



Brand Performance Check

Madness-The Nature Textile Company GmbH

This report covers the evaluation period 01-01-2020 to 31-12-2020

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. The online [Brand Performance Check Guide](#) provides more information about the indicators.

This years' report covers the response of our members and the impact on their supply chain due to the Covid-19 pandemic which started in 2020. The outbreak of the Covid-19 pandemic limited the brands' ability to visit and audit factories. To ensure the monitoring of working conditions throughout the pandemic, Fair Wear and its member brands made use of additional monitoring tools, such as complaints reports, surveys, and the consultation of local stakeholders. These sources may not provide as detailed insights as audit reports. To assess outcomes at production location level, we have included all available types of evidence to provide an accurate overview of the brands' management systems and their efforts to improve working conditions. Nevertheless, brands should resume verifying working conditions through audits when the situation allows for.

Brand Performance Check Overview

Madness-The Nature Textile Company GmbH

Evaluation Period: 01-01-2020 to 31-12-2020

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:	
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	75
Category	Leader

Summary:

MADNESS THE NATURE TEXTILE COMPANY GmbH (MADNESS) has shown progress and met most of Fair Wear's performance requirements despite the challenges COVID-19 brought upon the company. MADNESS has achieved to increase its score to 75, which keeps them in the Leader category. By investing in alternative monitoring tools, the brand achieved 100% of the monitoring threshold.

Corona Addendum:

The first months of COVID-19 were especially difficult for MADNESS. Its only supplier in India was closed down for several weeks in April and May. This coincided with a period that staff members were on furlough and clients were cancelling their orders drastically. One month before the end of the order season, 50% fewer orders were booked than the year before.

Those reductions caused a serious threat to the survival of MADNESS and that of its supplier in India, which highly depends on MADNESS. To turn the wheel around, the entire team took a lot of effort to enter into dialogue with its clients.

MADNESS appealed to the shared responsibility, everyone has within the supply chain and thereby most clients were convinced to reduce orders only a little bit (for instance from 60% to 12%). Therefore, MADNESS was able to keep orders in place as planned and only reduced some stock items from the orders. As MADNESS is working with pre-payments, all orders were paid fully and in advance, avoiding any risk of late payments.

In order to be up to date about the situation of the supplier, MADNESS was in constant dialogue with its Indian supplier. The supplier shared via pictures and videos what measures were implemented. The local consultant of MADNESS was also able to visit the factory and verify improvement measures in person and to support the factory hands-on. For instance, the local consultant made sure workers were included in the risk assessment of COVID-19.

During the first lockdown in India, workers received only approximately 50% of their wages for April and thereby were paid below the legal minimum wage. The supplier was only able to pay these from the pre-payments paid by MADNESS. As MADNESS was struggling with its own survival, the brand was not able to step up to pay for the remaining 50% of the wages but supported the factory to the best of its abilities.

Onboarding a new supplier in a year like 2020 was challenging because on-site visits were not possible. MADNESS decided to choose a supplier from which another Fair Wear member is sourcing to minimise risks and to have a Fair Wear report as a reference.

Overall, it can be said that MADNESS was well-informed of the COVID-19 related risk and about Fair Wear guidance. The brand focused on monitoring its supplier and as well subcontractors. The partnership and thereby the trust built with its long-term partner in India helped the brand to manoeuvre through the pandemic.

Before the first lockdown, the Indian supplier paid an extra 2000 INR to the workers in 2020 to store necessary food items. Another good practice of the supplier was that it made reusable cloth masks from cutting waste and distributed them among poor people in the community.

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 continued to source from just one factory in 2020. 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 used one supplier for the cut-make-trim production process throughout 2020. A new factory was onboarded in 2020, but the production only started in 2021.

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: MADNESS relationship with its main (and only) supplier in 2020, exists already 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.	Yes	The CoLP is the foundation of all work between production locations and brands, and the first step in developing a commitment to improvements.	Signed CoLPs are on file.	2	2	0

Comment: The new supplier in Turkey returned the signed questionnaire and posted the WIS before the first order was placed. The subcontractors of its Indian supplier returned as well the signed questionnaires and posted the WIS.

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: Due to the single-sourcing strategy that MADNESS had practised in the last years, no written sourcing strategy does exist. Yet, when looking for a new supplier for the first time in 2020, MADNESS put an effort into integrating due diligence in their sourcing decision. They were only looking at suppliers which both were Fair Wear audited and GOTS certified.

Once they found a supplier that matched these two requirements, MADNESS requested the existing Fair Wear audit report, conducted desk research about country-specific risks, talked to other Fair Wear brands sourcing in Turkey and discussed with the supplier their due diligence requirements. For instance, the country-specific risk regarding Syrian refugees was identified through the research, so MADNESS discussed this with the supplier and verified their answers with the audit report and in communication with the other Fair Wear client. Eventually, MADNESS placed its first order after the receipt of the signed questionnaire and once the WIS was posted.

MADNESS is well aware of the main risks in its two production countries, Turkey and India. Through the long-lasting relationship with its Indian supplier and through its local consultant, updates on developments in the relevant region are shared immediately.

While the brand does not have a system in place through which the suppliers are evaluated based on risks, the brand developed a risk policy and keep track of risk findings in a to-do list.

COVID-19

Visiting suppliers is normally a crucial part of MADNESS due diligence procedure, as the CEO believes "you only see what is going on when you visit the factories". Due to COVID-19, MADNESS could not visit its new supplier, and after February 2020 neither its Indian supplier. With both suppliers, the brand was in regular exchange about the situation of COVID-19, with its Indian supplier even on a daily basis. MADNESS could show good insight into the main risks its Indian supplier was facing during the first wave of COVID-19 and made use of Fair Wear's country-specific guidance where possible. Main risks at the supplier were the occurrence of overtime once the supplier reopened after the lockdown, food shortage for workers during the lockdown months, realising health and safety measures at the production floor and the risk of job and wage loss.

When the Indian factory had to go into lockdown at the end of March, a priority was set on paying the wages. For March the full wages were paid plus extra emergency money for food items. In April (full lock-down month) only approximately 50% of the wages were paid by the Indian supplier and in May again the full wages (see indicator 1.9). None of the employees was fired, but some decided not to return back after the lockdown. Those workers received verbal and written notice and received their full final wages.

The scheduled Fair Wear audit at the Indian supplier had to be postponed. As the last audit from 2017 did not portray the circumstances of 2020 sufficiently, especially because the factory had moved location, MADNESS sought alternative ways to assess the risks. Their local consultant conducted unannounced health and safety checks at their Indian supplier and its eleven subcontractors. The local consultant also engaged workers when visiting the factory and integrated them into the risk assessment of COVID-19. A virtual documentation check was conducted by Sumations GmbH, followed by a detailed report and a Corrective Action Plan (CAP). And finally, MADNESS requested and documented pictures about implemented safety measures.

Recommendation: A risk analysis as part of the decision-making process of selecting new suppliers is an important step to mitigate risk and prevent potential problems. Fair Wear recommends MADNESS to define preventive actions for identified risks clearly and implement them accordingly. This will become more important as MADNESS is changing its sourcing strategy from one supplier to multiple ones.

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: MADNESS does not have a formalized system to evaluate its suppliers, but documents the results in form of to do's which is shared as well with the supplier and the local consultant. However, in 2020 MADNESS was only producing at one supplier, making it possible to continuously monitor the performance of the supplier in terms of production, delivery, quality, as well as social compliance. Moreover, for the Indian supplier, a risk policy was written. The brand is in contact with its supplier on a daily basis and the supplier follows up on social compliance issues, which are integrated into the to-do list. MADNESS documented contact and was able to show e-mails about the conversations. The local consultant also sought information from workers during her on-site visits.

The Indian factory already provides a significant percentage of MADNESS' products and cannot be rewarded with additional items. The local consultant of MADNESS however conducts training for capacity development which can be seen as an indirect reward.

Due to the pandemic, some of MADNESS's orders were postponed due to the lockdown in India. Orders were not cancelled and only stock items were reduced. MADNESS was in regular communication with its supplier about this.

Performance indicators	Result	Relevance of Indicator	Documentation	Score	Max	Min
1.6 The member company's production planning systems support reasonable working hours.	General or ad-hoc system.	Member company production planning systems can have a significant impact on the levels of excessive overtime at production locations.	Documentation of robust planning systems.	2	4	0

Comment: The company focuses on two collections per year Spring/Summer and Autumn/Winter. This business model leads to peak and low seasons at their production location in India. As the production site produces around 85% of its total production volume for MADNESS, the peak and low seasons have an impact on the capacity planning and thereby plays a role when looking at working hours.

In the last years, a couple of initiatives were already taken on the side of MADNESS to support reasonable working hours, such as stretching production time, keeping fabrics in stock for regular items and calculating the standard minutes per style.

In 2020 MADNESS continued to learn more about the standard minute per style and how the production of its products impacts the total production capacity of the factory.

There is a transparent dialogue between the Indian supplier and MADNESS to share the working times of workers. The brand does not push its supplier when it is not able to meet the production deadline, does not impose penalties, and does not impose pressure to do overtime.

Recommendation: The root causes of excessive overtime are known to MADNESS. As a next step, they can use the Fair Wear guidance on addressing excessive overtime and check what solutions, processes and tools are linked to a particular root cause e.g. their business model. The member can then discuss with its supplier what solutions need to be implemented.

Fair Wear recommended MADNESS to explore developing more carry over and never-out-of-stock styles to enable the supplier to smoothen out production over the year.

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: In order to investigate the root causes of overtime, an analysis was conducted in 2019, which showed that the business model of MADNESS with its peak and low season, as well as the late delivery of raw materials, are the main reasons for excessive overtime.

The virtual document check showed that overtime hours differ quite a lot from worker to worker. While some workers did not work overtime, others worked excessive hours and partly did not have one day off per week. The check has also shown that some overtime hours were above the legal limit. In a response to that, the supplier reviewed in which departments overtime occurs and in which months in order to implement reduction measures more effectively. Based on that the overtime could be decreased immediately.

After the first lockdown, the workers started to work in shifts to ensure social distancing, to keep the production inflow and to avoid excessive overtime.

The late delivery of raw material contributes enormously to excessive overtime. They partially try to mitigate this risk by having fabrics for regular items in stock. Yet, as they are a small company with low orders they are not a priority client to fabric suppliers, making it difficult to mitigate this risk completely, as it is beyond their control.

MADNESS also shared that the cultural differences make it difficult to reduce overtime completely or even to avoid it. Workers might leave the factory, as they want to work overtime to earn more money. This shows again how interlinked the issues of overtime and wage levels are.

Recommendation: Since material delivery has been identified as an important factor contributing to excessive overtime, MADNESS is recommended to involve material supplier in its production planning, or block materials in advance.

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. This quote is discussed with the clients of MADNESS and usually the initial quote is not negotiated. If sizes are added later by the clients of MADNESS, the prices will be adjusted accordingly.

The quote by the Indian supplier integrates cost breakdowns for some styles since 2020, further steps will be taken to include all styles.

MADNESS was not aware of price increases due to COVID-19 measures, which were implemented by their Indian supplier.

Recommendation: Fair Wear recommends MADNESS to continually expand its knowledge of cost breakdowns of all product groups. Based on that an overview can be created, including the FOB price increases needed in the coming years to contribute to a gradual wage increase at their supplier. This also makes it transparent in case there is a need to include additional costs (e.g. Covid-19 measures) in the minute prices.

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: Factory operations closed from 22nd March onwards due to lockdown. The full salary was paid for the month of March and an extra 200 IND for emergency shoppings were given by the supplier to all workers.

When the factory was under full lockdown for the entire month of April, the supplier was able to pay only approximately 50% of the wages. The money for the salary was used from the pre-payments of MADNESS. There was no government aid available to compensate for the remaining 50%. At the same time, MADNESS staff was on furlough and its clients cancelled orders up until 60%. Because of this and the size of the brand, plus the leverage of 85% it has at this supplier, MADNESS has done all it could to find a solution with its supplier, but could financially not step in to cover the rest of the wages.

From May onwards, the salary was paid normally as per attendance of workers. Some workers did not return back after the lockdown, yet they received a one month notice period (verbally and written) and received the full final wage.

The virtual document check by Sumations in 2020 showed that there were some issues related to the payment of overtime premiums at the Indian supplier. The premium rate of 200% should be paid, yet the supplier only pays overtime at a single rate. Based on that the Indian supplier calculated how much the cost would increase once the rate is paid fully and compared this with costs to hire extra workers instead. Because this issue was discovered at the very end of MADNESS' financial year, the actual remediation will be a part of next years performance check.

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 delayed payments. From these payments, the supplier pays orders for raw material and the produced items. Having those systems in place already before COVID-19 was useful to avoid this risk.

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: In 2020 MADNESS continued with its efforts to discuss wage levels with their Indian supplier. First, they started to apply the Labour Minute Value Costing Tool from Fair Wear to some of their styles, in order to receive more transparency about the costs. Once they have done this with all the styles, which they aim to do in 2021, they want to determine the next steps to reach this 20% increase for all workers. Linked to that, they also worked on an overview to see what the wage differences are between different departments.

Although the wages are above the Global Living Wage Alliance, this cannot be considered a living wage, as the GLWC estimate for North India is for the agricultural sector and cannot be compared with the garment industry.

COVID-19 did not impact the wages, with the exception of April where only 5000 INR was paid to the workers (see indicator 1.9).

Recommendation: Fair Wear encourages MADNESS to calculate all styles with the Labour Minute Value Costing Tool, to have a holistic picture about all their product prices and its link to 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.	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 internally decided on a target wage of +20% above the legal minimum wage for its main supplier. The brand could not show a target wage strategy yet, but showed how they started to calculate some styles with the Labour Minute Value Costing Tool, which will be used as a base - once completed for all styles - to develop a strategy.

When their bonuses are taken into account, most workers in the facility are earning more than the legal minimum wage and some already the target wage that MADNESS has set. MADNESS could show a wage calculation for the entire staff of the supplier, which indicates who earns how much above the legal minimum wage.

Recommendation: As the brand has a very high leverage at their Indian supplier, MADNESS plays a huge role in increasing the wage levels. As the responsibility is mainly on its shoulders, the brand is advised to look for ways how they can finance the self-set target wage of +20%.

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: While some workers already earn the target wage set by MADNESS, most workers still earn below.

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

Purchasing Practices

Possible Points: 52

Earned Points: 31

2. Monitoring and Remediation

Basic measurements	Result	Comments
% 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 who follows up on problems. The CSR manager has extra support from their local consultant, who can visit the factory and knows in-depth about local circumstances.

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

Comment: MADNESS decided to conduct a virtual audit together with the company Sumations GmbH and their certified auditors. This involved especially reviewing necessary documents (e.g. the proof of payment to workers) and conducting interviews with the factory's management. In a joint final meeting, the action plan was presented to MADNESS and its supplier and discussed. Afterwards, a CAP was created together with the Indian supplier.

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: Due to COVID-19, the Fair Wear audit was postponed and therefore no new findings were shared through the Fair Wear system. The risk of having no up-to-date information available, was addressed by MADNESS by hiring a company to conduct a virtual documentation check.

The report from the virtual check highlights a few findings at their Indian supplier and its subcontractors.

- The virtual check found out that overtime is not paid by the legal 200% rate but just on a single rate. The Indian supplier already started to work on remediation, but as the report was finalized only at the end of 2020, the remediation will be checked in the performance check of the year 2021.
- It was also noted in the CAP that excessive overtime is an issue at its Indian supplier and that some workers are working without a day off. The supplier prepared an overtime reduction strategy in order to reduce excessive overtime and ensure days off. Thereby, it could achieve an initial overtime reduction. The supplier also developed capacity planning for the upcoming production of AW21 to prevent this risk from happening again.
- The workers are informed about the remediation of issues in the Worker Welfare Committee meeting. At the moment, the workers do not have an active role, but this is something MADNESS wants to emphasise more in the future.

Furthermore, MADNESS instructed their local consultant to conduct unannounced health and safety checks at their main supplier and its subcontractors. The local consultant follows up every three months with the subcontractors (virtually or in-person) about the remediation of the findings and collects proof. Findings included, empty first aid boxes, missing fire extinguishers and malfunctioning grievance mechanism.

MADNESS identified several pandemic related risk by being in regular communication with its supplier and its local consultant (see indicator 1.4). The risk of overtime once supplier reopened after the lockdown was addressed by working in shifts. Thereby, the production could run smoothly by ensuring social distancing. The risk of food shortage, was mitigated by paying an extra amount of money to the worker before the first lockdown in April 2020. The risk of loss of income could have been addressed more proactively by MADNESS.

MADNESS usually follows up on CAPs during visits and could continue to do this during COVID-19 with the help of their local consultant. The status is not tracked in a systematic way to show improvements of certain issues over time but in a to-do list.

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.	not applicable	Due to the Covid-19 pandemic, brands could often not visit their suppliers from March - December 2020. For consistency purposes, we therefore decided to score all our member brands N/A on visiting suppliers over the year 2020.	Member companies should document all production location visits with at least the date and name of the visitor.	N/A	4	0

Comment: As travel was restricted due to the COVID-19 pandemic, this indicator is not applicable in 2020 for all Fair Wear members.

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.	Advanced result on all relevant policies	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.	6	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	Advanced			6	6	-2

Comment: COVID-19

MADNESS made use of the Covid-19 Factory Health and Safety Discussion Sheet and the Covid-19 Health and Safety Measures Checklist. The guideline was very helpful for them to manoeuvre through the pandemic. The worker videos were shared with the local consultant, to include them in factory training. Unfortunately, the videos were received by MADNESS too late, so the content was not up-to-date anymore.

A lot of measures were implemented at the Indian supplier and the local consultant supported the supplier on the ground.

Measures included:

- disinfection chamber to sanitise the employees before entering the premises.
- random testing of employees
- reorganizing the supplier entrance to ensure social distancing and hand-sanitation.
- temperature measurement and mandatory hand-washing for workers upon entry and leaving
- The break times of different departments were changed, to ensure social distancing
- In the first month, supplier staff was not allowed to leave the building during working hours to minimize social interactions.
- multiple awareness training sessions were held to train the employees on COVID-19 prevention measures
- Displayed precautionary measures all over the factory.

Evidence of the implementation was shared by pictures.

To avoid order reductions, MADNESS enter into dialogue with its clients after they had reduced their orders drastically at the beginning of COVID-19. MADNESS appealed to the shared responsibility, everyone has within the supply chain and thereby most clients were convinced to reduce orders only a little bit (for instance from 60% to 12%). Therefore, MADNESS was able to keep orders in place as planned and only reduced some stock items from the orders.

OTHER

MADNESS has a thorough understanding of risks in its production country India. Its supplier participated in Fair Wear's Workplace Education Programme Training on Violence Prevention in 2018. The consultant MADNESS works with has supported the production site in setting up an election for the anti-harassment committee and follows-up with the supplier on a regular basis.

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

Comment: There are no shared CAPs active.

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

Monitoring and Remediation

Possible Points: 19

Earned Points: 16

3. Complaints Handling

Basic measurements	Result	Comments
Number of worker complaints received since last check.	0	At this point, FWF considers a high number of complaints as a positive indicator, as it shows that workers are aware of and making use of the complaints system.
Number of worker complaints in process of being resolved.	0	
Number of worker complaints resolved since last check.	0	

Performance indicators	Result	Relevance of Indicator	Documentation	Score	Max	Min
3.1 A specific employee has been designated to address worker complaints.	Yes	Followup is a serious part of 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 CSR responsible in cooperation with the entire team and their local consultant in India.

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 its subcontractors and demonstrated by picture proof.

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 participated in Fair Wear's Workplace Education Programme Training on Violence Prevention in 2018. The consultant MADNESS works with has supported the production site in setting up an election for the anti-harassment committee.

Since the local consultant is also specialised in training, a series of training to management, workers and committees was started in 2019 and continued throughout 2020. These training modules address topics such as COVID-19 awareness, health and safety, fire fighting, awareness of local laws and complaints handling.

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: The complaints from 2019 have already been resolved and in 2020 no complaints were handed in.

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

Complaints Handling

Possible Points: 9

Earned Points: 9

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. The brand is proactively communicating about social standards to its employees and customers.

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 is 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.	50%	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 supplier 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: In 2020 the anti-harassment committee continued to meet on a quarterly basis and was accompanied by an external party (a lawyer) - during COVID-10 the lawyer joined virtually.

In 2020 nothing was shared by workers regarding sexual harassment, but two awareness trainings were conducted. The local consultant follows up every 15 days by interviewing female workers. New employees are informed about the process through the notice board and the induction 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: Following the requirements from the last performance check, MADNESS requested from its Indian supplier an annual plan for its subcontractors. The supplier created a list to include all subcontractors and their relevant details such as contact details and leverages. MADNESS updated this information in the Fair Wear database.

Moreover, MADNESS discussed how to integrate the subcontractors in its monitoring system. The local consultant monitors all subcontractors regarding OHS and raises awareness about the Fair Wear membership and the Fair Wear requirements.

MADNESS has no written agreement with its Indian supplier about the use of subcontractors but verbally shared with them that they are ok with subcontractors if the supplier is transparent about it and submits the information to MADNESS.

At the end of 2020, MADNESS started discussions with the organisation GoodWeave about analysing risks deeper in its supply chain.

Recommendation: Fair Wear recommends MADNESS to take additional efforts to ensure that the brand is always informed beforehand about the placement of production at production locations and include this in its contracts.

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 and the responsible employees for CSR and design are directly participating in the CSR proceedings at MADNESS. All others are informed regularly.

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	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, its 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: MADNESS has disclosed production locations.100% of production volume is disclosed to other members in Fair Force and on the Fair Wear website.

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

Transparency

Possible Points: 6

Earned Points: 6

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 management of MADNESS discusses regularly the importance of the Fair Wear membership to achieve step by step fairer working conditions.

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.	70%	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 four requirements, which MADNESS addressed to 70%.

1.9 MADNESS asked Sumations GmbH to do a digital document check, as the Fair Wear audit could not take place due to COVID-19. Thereby, payslips were cross-checked and the wage levels analysed. According to Sumations, there was no doubt in the documentation since working time documents show excessive overtime hours and also that overtime is paid at a single rate. In 2020, the legal minimum wage was not paid for the lock-down month of April, therefore this requirement is partially met.

By including all subcontractors in the database, MADNESS met the requirement given under indicator 5.1.

1.11 MADNESS continued the discussion on living wages with its supplier. The topic was also shared in the regular Worker Representatives meetings. The exchange with workers is not so active yet and the originally planned workers survey to collect more information was postponed as COVID-19 made the focus shift, therefore this requirement is partially met.

1.13 To address this requirement, the digital document check analysed the wage levels at its Indian supplier for the year 2020. The analysis showed that including the bonuses the workers receive a wage higher than the legal minimum wage. Another challenge found via the document check is that overtime is not paid at a premium rate, but the supplier only pays overtime at a single rate. The remediation of this needs to be followed-up in the next performance check, therefore this requirement is met.

Recommendation: Although MADNESS was not able to execute all the requirements included in the previous performance check due to the COVID-19, the brand should resort to following up on these requirements when the situation allows.

Evaluation

Possible Points: 6

Earned Points: 6

Recommendations to Fair Wear

- closer cooperation with Brand Liaison
- quicker response from FWF, especially in urgent situations like COVID-19

Scoring Overview

Category	Earned	Possible
Purchasing Practices	31	52
Monitoring and Remediation	16	19
Complaints Handling	9	9
Training and Capacity Building	11	11
Information Management	4	7
Transparency	6	6
Evaluation	6	6
Totals:	83	110

Benchmarking Score (earned points divided by possible points)

75

Performance Benchmarking Category

Leader

Brand Performance Check details

Date of Brand Performance Check:

24-06-2021

Conducted by:

Hannah Ringwald

Interviews with:

Matthias Warnke

Ina Berroth

Victoria Lauer

Jasbir Sanduhr