



## **Brand Performance Check**

# **Madness-The Nature Textile Company GmbH**

**Publication date: August 2020**

This report covers the evaluation period 01-01-2019 to 31-12-2019

## About the Brand Performance Check

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

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

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

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

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

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

## Brand Performance Check Overview

### Madness-The Nature Textile Company GmbH

Evaluation Period: 01-01-2019 to 31-12-2019

Member company information	
Headquarters:	Welle-Kampen , Germany
Member since:	2014-08-01
Product types:	garments, clothing, fashion apparel
Production in countries where Fair Wear is active:	India
Production in other countries:	none
Basic requirements	
Workplan and projected production location data for upcoming year have been submitted?	Yes
Actual production location data for evaluation period was submitted?	Yes
Membership fee has been paid?	Yes
Scoring overview	
% of own production under monitoring	100%
Benchmarking score	69
Category	Good

## **Disclaimer**

*This performance check was conducted amidst the COVID-19 outbreak in 2020. Due to travel restrictions in 2020, the assessment methodology for this check was modified to adapt to an online version.*

*While the performance check does cover all indicators, Fair Wear was not able to cross-check information with the member company's other departments to the extent it would normally do. This may have led to shorter descriptions/comments in the report. We have taken additional measures to ensure the scores are still inclusive and representative of the performance/progress made: more documentation was requested from the member during the preparation phase and other staff members were interviewed to score a specific indicator, where necessary. Furthermore, due to our improved data management system, Fair Wear was able to better track and document progress, mitigating much of the disadvantage of a remote performance check.*

*This modified version was applied consistently to all members' performance checks starting their financial year in 2019 in order to maintain fair and comparable data.*

*Fair Wear will evaluate the members' response to the Corona-crisis in the performance check about the financial year starting in 2020. For members having financial years starting in April or later, parts of their response can already be reflected in the current performance check report, although their overall response will be evaluated in the next performance check.*

## Summary:

MADNESS THE NATURE TEXTILE COMPANY GmbH (MADNESS) continues to show progress and once again met the majority of FWF's requirements. Continued improvements are now showing results, especially after hiring another consultant in 2019 to work on remediation of findings and giving trainings to management, workers and committees. MADNESS has achieved a score of 69 which keeps them in the Good category.

100% of its production is monitored, which meets the requirement of members who have been a part of FWF for three years or more. MADNESS is committed to source from one factory since 2010 (a single partner with a long-term sourcing strategy) in India. At its supplier, the company has high leverage of 85%. The production site is visited frequently.

The most recent audit was in 2017. There were numerous issues found during this audit requiring a diligent approach to the resolution of Corrective Action Plans. MADNESS and its supplier have made progress in completing the corrective actions on many of these issues.

MADNESS demonstrated its commitment towards improving its partnership with its supplier. This can be seen in the effort that has been made with regards to training and the number of resources set aside to handle complaints and improvements at its production location.

In 2019, MADNESS made good progress and has set the base to know whether its buying prices support payment of a living wage. For this, wage records have been analysed and labour minute costs calculated per style. Knowing that the wages paid are partly higher than minimum wage a target wage to work towards in the coming year was set for 20% higher than minimum wage. The company does not yet finance wage increases and hence its share of the target wage which is planned to for 2020.

## Performance Category Overview

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

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

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

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

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

# 1. Purchasing Practices

Performance indicators	Result	Relevance of Indicator	Documentation	Score	Max	Min
1.1a Percentage of production volume from production locations where member company buys at least 10% of production capacity.	100%	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.	4	4	0

**Comment:** MADNESS is committed to source from one factory since 2010 (a single partner with a long-term sourcing strategy). Production processes such as garment dyeing, washing and printing are done at subcontractors to this CMT unit.

Performance indicators	Result	Relevance of Indicator	Documentation	Score	Max	Min
1.1b Percentage of production volume from production locations where member company buys less than 2% of its total FOB.	0%	Fair Wear provides incentives to clothing brands to consolidate their supplier base, especially at the tail end, as much as possible, and rewards those members who have a small tail end. Shortening the tail end reduces social compliance risks and enhances the impact of efficient use of capital and remediation efforts.	Production location information as provided to Fair Wear.	4	4	0

**Comment:** MADNESS uses its main supplier for cut-make-trim production process.

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.	100%	Stable business relationships support most aspects of the Code of Labour Practices, and give production locations a reason to invest in improving working conditions.	Supplier information provided by member company.	4	4	0

**Comment:** Its commitment to this one production location can be commended as MADNESS has maintained its relationship since 2010.

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

Performance indicators	Result	Relevance of Indicator	Documentation	Score	Max	Min
1.4 Member company conducts human rights due diligence at all (new) production locations before placing orders.	Advanced	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.	4	4	0

**Comment:** Since 2010, MADNESS follows a single-sourcing strategy. The company considers changing its sourcing strategy to having more cut-make-trim suppliers. The process of how such a new supplier would be selected and what that supplier need to bring and work on related to sustainability standards is defined in writing and publicly shared in the company's social report. To MADNESS it is crucial to source from suppliers with a similar philosophy as the company itself.

Performance indicators	Result	Relevance of Indicator	Documentation	Score	Max	Min
1.5 Production location compliance with Code of Labour Practices is evaluated in a systematic manner.	Yes, and leads to production decisions	A systemic approach is required to integrate social compliance into normal business processes, and supports good decisionmaking.	Documentation of systemic approach: rating systems, checklists, databases, etc.	2	2	0

**Comment:** Compliance with CoLP is evaluated regularly and there are several visits per year to the production location to ascertain progress has been made.

Though progress has been made on many compliance issues, a lack of transparency from the production location continues to be problematic. This factory already provides a significant percentage of MADNESS' products and cannot be rewarded with additional items. As such, there is an increasing willingness to shift some production to another location should necessary changes not take place.



Sampling has started with a new production site for 2020. The single-sourcing production site has been informed about the process and that a reason to move production is because of compliance with the Code of Labour Practices.

In 2019 MADNESS has hired a local agency to help overcome certain compliance issues at the factory. The agency also conducts trainings for skill building and capacity development which can be seen as indirect rewarding of the existing supplier.

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:** Due to the fact that the production site produces round 85% of its total factory production volume for MADNESS, the company plays a crucial role when looking at working hours.

In 2019, MADNESS invested to know how long it takes to produce its garments and knows more about its capacity now. They now have standard minutes per style and started understanding how the production of its products impacts the total production capacity of the factory. Transparency issues from factory site prevented further improvement in this area before hiring a local consultant in the past financial year.

The company focuses on two collections per year. MADNESS customers can be split into 50% mail order companies and 50% boutiques and small retailers. Mail-order companies have a lead order time of three months. Boutiques and small retailers have a lead order time of four months. The design and fabric is agreed upon with the production site nine months before shipment. To be flexible towards its customers and to ensure a stable amount of orders at the production site, MADNESS pays an overproduction of 10 to 15% of each order.

The creation of consistent documentation for all designs coming from the two designers as well as stretching production time aim to contribute to reduce overtime. These are steps that have been taken based on previous audit reports. To further aid the process, MADNESS also purchases fabrics directly and in advance to reduce further issues in the supply chain.

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

It is advised to establish a system for sharing and updating forecasts with suppliers to facilitate its planning. The system may include assurance of early delivery of materials and trimmings to suppliers, ensuring samples are approved in time and that late changes are discussed with the supplier.

It is recommended to get in contact with the other brand(s) sourcing from the production site to work collaborative on working hours.

Performance indicators	Result	Relevance of Indicator	Documentation	Score	Max	Min
1.7 Degree to which member company mitigates root causes of excessive overtime.	Intermediate efforts	Some production delays are outside of the control of member companies; however there are a number of steps that can be taken to address production delays without resorting to excessive overtime.	Evidence of how member responds to excessive overtime and strategies that help reduce the risk of excessive overtime, such as: root cause analysis, reports, correspondence with factories, etc.	3	6	0

**Comment:** An audit from 2017 showed that there was excessive overtime. Certain production decisions were made to reduce impact including the creation of consistent and accurate documentation from designers to the factory, as well as stretching production time to reduce overtime as far as they can.

From its root cause analysis of excessive overtime in 2019, MADNESS found that one of the main reasons for production delays is late delivery of materials by the subcontractors that it uses. Because of MADNESS' low leverage at the fabric supplier, the company has little means to receive the materials on time. In response, MADNESS has actively tried to find new clients to produce at its main supplier, in hopes that then that supplier will have more leverage (via higher orders) at its subcontractors. It was achieved to audit the fabric supplier by an external party in 2019. Since, MADNESS has a better understanding and can support working conditions at that fabric supplier. It's planned to use this knowledge as a means to have fabric delivered in time.

Another finding of the overtime analysis was that capacity planning of the production site fits the capacity of its work force. MADNESS realized that some production delays were caused by the company itself due to a delay in providing the production sheets as a final confirmation of orders. The company has reviewed its processes aiming not to have this happen anymore in future.

Since 2019, the production site provides a monthly overview of working hours and salary payments. This includes overtime hours and payments related to it.

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

**Comment:** The production location provides MADNESS with a quote when the samples are finalized and that is usually not negotiated as this is considered to be the rate needed to pay the workers.

In 2019, a pilot for the implementation of a living wages has been launched. First step was to identify the labour minute costs for the production of the different product styles. For this, the Fair Wear costing sheet was used as a base. The cost of material and working minutes per style was analyzed. There still needs to be more transparency over other costs such as management and overhead cost. With this knowledge, MADNESS will be able to demonstrate the link between its buying prices and wage levels at the production location.

**Recommendation:** Fair Wear recommends MADNESS to expand their knowledge of cost break downs of all product groups. A next step would be to calculate the labour minute costs of its products to be able to calculate the exact costs of labour and link this to their own buying prices. First priority would be to make sure this level of transparency can be achieved with their suppliers.

Performance indicators	Result	Relevance of Indicator	Documentation	Score	Max	Min
1.9 Member company actively responds if production locations fail to pay legal minimum wages and/or fail to provide wage data to verify minimum wage is paid.	Yes	If a supplier fails to pay minimum wage or minimum wage payments cannot be verified, Fair Wear member companies are expected to hold management of the supplier accountable for respecting local labour law. Payment below minimum wage must be remediated urgently.	Complaint reports, CAPs, additional emails, Fair Wear Audit Reports or additional monitoring visits by a Fair Wear auditor, or other documents that show minimum wage issue is reported/resolved.	0	0	-2

**Comment:** MADNESS asks for wage information directly from the factory which it receives every three months so that it can see the average level of payments. Through this MADNESS verifies the wages received by workers and can confirm that workers are paid at least minimum wage.

**Requirement:** Audit report results indicate that the factory workers are paid pice rate and that several wage related records were not provided. Due to this in-transparency Fair Wear requires MADNESS to cross-check the wage information received from factory management with worker's individual pay slips.

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:** MADNESS makes payments to its supplier in advance to mitigate the risk of potential production delays.

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

**Comment:** A general overview comparing monthly minimum wages to the actually paid wages showed that on average workers are paid 13% above the local minimum wage. MADNESS' self set target wage is a wage 20% higher than the given local minimum wage.

To ensure workers involvement, a survey was conducted among the employees. Goal was to find out the average cost and situation of living of the workers at the production site. During the interviews it became clear that the questions are not yet representing the full picture. In 2019, the questionnaire was re-worked and another analysis with worker interviews is planned for 2020.

**Requirement:** MADNESS is expected to take an active role in discussing living wages with its suppliers and should take steps to work towards living wages. As benchmark, the regional specifics should be taken into account aside open social dialogue with workers and worker representatives.

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

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

**Comment:** MADNESS has started its wage analysis in 2019. MADNESS is not yet able to determine exactly what is needed to finance wage increases though when the company has the information it aim to start with an average wage of 20% above minimum wage across the board.

**Requirement:** With 85% production for MADNESS, the member company has high influence over the wages and should be able to cost for a living wage. It must be ensured that the median wage is higher than minimum wage as set per wage goal.

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

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%	Fair Wear member companies are challenged to adopt approaches that absorb the extra costs of increasing wages.	Member company's own documentation, evidence of target wage implementation, such as wage reports, factory documentation, communication with factories, etc.	0	6	0

**Comment:** In 2019, MADNESS has set its target wage to be 20% higher than local minimum wage. This target could not yet be reached in 2019. However, an analysis showed that the average wage is 13% higher than local minimum wage.

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## Purchasing Practices

**Possible Points: 50**

**Earned Points: 31**

## 2. Monitoring and Remediation

Basic measurements	Result	Comments
% of production volume where approved member own audit(s) took place.	0%	
% of production volume where approved external audits took place.	0%	
% of production volume where Fair Wear audits took place.	100%	
% of production volume where an audit took place.	100%	
% of production volume where monitoring requirements for low-risk countries are fulfilled.	0%	To be counted towards the monitoring threshold, FWF low-risk policy should be implemented. See indicator 2.9. (N/A = no production in low risk countries.)
Member meets monitoring requirements for tail-end production locations.	N/A	
Requirement(s) for next performance check		
Total monitoring threshold:	100%	Measured as percentage of production volume (Minimums: 1 year: 40%; 2 years 60%; 3 years+: 80-100%)

Performance indicators	Result	Relevance of Indicator	Documentation	Score	Max	Min
2.1 Specific staff person is designated to follow up on problems identified by monitoring system.	Yes	Followup is a serious part of Fair Wear membership, and cannot be successfully managed on an ad-hoc basis.	Manuals, emails, etc., demonstrating who the designated staff person is.	2	2	-2

**Comment:** MADNESS has a CSR manager.

Performance indicators	Result	Relevance of Indicator	Documentation	Score	Max	Min
2.2 Quality of own auditing system meets FWF standards.	Member makes use of FWF audits and/or external audits only	In case Fair Wear teams cannot be used, the member companies' own auditing system must ensure sufficient quality in order for Fair Wear to approve the auditing system.	Information on audit methodology.	N/A	0	-1

Performance indicators	Result	Relevance of Indicator	Documentation	Score	Max	Min
2.3 Audit Report and Corrective Action Plan (CAP) findings are shared with factory and worker representation where applicable. Improvement timelines are established in a timely manner.	Yes	2 part indicator: Fair Wear audit reports were shared and discussed with suppliers within two months of audit receipt AND a reasonable time frame was specified for resolving findings.	Corrective Action Plans, emails; findings of followup audits; brand representative present during audit exit meeting, etc.	2	2	-1

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



**Comment:** There is a responsible CSR and HR manager at the production site who works together with MADNESS on improving findings from a Fair Wear audit in 2017. Since 2019, MADNESS is working with a local consultant who is SA8000 auditor and trainer and understands well what needs doing and how to improve on social standards. The consultant is paid by MADNESS. During the performance check examples could be given what has been achieved since working with the consultant end of 2019. One major corrective action point was on proper documentation and transparency about it. The consultant together with the production site managed to get the documents organised and in place. Information was updated and should be correct now. A monthly overview of working hours and responding salaries is since sent to MADNESS to acknowledge.

A problem since years was that the security guard constantly worked overtime. Having two guards working in three shifts solves the problem since end of 2019.

An important achievement was the election and training of the worker complaints committee. In 2018 the production site was trained with a Fair Wear Workplace Education Programme Violence Prevention but the committee itself was not elected and hence could not function. Since then, the committee meets regularly and is set up as per requirement per law. Together with the CSR and HR manager, the committee worked on the information provided to all workers. Information such as the Fair Wear complaints helpline and who is representative in what committee is much more visible to the workers now.

After years of close cooperation with the supplier in India, MADNESS sees that the supplier starts understanding the importance of social standards. It has been difficult to get to the point that indirect rewarding by growing orders and higher production turnover in case of follow up of corrective actions rewards in the long-run.

As described in indicator 1.4 MADNESS considers sourcing from more than one production site as it keeps being an issue that the production site retrieves its commitment to work on social standards. With an estimated leverage of 85% of the total factory production volume at the production site, MADNESS is aware that it needs a well thought through exit strategy already when considering to source from another production site. MADNESS is transparent towards the supplier on its reaction in case non-compliances are not followed up.

In 2019, the consultant has conducted an external audit and training at its fabric subcontractors.

An audit to verify all the improvements was planned for end of 2019 but was postponed to 2020 since the production site was searching for a new property close by its current location.

**Recommendation:** It is recommended to conduct a root-cause analysis of the more structural findings involving worker representation to ensure issues from happening again.

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.	100%	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:** MADNESS visited its main suppliers four times in 2019. Social standards and open findings from the audit report are always discussed. Top management partly visits the non-CMT subcontractors.

Performance indicators	Result	Relevance of Indicator	Documentation	Score	Max	Min
2.6 Existing audit reports from other sources are collected.	No existing reports/all audits by FWF or FWF member company	Existing reports form a basis for understanding the issues and strengths of a supplier, and reduces duplicative work.	Audit reports are on file; evidence of followup on prior CAPs. Reports of quality assessments.	N/A	3	0

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

**Comment:** To implement sustainable standards, MADNESS is in close contact with Fair Wear and Global Organic Textile Standards (GOTS) including its members. To ensure high social and organic standards, the company works closely with a local agent and consultant, where possible with the Indian government and trade unions.

MADNESS main source for social standards and the risks in India comes from information provided by Fair Wear, e.g. Fair Wear's country study India. In 2019, together with the local consultant, MADNESS conducted a country risk analysis which is called the long term goals on risks policy. The eight labour standards were analysed in the local context, providing objective and targets to achieve for the production site. This document is used to work on the more general level to ensure good working conditions aside the individual findings from audit reports.

Since 2016, MADNESS is well aware of the increased risk of harassment at Indian production sites. Since 2019, the worker committees are set up and trained. As per Indian law an anti-harassment committee needs being established. Meetings must partly be accompanied by a local non-profit organisation. The committee was elected and trained in 2019 and since met regularly. The consultant provides additional training to the committee to ensure it improves its functioning over time.

**Recommendation:** Knowing the country specific risks facilitates the starting point for discussing this with suppliers. Member companies can agree on additional commitments that are required to mitigate risks. MADNESS can provide additional measures for support and integrate that in the monitoring system.

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.	No CAPs active, no shared production locations or refusal of other company to cooperate	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.	N/A	2	-1

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.	No production in low-risk countries	Low-risk countries are determined by the presence and proper functioning of institutions which can guarantee compliance with national and international standards and laws. Fair Wear has defined minimum monitoring requirements for production locations in low-risk countries.	Documentation of visits, notification of suppliers of Fair Wear membership; posting of worker information sheets, completed questionnaires.	N/A	2	0

Performance indicators	Result	Relevance of Indicator	Documentation	Score	Max	Min
2.10 Extra bonus indicator: in case FWF member company conducts full audits at tail-end production locations (when the minimum required monitoring threshold is met).	No	Fair Wear encourages its members to monitor 100% of its production locations and rewards those members who conduct full audits above the minimum required monitoring threshold.	Production location information as provided to Fair Wear and recent Audit Reports.	N/A	2	0

Performance indicators	Result	Relevance of Indicator	Documentation	Score	Max	Min
2.11 Questionnaire is sent and information is collected from external brands resold by the member company.	No external brands resold	Fair Wear believes it is important for affiliates that have a retail/wholesale arm to at least know if the brands they resell are members of Fair Wear or a similar organisation, and in which countries those brands produce goods.	Questionnaires are on file.	N/A	2	0

Performance indicators	Result	Relevance of Indicator	Documentation	Score	Max	Min
2.12 External brands resold by member companies that are members of another credible initiative (% of external sales volume).	No external brands resold	Fair Wear believes members who resell products should be rewarded for choosing to sell external brands who also take their supply chain responsibilities seriously and are open about in which countries they produce goods.	External production data in Fair Wear's information management system. Documentation of sales volumes of products made by Fair Wear or FLA members.	N/A	3	0

Performance indicators	Result	Relevance of Indicator	Documentation	Score	Max	Min
2.13 Questionnaire is sent and information is collected from licensees.	No licensees	Fair Wear believes it is important for member companies to know if the licensee is committed to the implementation of the same labour standards and has a monitoring system in place.	Questionnaires are on file. Contracts with licensees.	N/A	1	0

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## Monitoring and Remediation

**Possible Points: 23**

**Earned Points: 17**

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### 3. Complaints Handling

Basic measurements	Result	Comments
Number of worker complaints received since last check.	2	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.	2	

Performance indicators	Result	Relevance of Indicator	Documentation	Score	Max	Min
3.1 A specific employee has been designated to address worker complaints.	Yes	Followup is a serious part of Fair Wear membership, and cannot be successfully managed on an ad-hoc basis.	Manuals, emails, etc., demonstrating who the designated staff person is.	1	1	-1

**Comment:** Complaints are handled by the people responsible for CSR.

Performance indicators	Result	Relevance of Indicator	Documentation	Score	Max	Min
3.2 Member company has informed factory management and workers about the FWF CoLP and complaints hotline.	Yes	Informing both management and workers about the Fair Wear Code of Labour Practices and complaints hotline is a first step in alerting workers to their rights. The Worker Information Sheet is a tool to do this and should be visibly posted at all production locations.	Photos by company staff, audit reports, checklists from production location visits, etc.	2	2	-2

**Comment:** WIS posters are available in the factory and demonstrated by showing a picture in the CAP. In 2019 the subcontractors for spinning, printing, dyeing and washing have been informed about the Fair Wear Code of Labour Practice and complaints helpline. All signed and returned Fair Wear's questionnaire.

Performance indicators	Result	Relevance of Indicator	Documentation	Score	Max	Min
3.3 Degree to which member company has actively raised awareness of the FWF CoLP and complaints hotline.	100%	After informing workers and management of the Fair Wear CoLP and the complaints hotline, additional awareness raising and training is needed to ensure sustainable improvements and structural worker-management dialogue.	Training reports, Fair Wear's data on factories enrolled in the WEP basic module. For alternative training activities: curriculum, training content, participation and outcomes.	6	6	0

**Comment:** The production site was trained by Fair Wear on its Workplace Education Programme Training Violence Prevention in 2018. The training was perceived well. What was missing until 2019 was the election of the anti harassment committee at the factory as per law. The consultant MADNESS works with has supported the production site in having the election and facilitating the meetings. Since then the committee meets regularly, is accompanied by an external party as per law and receives extra input trainings from the consultant before and after the meetings.

Since the consultant is also specialised in trainings, a series of trainings to management, workers and committees was started to be implemented in 2019 (ongoing in 2020). These addresses e.g. topics on health and safety, fire fighting and complaints handling. Knowing that no woman is working in middle and top management, a training to women was provided in 2019 to enable them to take up supervisory roles.

In 2019, MADNESS visited the production site four times. During the visits, the posting of the complaints handler's number was checked. It is repeating topic during visits and trainings to understand well what the Fair Wear helpline is about and what it's for.

Performance indicators	Result	Relevance of Indicator	Documentation	Score	Max	Min
3.4 All complaints received from production location workers are addressed in accordance with the FWF Complaints Procedure.	Yes	Providing access to remedy when problems arise is a key element of responsible supply chain management. Member company involvement is often essential to resolving issues.	Documentation that member company has completed all required steps in the complaints handling process.	3	6	-2



**Comment:** In 2019, two complaints were received from workers working at the main production site of MADNESS in India. Whereas MADNESS has been active in resolving the complaints, the factory management was neither open nor transparent during remediation of the complaints. One complaint was closed, the other was resolved.

One complaint was about a worker who got injured at the end of an agreed holiday and could not resume to work for three months. When returning, the worker was told that the position was taken and that (s)he should sign a resignation letter. The worker complained with Fair Wear waiting for his/her due payments. Investigations confirmed that the factory management terminated the contract not knowing that the worker would return to work. The complaint has been closed as wanted by the complainant. According to the factory management and complainant all duties were paid. However the complainant is missing an overview explaining what has been paid. According to factory management this must have been lost in mail. The complainant denied the offer to be hired back as factory management wanted to hire him/her as new staff without accounting previous years of work at the production site.

The second complaint received was about a worker who had his contract terminated because of wrongly stitched product labels which (s)he was supposed to supervise. The worker was worried not to get his/her due payments which is why (s)he made use of the Fair Wear complaint helpline. The factory was willing to pay all due payments. However in this meeting it was decided that the worker can work again at the factory which is why there were no outstanding payments anymore and the worker resumed work. Fair Wear verified that the worker works at the factory again with his/her old working conditions. The factory management has been briefed on how to discuss work related issues with a worker and now understands how to formalize dismissal warnings before terminating a contract straight off.

Performance indicators	Result	Relevance of Indicator	Documentation	Score	Max	Min
3.5 Cooperation with other customers in addressing worker complaints at shared suppliers.	No complaints or cooperation not possible / necessary	Because most production locations supply several customers with products, involvement of other customers by the Fair Wear member company can be critical in resolving a complaint at a supplier.	Documentation of joint efforts, e.g. emails, sharing of complaint data, etc.	N/A	2	0

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## Complaints Handling

**Possible Points: 15**

**Earned Points: 12**

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## 4. Training and Capacity Building

Performance indicators	Result	Relevance of Indicator	Documentation	Score	Max	Min
4.1 All staff at member company are made aware of FWF membership.	Yes	Preventing and remediating problems often requires the involvement of many different departments; making all staff aware of Fair Wear membership requirements helps to support cross-departmental collaboration when needed.	Emails, trainings, presentation, newsletters, etc.	1	1	0

**Comment:** MADNESS is a small family-run business and all staff members are aware of Fair Wear membership.

Performance indicators	Result	Relevance of Indicator	Documentation	Score	Max	Min
4.2 All staff in direct contact with suppliers are informed of FWF requirements.	Yes	Sourcing, purchasing and CSR staff at a minimum should possess the knowledge necessary to implement Fair Wear requirements and advocate for change within their organisations.	Fair Wear Seminars or equivalent trainings provided; presentations, curricula, etc.	2	2	-1

**Comment:** The CEO together with the design/production team are in constant contact with the supplier and are informed of Fair Wear 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.	Member does not use agents/contractors	Agents have the potential to either support or disrupt CoLP implementation. It is the responsibility of member company to ensure agents actively support the implementation of the CoLP.	Correspondence with agents, trainings for agents, Fair Wear audit findings.	N/A	2	0

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.	100%	Complex human rights issues such as freedom of association or gender-based violence require more in-depth trainings that support factory-level transformative processes. Fair Wear has developed several modules, however, other (member-led) programmes may also count.	Training reports, Fair Wear's data on factories enrolled in training programmes. For alternative training activities: curriculum, training content, participation and outcomes.	6	6	0

**Comment:** The factory participated in a training by Fair Wear that supports transformative processes related to human rights. For details see indicator 3.3.

Performance indicators	Result	Relevance of Indicator	Documentation	Score	Max	Min
4.5 Degree to which member company follows up after a training programme.	Active follow-up	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.	2	2	0

**Comment:** MADNESS follows up closely after all training sessions. It also has its own consultant who is in the factory a couple of times a week to support workers to implement improvements on issues related to training and conducts further trainings in case needed.

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## **Training and Capacity Building**

**Possible Points: 11**

**Earned Points: 11**

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## 5. Information Management

Performance indicators	Result	Relevance of Indicator	Documentation	Score	Max	Min
5.1 Level of effort to identify all production locations.	Insufficient	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.	-2	6	-2

**Comment:** MADNESS has one small cut-make-trim supplier since 2010. This production site indicates to use eleven subcontractors which have been named to Fair Wear without having the production process mentioned at such places. According to MADNESS the subcontractors are no cut-make-trim sites. Despite of several efforts from MADNESS, no records of the subcontractors have been shown to Fair Wear during several audits. Also MADNESS did not systematically visit the production sites during production to ensure the location provided for production is correct.

**Requirement:** After the end of each financial year, MADNESS must confirm their list of production locations and provide relevant financial data. A complete list means ALL production locations are included of all production processes the member uses in the stages after fabric production.

Due to the repeating in-transparency of the main cut-make-trim production site, MADNESS is strongly advised to systematically visit the production site during production and to ensure in-depth knowledge on when a subcontractor is used and for what.

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:** The general management as well as the employees from design and technology are directly participating on the CSR proceedings at MADNESS. All others are informed regularly. It is the general management and designer to follow up CSR matters during visits at the production sites.

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## **Information Management**

**Possible Points: 7**

**Earned Points: -1**

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### **Additional comments on Information Management :**

MADNESS has visited its tier-2 subcontractors (spinning, dyeing, printing) but not carried out any audits in those locations and is therefore unable to fully understand the situations in those locations. All subcontractors have signed and returned Fair Wear's Code of Labour Practice in 2019.

## 6. Transparency

Performance indicators	Result	Relevance of Indicator	Documentation	Score	Max	Min
6.1 Degree of member company compliance with FWF Communications Policy.	Minimum communications requirements are met AND no significant problems found	Fair Wear's communications policy exists to ensure transparency for consumers and stakeholders, and to ensure that member communications about Fair Wear are accurate. Members will be held accountable for their own communications as well as the communications behaviour of 3rd-party retailers, resellers and customers.	Fair Wear membership is communicated on member's website; other communications in line with Fair Wear communications policy.	2	2	-3

**Comment:** MADNESS is aware of and adheres to all minimum communication requirements. The company communicates its Fair Wear membership on fashion shows (fairs), its catalogue, the own website and in sales meetings.

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

**Comment:** Since 2019, MADNESS discloses its supplier partner in India on its website. The Brand Performance Check Report is also publicly available.

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



Comment: Social report is posted on members' website.

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## Transparency

**Possible Points: 6**

**Earned Points: 6**

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## 7. Evaluation

Performance indicators	Result	Relevance of Indicator	Documentation	Score	Max	Min
7.1 Systemic annual evaluation of FWF membership is conducted with involvement of top management.	Yes	An annual evaluation involving top management ensures that Fair Wear policies are integrated into the structure of the company.	Meeting minutes, verbal reporting, Powerpoints, etc.	2	2	0

**Comment:** The CSR Project Manager regularly discusses Fair Wear membership with the General Manager, including the budget and resources needed to implement membership requirements. Based on their last review, MADNESS will make some changes for 2020, including how their Fair Wear membership is managed, to ensure that there is more ability to discuss social compliance with the supplier in a systematic way.

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

**Comment:** During the last Brand Performance Check, Fair Wear noted six requirements which MADNESS needed addressing in 2019.

There have been two requirements about production locations and workers awareness on Fair Wear's Code of Labour Practice and Worker Helpline. Due to the Fair Wear Training and several awareness raising sessions by the local consultants both requirements are seen accomplished.

Another four requirements addressed the labour standard 'living wages' and MADNESS' work towards payment of a living wage. MADNESS made good progress and has set the base in 2019 to know whether its buying prices support payment of a living wage. For this, wage records have been analysed and labour minute costs calculated per style. Knowing that the wages paid are at least, partly 13% higher than minimum wage a target wage to work towards was set for 20% higher than minimum wage. The company does not yet finance wage increases and hence its share of the target wage.

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## Evaluation

**Possible Points: 6**

**Earned Points: 6**

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## Recommendations to Fair Wear

MADNESS felt well supported by Fair Wear and its brand liaison throughout the past financial year.

## Scoring Overview

Category	Earned	Possible
Purchasing Practices	31	50
Monitoring and Remediation	17	23
Complaints Handling	12	15
Training and Capacity Building	11	11
Information Management	-1	7
Transparency	6	6
Evaluation	6	6
Totals:	82	118

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

69

### Performance Benchmarking Category

Good

## Brand Performance Check details

Date of Brand Performance Check:

15-07-2020

Conducted by:

Stefanie Santila Krause

Interviews with:

Ina Berroth

Victoria Lauer