



BRAND PERFORMANCE CHECK

MADNESS THE NATURE TEXTILE COMPANY GmbH

PUBLICATION DATE: JUNE 2019

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

ABOUT THE BRAND PERFORMANCE CHECK

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

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

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

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

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

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

BRAND PERFORMANCE CHECK OVERVIEW

MADNESS THE NATURE TEXTILE COMPANY GmbH

Evaluation Period: 01-01-2018 to 31-12-2018

MEMBER COMPANY INFORMATION	
Headquarters:	Welle-Kampen, Germany
Member since:	01-08-2014
Product types:	Fashion
Production in countries where FWF 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	97%
Benchmarking score	61
Category	Good

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, with more information becoming available on the payment of workers as well as the production capacity of the factory. However, full transparency from its main factory continues to be an issue. MADNESS has achieved a score of 61 which keeps them in the Good category.

97% of its production is monitored, which meets the requirement of members who have been a part of FWF for three years or more. MADNESS sources 97% of its products at its main supplier, where they have high leverage of 95% and which they visit frequently.

The most recent audit was in 2017 in India. There were numerous issues found during this audit requiring a diligent approach to the resolution of Corrective Action Plans, including excessive overtime and security guards working continuously for 36 hours. MADNESS has made progress in completing the CAPs on many of these issues, though there are still many to be solved.

MADNESS demonstrated its commitment towards improving its partnership with its one main 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. The consultant hired in 2017 continues to be a useful link between the factory and the MADNESS team. This, combined with an individual responsible for Human Resources at the production location, has provided the basis for further progress. Though MADNESS shows a desire to move towards living wages, the team are aware of the limitations based on the lack of transparency from the production location.

PERFORMANCE CATEGORY OVERVIEW

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

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

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

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

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

1. PURCHASING PRACTICES

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
1.1a Percentage of production volume from production locations where member company buys at least 10% of production capacity.	97%	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 has been committed to sourcing from one factory for a number of years. While they have succeeded in doing so, their reliance on one production location has brought its own problems and they are seeking to revise this strategy.

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.	3%	FWF provides incentives to clothing brands to consolidate their supplier base, especially at the tail end, as much as possible, and rewards those members who have a small tail end. Shortening the tail end reduces social compliance risks and enhances the impact of efficient use of capital and remediation efforts.	Production location information as provided to FWF.	3	4	0

Comment: MADNESS uses one main supplier for the majority of its products and one CMT subcontractor.

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: Their commitment to this one production location can be commended as they have maintained a relationship since 2012 and will continue to do so for the foreseeable future. At the same time, production issues mean that MADNESS aims to diversify their sourcing to spread their risk.

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

Comment: No new production locations were used.

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
1.4 Member company conducts human rights due diligence at all (new) production locations before placing orders.	Intermediate	Due diligence helps to identify, prevent and mitigate potential human rights problems at suppliers.	Documentation may include pre-audits, existing audits, other types of risk assessments.	2	4	0

Comment: Though there have been no new production locations in a number of years, for MADNESS, it was always part of the strategy to be a single sourcing company as they can have more influence over the supplier. But now, if problems occur, the effects are potentially significant. As a result, MADNESS is now redefining its onboarding process as it plans to become a dual sourcing company by end of 2019/start of 2020.

MADNESS has visited its subcontractors but not carried out any audits in those locations and is therefore unable to fully understand the situations in those locations.

Requirement: A formal process should exist to evaluate the risks of labour violations in the production areas the member is operating including subcontractors. This evaluation should influence the decision on whether to place orders, how to prevent and mitigate risks, and what remediation steps may be necessary.

Recommendation: A risk analysis as part of the decision-making process of selecting new production locations is an important step to mitigate risk and prevent potential problems. FWF recommends MADNESS to clearly define preventive actions for identified risks and connect them to sourcing decisions. This also includes strategies to tackle structural risks such as low wage levels in the country, limited freedom of association and restricted civil society that are beyond the brand's individual sphere of influence.

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

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

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.

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

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

Comment: MADNESS now knows how long it takes to produce their garments and therefore knows more about their capacity than before. MADNESS provided a table with the number of hours needed by production location to make their items as evidence of this knowledge. MADNESS was then able to grant the factory more time to produce their garments to ensure on-time delivery without excessive overtime.

The creation of consistent documentation for all designs coming from the two designers as well as stretching production time to reduce contributes to reducing overtime. These are steps that have been taken based on previous audit reports. This is abetted by MADNESS being able to accurately forecast their orders. To further aid the process, MADNESS also purchases fabrics directly and in advance to reduce further issues in the supply chain.

Recommendation: FWF recommends MADNESS to learn more about the standard minute per style and how the production of its products impacts the total production capacity of the factory. Transparency issues prevent further improvement in this area.

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, MADNESS has found that one of the main reasons for production delays is late delivery of materials by the subcontractors that it uses. Because they don't make up much of these suppliers FOB, MADNESS finds it has little leverage 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.

Recommendation: FWF recommends cooperating with other customers at the factory to increase leverage at Tier 2, when trying to mitigate excessive overtime hours.

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. MADNESS has calculated that workers are paid around 13% above the minimum wage. This calculation was made using wage data from the factory compared with local average wages.

MADNESS is discussing the wage level that they want to reach (20% above the minimum wage) as that should be supported by production location themselves. But there still needs to be more transparency over other costs as no cost break down of items is available from the factory. MADNESS continues to work with the production location to gather this information to further understand the link between working hours including overtime and wage levels.

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

Recommendation: FWF 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, FWF member companies are expected to hold management of the supplier accountable for respecting local labour law. Payment below minimum wage must be remediated urgently.	Complaint reports, CAPs, additional emails, FWF Audit Reports or additional monitoring visits by a FWF auditor, or other documents that show minimum wage issue is reported/resolved.	0	0	-2

Comment: MADNESS now asks for wage information directly from the factory which they receive every 3 months so that they can see the average level of payments. Through this they are able to verify the wages received by workers.

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 for 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.	Insufficient	Assessing the root causes for wages lower than living wages will determine what strategies/interventions are needed for increasing wages, which will result in a systemic approach	Evidence of how payment below living wage was addressed, such as: Internal policy and strategy documents, reports, correspondence with factories, etc	0	6	0

Comment: MADNESS has begun to discuss Living Wages with the production location but the factory is not responsive and their issues surrounding transparency continue. MADNESS receive more data than before, however, there is still not enough information for MADNESS to make a full analysis of why wages are not meeting Living Wages. MADNESS is pushing the factory to get this data but has already started working on a target wage.

Requirement: Given that MADNESS buys exclusively at a supplier or owns a supplier, the member is held more accountable for implementing adequate steps. The member is expected to take an active role in discussing living wages with its suppliers and should take steps to work towards living wages.

Recommendation: FWF encourages MADNESS to involve worker representatives and local organisations in assessing root causes of wages lower than living wages.

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

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

Comment: MADNESS is developing a pragmatic approach towards living wages which includes working with the factory to increase transparency. MADNESS is not yet able to determine exactly what is needed to finance wage increases though when they do have the information they aim to start with an average wage of 10% above minimum wage across the board. The average of the wage for all workers will be increased by up to 20% over time.

MADNESS is working to increase the participation of the worker welfare committees in this process but this can be difficult the committee members do not speak English so the consultant provided by MADNESS is used as a translator. MADNESS is also aware that there is work to do in terms of product quality and efficiency which can help to recoup additional savings that can be kept by the factory to pay higher wages.

Requirement: In case MADNESS buys exclusively at a production location or owns a production location, the member company has full influence over the wages and should be able to cost for a living wage.

Recommendation: To support companies in analysing the wage gap, FWF 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%	FWF member companies are challenged to adopt approaches that absorb the extra costs of increasing wages.	Member company's own documentation, evidence of target wage implementation, such as wage reports, factory documentation, communication with factories, etc.	0	3	0

Requirement: MADNESS is expected to begin setting a target wage for its production locations.

Recommendation: We encourage the member to show that discussions and plans for wage increases have resulted in the payment of a target wage.

PURCHASING PRACTICES

Possible Points: 45

Earned Points: 21

2. MONITORING AND REMEDIATION

BASIC MEASUREMENTS	RESULT	COMMENTS
% of own production under standard monitoring (excluding low-risk countries)	97%	
% 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.)
Meets monitoring requirements for tail-end production locations.	No	FWF members must meet tail-end monitoring requirements. Implementation will be assessed during next Brand Performance check.
Requirement(s) for next performance check	In the tail end of MADNESS' supplier base, FWF requires MADNESS to ensure it audits all production locations that are responsible for over 2% of production and production locations where [INSERT member name] is responsible for over 10% of the location's production capacity.	
Total of own production under monitoring	97%	Measured as percentage of production volume (Minimums: 1 year: 40%; 2 years 60%; 3 years+: 80-100%)

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

Comment: MADNESS has a CSR manager and one of the designers who frequently visits the factory also has CSR as part of her responsibilities.

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
2.2 Quality of own auditing system meets FWF standards.	Member makes use of FWF audits and/or external audits only	In case FWF teams cannot be used, the member companies' own auditing system must ensure sufficient quality in order for FWF to approve the auditing system.	Information on audit methodology.	N/A	0	-1

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

Comment: The production location is asked to discuss CAPs internally. Committees are involved where appropriate but the important points are not yet handled with at the committee level - the responsibility lies with the management and in particular the HR/CSR responsible.

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

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

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

Comment: An audit from 2017 revealed numerous issues around excessive overtime, guards working too many hours without a break and some guards working 36 hours in a row as well as workers being hired quickly without documentation. This finding on security guards has not been remediated and MADNESS continues to work on this to be resolved by June/July. However, MADNESS has provided a consultant to the production location to work on their internal issues and ensure compliance with CoLP. Required changes include the improvement of overtime and transparency. Policies are due to be translated into Hindi - the documents are final which means that they are waiting for them to be translated. There is a "standing order" now available in Hindi which is linked to government guidelines.

For the finding on piece rate workers, the solution was to stop using piece rate workers, who did not receive ESI (insurance) payments and hire additional workers to broaden the production time - which would also decrease over-time. There are now 75 employees, including 15 tailors (before there were only 7 tailors).

MADNESS remediated a finding on inconsistent piece rate documentation by ensuring that documentation is now consistent. Additionally, there are no longer piece rate workers as far as MADNESS is aware.

Based on the same audit, there was a finding based on working hours. The biometric system was broken but is now fixed. It became apparent that there were two systems running at the same time. It is not known how long this went on but MADNESS has investigated and assures that only one system is now functioning.

In addition, fire drills are done at least every half a year by trained personnel and the production location was itself certified for its work on fire safety. Evidence was provided showing electronic exit marks, fire extinguishers and evidence of fire drills.

Recommendation: FWF encourages MADNESS to continue strengthening their system to analyse how they might have contributed to findings and what changes they can make in their purchasing practices.

MADNESS could consider organizing joint training for their suppliers in India on working hours and overtime to ensure more commitment from the suppliers to remediate these more structural issues and facilitate peer to peer learning.

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 six times and also visited the subcontractor location.

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 FWF membership, countries, specific areas within countries or specific product groups may pose specific risks that require additional steps to address and remediate those risks. FWF requires member companies to be aware of those risks and implement policy requirements as prescribed by FWF.	Policy documents, inspection reports, evidence of cooperation with other customers sourcing at the same factories, reports of meetings with suppliers, reports of additional activities and/or attendance lists as mentioned in policy documents.	3	6	-2
Compliance with FWF enhanced monitoring programme Bangladesh	Policies are not relevant to the company's supply chain			N/A	6	-2
Compliance with FWF Myanmar policy	Policies are not relevant to the company's supply chain			N/A	6	-2
Compliance with FWF guidance on abrasive blasting	Policies are not relevant to the company's supply chain			N/A	6	-2
Compliance with FWF guidance on risks related to Turkish garment factories employing Syrian refugees	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: India - Based on a complaint from 2016, MADNESS has increased its knowledge of harassment issues in their supply chain, an issue that is prevalent in India. Reading prior reports and case studies of how these issues were address was key to understanding how to handle the harassment case via this complaint. Preventive steps were implemented at the production location ensuring that training continues and a high-level member of staff was made responsible for this particular issue. From the feedback after training was given on this matter, the training has had a long term impact.

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. [INSERT member name] 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. FWF has defined minimum monitoring requirements for production locations in low-risk countries.	Documentation of visits, notification of suppliers of FWF membership; posting of worker information sheets, completed questionnaires.	N/A	3	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	FWF encourages its members to monitor 100% of its production locations and rewards those members who conduct full audits above the minimum required monitoring threshold.	Production location information as provided to FWF and recent Audit Reports.	N/A	2	0

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

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

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

MONITORING AND REMEDIATION

Possible Points: 22

Earned Points: 15

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	1	

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
3.1 A specific employee has been designated to address worker complaints	Yes	Followup is a serious part of FWF membership, and cannot be successfully managed on an ad-hoc basis.	Manuals, emails, etc., demonstrating who the designated staff person is.	1	1	-1

Comment: This is still 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.	No	Informing both management and workers about the FWF Code of Labour Practices and complaints hotline is a first step in alerting workers to their rights. The Worker Information Sheet is a tool to do this and should be visibly posted at all production locations.	Photos by company staff, audit reports, checklists from production location visits, etc.	-2	2	-2

Comment: WIS posters are available in the factory and demonstrated by showing a picture in the CAP. However, this is not the case for the subcontractor factory.

Requirement: The member must ensure that the Worker Information Sheet, including contact information of the local complaints handler of FWF, is posted in factories in a location that is accessible to all workers. Member company should check by means of a visit whether the Worker Information Sheet is posted in the factories.

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.	97%	After informing workers and management of the FWF CoLP and the complaints hotline, additional awareness raising and training is needed to ensure sustainable improvements and structural worker-management dialogue.	Training reports, FWF's data on factories enrolled in the WEP basic module. For alternative training activities: curriculum, training content, participation and outcomes.	6	6	0

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
3.4 All complaints received from production location workers are addressed in accordance with the FWF Complaints Procedure	No complaints received	Providing access to remedy when problems arise is a key element of responsible supply chain management. Member company involvement is often essential to resolving issues.	Documentation that member company has completed all required steps in the complaints handling process.	N/A	6	-2

Comment: There were no complaints received in 2018

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

COMPLAINTS HANDLING

Possible Points: 9

Earned Points: 5

4. TRAINING AND CAPACITY BUILDING

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

Comment: MADNESS is a small family-run business, and all staff members are aware of FWF 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 FWF requirements and advocate for change within their organisations.	FWF 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 FWF 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, FWF 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.	97%	Complex human rights issues such as freedom of association or gender-based violence require more in-depth trainings that support factory-level transformative processes. FWF has developed several modules, however, other (member-led) programmes may also count.	Training reports, FWF's data on factories enrolled in training programmes. For alternative training activities: curriculum, training content, participation and outcomes.	6	6	0

Comment: There was an official WEP training from FWF on 27-29th September 2018 which included training to the internal committee as well as workers.

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. They also have their own consultant who is in the factory a couple of times a week to support workers to implement improvements on issues related to training.

TRAINING AND CAPACITY BUILDING

Possible Points: 11

Earned Points: 11

5. INFORMATION MANAGEMENT

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
5.1 Level of effort to identify all production locations	Intermediate	Any improvements to supply chains require member companies to first know all of their production locations.	Supplier information provided by member company. Financial records of previous financial year. Documented efforts by member company to update supplier information from its monitoring activities.	3	6	-2

Comment: MADNESS have one main supplier and one subcontractor. Their close contact with their main supplier means they know who is involved in their production at the subcontractor level. Despite this knowledge, there is a lack of information provided for the subcontractor.

Recommendation: Members are 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.

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: There is a consistent exchange of information between the CSR Manager and one of the main designers. However, the CSR manager has not been on location for three years and instead much of the in-country CSR function has been taken up by one of the designers who visit the factory regularly. The CEO is also there 4 times a year and is also aware of the working conditions.

INFORMATION MANAGEMENT

Possible Points: 7

Earned Points: 4

6. TRANSPARENCY

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

Comment: MADNESS is aware of and adheres to all minimum communication requirements.

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
6.2 Member company engages in advanced reporting activities	Published Brand Performance Checks, audit reports, and/or other efforts lead to increased transparency.	Good reporting by members helps to ensure the transparency of FWF's work and shares best practices with the industry.	Member company publishes one or more of the following on their website: Brand Performance Check, Audit Reports, Supplier List.	1	2	0

Comment: There is no public declaration of MADNESS' suppliers but the Performance Check is published on their own website.

Recommendation: A clear statement on the website of where products are sourced from.

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
6.3 Social Report is submitted to FWF and is published on member company's website	Complete and accurate report submitted to FWF AND published on member's website.	The social report is an important tool for members to transparently share their efforts with stakeholders. Member companies should not make any claims in their social report that do not correspond with FWF's communication policy.	Social report that is in line with FWF's communication policy.	2	2	-1

Comment: The social report was complete and published on the member's website.

TRANSPARENCY

Possible Points: 6

Earned Points: 5

7. EVALUATION

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

Comment: The CSR Project Manager regularly discusses FWF 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 FWF 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.	33%	In each Brand Performance Check report, FWF may include requirements for changes to management practices. Progress on achieving these requirements is an important part of FWF membership and its process approach.	Member company should show documentation related to the specific requirements made in the previous Brand Performance Check.	2	4	-2

Comment: MADNESS has made sufficient progress on their requirements from the previous Brand Performance Check and their goal is to handle 90% of all the points by the next audit so the audit can reflect the work that has been done.

MADNESS resolved an issue around legal wages by ensuring that they now have access to regular wage data from the factory. However, there is still progress to be made in understanding the connection between its buying prices and wage levels as well as the root causes of wages being lower than living wages.

Requirement: It is required to work towards remediation of previous requirements from the last Brand Performance Check. Further engagement needs to be taken with regard to the following requirements mentioned in the last Brand Performance Check.

EVALUATION

Possible Points: 6

Earned Points: 4

RECOMMENDATIONS TO FWF

MADNESS finds it difficult to communicate about their FWF membership especially as they are not a leader and therefore cannot use the FWF label. This makes it difficult to engage with B2B clients. Better guidance or more ways to communicate FWF membership would be appreciated by the MADNESS team.

SCORING OVERVIEW

CATEGORY	EARNED	POSSIBLE
Purchasing Practices	21	45
Monitoring and Remediation	15	22
Complaints Handling	5	9
Training and Capacity Building	11	11
Information Management	4	7
Transparency	5	6
Evaluation	4	6
Totals:	65	106

BENCHMARKING SCORE (EARNED POINTS DIVIDED BY POSSIBLE POINTS)

61

PERFORMANCE BENCHMARKING CATEGORY

Good

BRAND PERFORMANCE CHECK DETAILS

Date of Brand Performance Check:

30-04-2019

Conducted by:

Christian Smith

Interviews with:

Peer Meyer

Matthias Warnke