reason for not posting the CoLP was that they either have not received the Code or not understood what to do with it.

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| 3.3 Percentage of FWF-audited factories where at least half of workers are aware of the FWF worker helpline. | 18% | The FWF complaints procedure is a crucial element of verification. If factory-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. Factory participation in the Workplace Education Programme also count towards this indicator. | Percentage of audited factories where at least 50% of interviewed workers indicate awareness of the FWF complaints mechanism + percentage of factories in WEP programme. | 1 | 4 | -2 |
|--|-----|--|--|---|---|----|

Requirement: DWS should inform the factory managers about the existence of the hotline. DWS should have a routine to ensure the worker information sheet with complaints handlers contact details is posted in a place freely accessible to workers. The information sheet is the first step towards awareness raising about the existence and functioning of FWF's worker hotline.

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

Comment: 15 factories have been audited in the past 3 financial years and 6 of them have received WEP training after the audit. All audited factories have shown that the workers are not aware of the FWF worker helpline which is why in some of the sites the WEP training has been conducted.

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| 3.4 All complaints received from factory 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. Affiliate involvement is often essential to resolving issues. | Documentation that affiliate has completed all required steps in the complaints handling process. | N/A | 6 | -2 |
| 3.5 Cooperation with other customers in addressing worker complaints at shared suppliers | No complaints or cooperation not possible / necessary. | Because most factories supply several customers with products, involvement of other customers by the FWF affiliate 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 | -2 |

COMPLAINTS HANDLING

Possible Points: 7

Earned Points: 4

Additional comments on Complaints Handling:

One complaint has been received just before the start of the past financial year and hence does not officially count towards this Brand Performance Check. But it has been followed up in the past financial year which is why it needs mentioning. DWS has informed the supplier and asked for their response. DWS has usually forwarded this information to FWF accepting the response of the supplier. FWF recommends DWS to take more initiative in solving complaints and finding solutions for the workers and not only forwarding information and accepting responses given.

4. TRAINING AND CAPACITY BUILDING

| PERFORMANCE INDICATORS | RESULT | RELEVANCE OF INDICATOR | DOCUMENTATION | SCORE | MAX | MIN |
|--|--------|--|--|-------|-----|-----|
| 4.1 All staff is made aware of FWF membership requirements | 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: All employees are informed by an internal newsletter. Since mid of 2015 a DIN A 5 print-out is shared with all staff every 3 months explicitly describing what social standards are and what FWF membership is about.

All staff has been informed about FWF membership during a staff meeting in November 2015 which has been very well received.

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| 4.2 Ongoing training in support of FWF requirements is provided to staff in direct contact with suppliers. | 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 | 0 |
|--|-----|--|---|---|---|---|

Recommendation: FWF recommends DW-Shop to develop and provide ongoing internal training of existing and new purchasers, as well as local staff in China and India and its agents in Turkey and Indonesia. For this, tools need to be provided, such as checklists for Occupational Health and Safety (the FWF OHS checklist). Besides tools, staff in direct contact with suppliers overall need to be given clear instruction, time (to be able to spend time visiting suppliers at actual production locations) and capacity (such as training and guidance on CAP follow-up).

Comment: All staff members involved in the execution of monitoring activities were briefed by CSR representative about general issues of social compliance and the detailed requirements for successfully fulfilling FWF membership. Audit results as well as details of German and international stakeholder meetings are communicated. In general, during visits factories are checked by using the FWF OHS checklist. Further follow-up is done by CSR staff.

The head of purchasing of DW-Shop plans to set up a regular meeting between CSR staff and the buying team, to discuss social issues at suppliers, follow-up on audit findings, share information etc. DW-Shop is aware that purchasing staff needs to have enough time during country visits and further guidance to include tasks on implementation of the FWF CoLP and discuss CAP follow-up with suppliers.

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| 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 affiliate to ensure agents actively support the implementation of the CoLP. | Correspondence with agents, trainings for agents, FWF audit findings. | 1 | 2 | -2 |
|--|-----|---|---|---|---|----|

Recommendation: FWF recommends DW-Shop to instruct its local staff and agents to visit and actively check the actual production locations (using the FWF OHS checklist). Help is needed to build awareness with suppliers on the usefulness of the FWF approach, audit procedures, training and to discuss country specific risks.

Comment: DW-Shop maintains an office in China and works with agents in India and Turkey, Bali and Java which are responsible for quality assurance. Local staff and quality assurance personnel in general check health and safety standards and checks if corrective measures from CAPs are followed up. All were informed about FWF membership in writing and in person by the respective buyer. Agents in the Delhi were trained by DWS early 2016.

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| 4.4 Factory participation in Workplace Education Programme (where WEP is offered; by production volume) | 41% | Lack of knowledge and skills on best practices related to labour standards is a common issue in factories. 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 |
|---|-----|--|--|---|---|---|

Recommendation: In order to ensure awareness and enhance understanding of the relevant labour standards, grievance mechanisms and the importance of a good mechanism for communication between employers and workers in the workplace, FWF developed the Workplace Education Program. DW-Shop should motivate its main supplier(s) to join WEP training.

Comment: In total five production sites have been trained under the Workplace Education Program in the past financial year. This makes three production sites in China, one in India and another in Turkey.

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|---|----|--|---|---|---|---|
| 4.5 Factory participation in trainings (where WEP is not offered; by production volume) | 0% | In areas where the Workplace Education Programme is not yet offered, affiliates 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 |
|---|----|--|---|---|---|---|

Recommendation: Whenever DW-Shop contacts a new supplier, this new supplier must be informed on the implications of FWF membership. All factory workers should be informed about the labour standards and the process of monitoring and remediation. In order to further communication between employers and workers in the workplace FWF recommends DW-Shop to ensure suppliers participate in training. Training must meet FWF quality standards to receive credit for this indicator: top management, supervisors and workers should be included in the training, separately. Workplace standards and dispute handling should be included in the training. At least 10-20% of the workforce must be trained, depending on the size of the factory. Worker participation should be balanced and representative.

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 affiliates to first know all of their production locations. | Supplier information provided by affiliate. Financial records of previous financial year. Documented efforts by affiliate to update supplier information from its monitoring activities. | 3 | 6 | -2 |

Requirement: After the end of each financial year, affiliates must confirm their list of suppliers and provide relevant financial data. A complete suppliers list means ALL suppliers are included. This also includes production sites where trial orders are placed and the so called “social suppliers”.

Recommendation: DW-Shop is advised to develop a systematic approach to complete the supplier list. Part of the approach can be:

- 1) Automatically include information from audit reports and complaints.
- 2) Business relationships with agents include transparency of production locations.
- 3) 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.

Comment: According to DW-Shop buyers discuss production locations and subcontractors with suppliers. They try to check production locations (including subcontractors) during visits. Local staff and quality assurance personnel informs DW-Shop in case they notice any irregularity concerning production locations/subcontractors.

According to DWS, every supplier is allowed to use maximum one additional subcontractors which needs agreement before production takes place with the company.

Audit reports have partially shown that subcontractors have been used without approval of DWS.

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| 5.2 A system exists to allow purchasing, CSR and other relevant staff to share information with each other about working conditions at suppliers | 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: All employees have access on the company's server to look up the status of social standards at each production site. Staff in direct contact are regularly informed about the status of compliance.

The OHS checklist is used by purchasers.

Internal staff changes as DWS has made it difficult for the CSR person to keep everybody up to date with requirements needed to follow up social standards.

INFORMATION MANAGEMENT

Possible Points: 7

Earned Points: 4

Additional comments on Information Management:

Production sites were trial orders have been placed have not been included in the database.

DWS sources some goods from suppliers which they call "social suppliers". These suppliers engage extra e.g. by supporting local schools. They have not been registered by DWS in FWF's database nor included in the monitoring system to follow upon social standards. Since these "social suppliers" are for profit, FWF cannot accept them to be excluded from monitoring and remediation.

6. TRANSPARENCY

| PERFORMANCE INDICATORS | RESULT | RELEVANCE OF INDICATOR | DOCUMENTATION | SCORE | MAX | MIN |
|---|--------|---|---|-------|-----|-----|
| 6.1 Communication about FWF membership adheres to the FWF communications policy | Yes | FWF membership should be communicated in a clear and accurate manner. FWF guidelines are designed to prevent misleading claims. | Logo is placed on website; other communications in line with policy. Affiliates may lose points if there is evidence that they did not comply with the communications policy. | 1 | 1 | -2 |

Comment: DWS is communicating responsibly and according to FWF communications policy on FWF membership.

FWF membership is a central theme of DW-Shop corporate website. It was also the topic of the blog section. The new website was launched in the past financial year and now customers are able to reach information about FWF within two clicks from almost every site on the DW-Shop website. This positively impacts the communication efforts about FWF membership.

DW-Shop displays the FWF membership in its shop with stickers at the windows.

DW-Shop communication staff consulted FWF on the use of the FWF logo.

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| 6.2 Affiliate engages in advanced reporting activities | Yes | Good reporting by members helps to ensure the transparency of FWF's work and shares best practices with the industry. | Affiliate publishes one or more of the following on their website: Brand Performance Check, Audit Reports, Supplier List. | 1 | 1 | 0 |
|--|-----|---|---|---|---|---|

Comment: The last year's Brand Performance Check report is published online.

| | | | | | | |
|---|----------------------------------|---|---|---|---|----|
| 6.3 Social Report is submitted to FWF and is published on affiliate's website | Published on affiliate's website | The Social Report is an important tool for affiliates to transparently share their efforts with stakeholders. | Report adheres to FWF guidelines for Social Report content. | 2 | 2 | -2 |
|---|----------------------------------|---|---|---|---|----|

Comment: DW-Shop has submitted its social report to FWF and published it on its website:
<http://www.dwshop.de/soziale-verantwortung-fair-wear-foundation>

TRANSPARENCY

Possible Points: 4

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: FWF is considered a central part of DWS' sustainability strategy. Audit results and social standards are regularly discussed with the purchasing and traveling team. Top management is included in a meeting two times per year.

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|--|-----|---|--|---|---|----|
| 7.2 Changes from previous Brand Performance Check implemented by affiliate | 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. | Affiliate should show documentation related to the specific requirements made in the previous Brand Performance Check. | 4 | 4 | -2 |
|--|-----|---|--|---|---|----|

Comment: DW-Shop has shown some progress in the past financial year on requirements made last year. Four out of eight requirements have been successfully implemented especially indicator 4.4: factories participating in Workplace Education Programme.

Further efforts need to be taken with regard to excessive overtime, DWS' pricing policy, living wages as well as the allocation and submission of all places of production.

EVALUATION

Possible Points: 6

Earned Points: 6

RECOMMENDATIONS TO FWF

DWS finds that FWF did not always respond timely and appropriately to emails.

SCORING OVERVIEW

| CATEGORY | EARNED | POSSIBLE |
|--------------------------------|--------|----------|
| Purchasing Practices | 14 | 40 |
| Monitoring and Remediation | 18 | 25 |
| Complaints Handling | 4 | 7 |
| Training and Capacity Building | 8 | 15 |
| Information Management | 4 | 7 |
| Transparency | 4 | 4 |
| Evaluation | 6 | 6 |
| Totals: | 58 | 104 |

BENCHMARKING SCORE (EARNED POINTS DIVIDED BY POSSIBLE POINTS)

56

PERFORMANCE BENCHMARKING CATEGORY

Good

BRAND PERFORMANCE CHECK DETAILS

Date of Brand Performance Check:

17-11-2016

Conducted by:

Stefanie Santila Karl, Lisa Suess

Interviews with:

Regine Henschel (CSR manager)

Maria Busch (marketing and substitute CSR manager)

Joerg Fauck (communication)

Irene Hanak (sales)

Daniela Bunea (managing director)

Audit Summary:

Publication of the audit summary section previously included in Brand Performance Checks has been suspended while Fair Wear Foundation develops a new information system to manage and summarize the data.