



Brand Performance Check

Hempage AG

Publication date: June 2022

This report covers the evaluation period 01-01-2021 to 31-12-2021

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 year's 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 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

Hempage AG

Evaluation Period: 01-01-2021 to 31-12-2021

| Member company information | |
|--|-------------------------------------|
| Headquarters: | Adelsdorf , Germany |
| Member since: | 2009-10-01 |
| Product types: | Garments, clothing, fashion apparel |
| Production in countries where Fair Wear is active: | China, Tunisia, Turkey |
| Production in other countries: | Germany, Hungary |
| 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 | 94% |
| Benchmarking score | 78 |
| Category | Leader |

Summary:

Hempage has shown advanced results on performance indicators and has made exceptional progress. The benchmarking score of 78 means that Fair Wear has awarded Hempage the 'Leader' status. Although the monitoring threshold does not determine the category this year, Hempage has fulfilled the monitoring requirements at suppliers responsible for 94% of its production volume.

Corona Addendum:

2021 was again a challenging year for Hempage in terms of COVID-19. In Europe, there were several lockdown periods where shops had to be closed, which negatively impacted Hempage customers' sales and financial situation. In addition, there were high freight rates, and factories experienced delivery delays.

Hempage regularly contacted its factories throughout the year to learn about their situation and whether they needed support. The brand also used information provided by Fair Wear. The main risks identified by the brand were job and wage loss, excessive overtime due to an increase in demand, delivery issues, and production delays. The brand did not identify health and safety as a significant risk for its supply chain. Hempage did ask all its factories, except for the factory in Hungary, to fill in the basic COVID-19 health and safety checklists, which showed no major concerns.

To follow up on the risks identified regarding COVID-19, Hempage collected wage information to ensure wage payments did not fall below legal minimum wages. Also, the brand checked on the overtime hours made at its main suppliers in China. At its other suppliers, the brand did not monitor the overtime hours. Most of its suppliers encountered delivery delays because of transportation issues. The brand responded to that by being flexible with its delivery terms.

During the lockdown period in Turkey, the brand followed up with its Turkish supplier and learned that the supplier had a permit to keep production running. The brand also received the monthly wages from this supplier, and the CSR manager calculated the average annual wages. From that, it could be concluded that the average wages remained above the legal minimum wage in 2021, but there was a significant gap with the estimated living wage.

Hempage asked its suppliers about costs related to COVID-19 but did not receive a clear reply. During price discussions, the brand did notice a significant increase in the prices of its products and discussed this with suppliers. Suppliers said that the price increase was caused by the increased price of raw materials.

To sum up, Hempage has demonstrated it has a solid system to deal with its suppliers in times of crisis, such as Corona. Despite the COVID-19 challenges, the brand had made initial progress on the living wage indicators by conducting a general root cause analysis and comparing wages with living wage benchmarks. Fair Wear recommends that Hempage continues its activities with input from the recommendations in this brand performance check.

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. | 3% | Member companies with less than 10% of a production location's production capacity generally have limited influence on production location managers to make changes. | Supplier information provided by member company. | 1 | 4 | 0 |

Comment: In 2021, Hempage produced at six factories located in China, Turkey, Tunisia, Hungary and Germany. The member sells hemp garments, which only a few factories produce. Each factory is responsible for a specific product type.

| 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. | 1% | 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. | 3 | 4 | 0 |

Comment: At four of its six of its suppliers, Hempage spends more than two per cent of its production volume. At two suppliers, the brands spend less than two per cent.

| 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. | 97% | 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: Hempage values long-term relationships. The brand has had a business relationship with three out of six suppliers for more than five years.

| 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: Hempage started with three new suppliers in 2021. All suppliers signed and returned the Fair Wear questionnaire with the Code of Labour Practises (CoLP).

| Performance indicators | Result | Relevance of Indicator | Documentation | Score | Max | Min |
|---|----------|---|---|-------|-----|-----|
| 1.4 Member company conducts human rights due diligence at all (new) production locations before placing orders. | Advanced | Due diligence helps to identify, prevent and mitigate potential human rights problems at suppliers. | Documentation may include pre-audits, existing audits, other types of risk assessments. | 4 | 4 | 0 |

Comment: Hempage has a system in place to conduct human rights due diligence. The brand uses information provided by Fair Wear and the risk-management tool of the company Retraced to collect country-specific information about its sourcing countries. The risks are linked to its suppliers through audit information and other supporting evidence. In addition, the brand has a strong relationship with its three long-term suppliers in China and Hungary, which is based on trust. Hempage also receives information directly from the suppliers.

Hempage aims to produce its final product within the same country where the raw material comes from. Currently, China is the primary source for its main raw material 'Hemp', and by far most of Hempage's production is made in China. Hempage sources the raw material primarily from small farmers from the region Shanxi, but also from bigger farms in Inner Mongolia and Heilongjiang. Furthermore, Hempage is currently sourcing fibres from "La Chanvriere" in France and aims to find more sourcing possibilities in the USA and Europe.

The decision to start working with a new supplier is made during team meetings with production, management and CSR. The CSR manager is responsible for collecting the relevant information regarding the social compliance of the factory. The CSR manager uses country information, audit information, wage and working hours data and information coming from other brands sourcing at a potential factory for the evaluation. Moreover, finding an apparent positive attitude regarding human rights and Fair Wear at the management level of the factory is an essential requirement for new suppliers.

In 2021, Hempage added one factory in Germany, one in Turkey and one in Tunisia. The factory in Tunisia was recommended to Hempage through another Fair Wear member sourcing there. It was not possible yet to visit this supplier, but the brand plans to do so in 2022. In Turkey, the factory was proposed by the agent. The CSR manager has collected information on wages and whether the factory employs Syrian refugees, which was not the case. Moreover, the factory was visited by a colleague that speaks Turkish, and during the visit, a health and safety check was conducted. The factory in Germany concerns a small workshop that produces caps and Hempage visited that factory in 2021.

During COVID-19, the brand has regularly contacted its factory to learn about their situation and whether suppliers needed support. The main risks identified by the brand were; job and wage loss, excessive overtime due to an increase in demand, delivery issues and delays.

The brand did not identify health and safety as a significant risk for its supply chain. Hempage asked all its factories except for the factory in Hungary to fill in the COVID-19 health and safety checklists which showed no major concerns.

| 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: The brand keeps track of and evaluates the progress of its suppliers. The brand has scored its suppliers based on performance on several indicators, including progress on corrective action plans (CAPs). The brand includes progress on CAPs in its decision-making process. The brand does not provide incentives for suppliers that progress on CAPs because it feels that making progress is something factories should do anyway.

In 2021, Hempage started sourcing at a factory in Turkey via an agent. Unfortunately, the collaboration ended as well in 2021 because the communication did not go well.

To follow up on the risks identified regarding COVID-19, Hempage collected wage information to ensure wage payments did not fall below legal minimum wages. Also, the brand checked on the overtime hours made at its main suppliers in China. At its other suppliers, the brand did not monitor the overtime hours. Most of its suppliers encountered delivery delays because of transportation issues. The brand responded to that by being flexible with its delivery terms.

The brand did not cancel or reduce any of its orders.

| Performance indicators | Result | Relevance of Indicator | Documentation | Score | Max | Min |
|--|--------------------------------------|---|---|-------|-----|-----|
| 1.6 The member company's production planning systems support reasonable working hours. | Strong, integrated systems in place. | Member company production planning systems can have a significant impact on the levels of excessive overtime at production locations. | Documentation of robust planning systems. | 4 | 4 | 0 |

Comment: Hempage has two seasonal collections and Never Out of Stock (NOS) items that make up the most significant part of its production volume. The orders for seasonal products are placed at suppliers after the fairs and between the seasons. For example, the brand receives the samples for its fall/winter collection and adjusts the designs in November. Forecasts are given in January-February. After the fairs, the brand places orders in March. The garments are delivered in August and September. The member changes colours and details only for a few items in each collection. Depending on the season, there are between 18-25 new styles and 3-5 new colours in each collection. The member is in close contact with its suppliers about the production planning throughout the process.

The brand asks its supplier for the lead time and plans accordingly for its NOS items. The brand places production of its NOS items in the low season.

In terms of COVID-19, the brand regularly discussed production planning with its suppliers. In case of delays, for example, due to delays in fabric delivery or transportation issues. The brand accepts delays and discusses new delivery dates with its customers.

| 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: Excessive overtime takes place at its two Chinese suppliers. The brand is in dialogue with these suppliers about overtime, and the suppliers provide overviews of the working hours to the brand. In 2021, overtime hours have increased compared to the year before, mainly because of an increase in demand and capacity issues. The brand also shared the working hours' overviews with the other brands sourcing at the factories and has had discussions with them on how overtime hours can be reduced. So far, the discussions have not led to a decrease in overtime hours. One of the other brands sourcing at the factory was planning to organise training related to overtime but unfortunately, it was not possible to conduct the training in 2021.

As mentioned earlier, many factories experienced delays in production because of material delays and transportation issues. Hempage adapted its production planning according to the delays and chose airfreight in case it really needed to goods to be in before a certain date.

Recommendation: Fair Wear recommends Hempage to continue discussing root causes of overtime, include other customers in the discussions with suppliers and make more active use of other monitoring tools.

| 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: According to the brand, it accepts prices that the factories request. When the prices are too high, the brand enters into a dialogue about the garment and changes the garment to reduce the price.

In 2021, Hempage extended the use of the Fair Wear labour minute costing tool with its main supplier in China. Three new product types were used to calculate the link between its buying prices and wages in the factory. However, The figures received were not totally correct, so the brand is working on improving the data. At its other main supplier in China, the brand has also introduced the labour minute costing tool. The brand could not compare the results of both suppliers because they produce different product groups. At both suppliers, hempage plans to implement the Fair Wear Fairprice app to create more transparency on the link between its buying prices and wages in the factory.

With its other production locations in Turkey and Tunisia, with which the brand started in 2021, Hempage has not begun calculating the link between its buying prices and wages yet.

Hempage asked its suppliers about costs related to COVID-19 but did not receive a clear reply. During price discussions, the brand did notice a significant increase in the prices of its products and discussed this with suppliers. Suppliers said that the price increase was caused by the increased price of raw materials.

Recommendation: Fair Wear recommends Hempage to expand its knowledge of cost breakdowns to all product groups. Moreover, Fair Wear recommends that Hempage includes the Fair Price local support network in its approach for training and support for factories which enables Hempage to work with correct figures and focus on the next steps.

| 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: In 2021, there were no audit findings related to payments below legal minimum wages.

The CSR manager has actively followed up with suppliers to get information on the impact of COVID-19 and the wages in the factories. From three suppliers, Hempage has received the annual average wages per department. From one supplier, the brand received more detailed information on the wages paid in the factory.

During the lockdown period in Turkey, the brand followed up with its Turkish supplier and learned that the supplier had a permit to keep production running. From this supplier, the brand also received the monthly wages and the CSR manager calculated the average annual wages. From that, it could be concluded that the average wages remained above legal minimum wage in 2021 but there was a significant gap with the estimated living wage.

| 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: In 2021, there were no findings of late payment from Hempage. The brand has different payment terms per supplier, where payments are made upon delivery or three months after delivery. During the year, the brand has used a loan it received due to COVID-19 to advance the payments to its main suppliers.

Recommendation: Fair Wear encourages Hempages to keep the shorter payment terms as applied in 2021 and to make new agreements with the supplier(s) on the payment terms.

| 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 2021, Hempage did a general root cause analysis for all its sourcing countries of why wages are lower than living wages at its production sites. The main causes identified were: COVID-19, pressure on prices, increasing costs, different wage levels in the factories and inflation. The brand did not make a country or supplier-specific root cause analyses.

The brand has discussed the topic of living wages with its two main suppliers in China, but not yet with its other partners. From one of the production sites in China, the brand has received detailed information on wages. The brand has received the annual average salaries per department from the other site. At one of the sites in China, the wages had decreased in 2020 due to COVID-19. In 2021, the brand concluded that the wages had increased again; however, the overtime hours as well.

The brand also conducted a worker survey about 2021, which included questions on wages and overtime hours. As Hempage completed the survey in 2022, it will be part of next year's Brand Performance Check.

Hempage collected information on the average paid wages per department from its suppliers in Tunisia and Turkey in 2021 but did not discuss the topic of living wages.

Recommendation: Hempage is encouraged to create more transparency on wages with its factories to get more detailed information on the actual wages paid instead of the average wages.

Furthermore, Fair Wear encourages Hempage to make its root-cause analyses more country and supplier-specific, to discuss the root causes with all suppliers and, to discuss a strategy to work towards increasing 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: With its two main suppliers in China, Hempage actively works towards living wages. In 2021, the brand agreed-upon target wages with both factories.

For one of the factories, the brand has agreed upon the living wage benchmark for the region of Suzhou, which is estimated at 3976 CNY by the Global Living Wage Coalition (GLWC). The brand has received detailed information on the wages paid per department in this factory. Therefore, Hempage could conclude that, apart from two, all departments earn above the living wage estimate. In total, that concerns 88 % of the workforce.

For the other factory, the brand has agreed upon the living wage benchmark for the region of Weihai, which is estimated at 3420 CNY by the Living Wage Standard of Weihai City as per BSCI report. For this factory, the brand has collected information on the average wages paid per department; however, the information is not that detailed. For example, it is unknown if the average wages include overtime hours.

With its other factories, the brand has not started to discuss the topic of living wages yet.

The brand has not yet decided on a strategy for how it will contribute to increasing wages at the factory and where the money will come from to finance the wage increases.

Recommendation: Fair Wear recommends Hempage to work on a strategy to finance wage increases. It is advised that the strategy is agreed upon by top management.

Furthermore, Fair Wear recommends that Hempage collects more information about what is included and how the calculation is done for the living wage benchmark per BSCI report. It should also be verified with the Fair Wear local team and if possible with work representation at the factory.

| 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. | 12% | 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. | 2 | 6 | 0 |

Comment: For one Chinese supplier, the brand could show that wages meet the living wage estimate for the region of Suzhou (GLWC). The FOB sourced at this supplier counts towards this indicator (12%). The wages do not yet meet the Asia Floor Wage benchmark, which is the highest benchmark.

The brand knows the average annual wages at the other Chinese supplier but not the detailed wage information per worker, including overtime hours. Therefore, the FOB at this factory can't be included in this indicator.

Recommendation: Fair Wear recommends that Hempage retrieve detailed information from its other Chinese supplier so that Hempage can compare wages properly with the living wage estimate.

Purchasing Practices

Possible Points: 52

Earned Points: 33

2. Monitoring and Remediation

| Basic measurements | Result | Comments |
|--|--------|--|
| % of production volume where an audit took place. | 94% | |
| % of production volume where monitoring requirements for low-risk countries are fulfilled. | 4% | 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. | Yes | |
| Requirement(s) for next performance check | | |
| Total monitoring threshold: | 94% | 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: The CSR manager and CEO follow up on problems identified by the monitoring system.

| Performance indicators | Result | Relevance of Indicator | Documentation | Score | Max | Min |
|---|--|---|-----------------------------------|-------|-----|-----|
| 2.2 Quality of own auditing system meets FWF standards. | Member makes use of FWF audits and/or external audits only | In case 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: In 2021, Hempage commissioned one Fair Wear audit and collected one external audit. Hempage shared the Fair Wear audit timely with factory management.

At its main production site in China, there is worker representation in place that regularly meet with factory management. Hempage has received the minutes of the meetings and translated them into English. Some topics that were discussed in the meetings concerned: the quality of the food and uniforms and, training of new staff. Hempage has not shared the audit results with worker representation.

Recommendation: Fair Wear recommends Hempage to share audit results with worker representation.

| 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: Hempage has a system in place to follow up on CAP reports. The CSR manager is responsible and requests updates of open CAPs periodically. The status of the CAPs is updated in the excel overview of the CAP report. The brand has not involved worker representation in CAP follow up.

In 2021, Hempage followed up on CAPS at its two main Chinese suppliers, one Fair Wear audit report and one external report. During the brand performance check, the brand could show progress on most of the outstanding CAPs and provided supporting evidence for the progress made. The Fair Wear audit contained a finding related to workers' awareness of the importance of social security. To improve workers' knowledge of the importance of having social security, the factory hired a human resources manager to train workers on this topic.

For COVID-19, the brand closely monitored whether workers' wages continued to be paid during lockdown periods.

Recommendation: It is advised to include worker representation in the remediation process. Either to engage workers in identifying and implementing improvements or to verify realised improvements.

| Performance indicators | Result | Relevance of Indicator | Documentation | Score | Max | Min |
|--|----------------|--|---|-------|-----|-----|
| 2.5 Percentage of production volume from production locations that have been visited by the member company in the previous financial year. | 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 visits were often not possible due to COVID-19. This indicator is rated not applicable. In 2021, Hempage did visit two suppliers, one in Germany and one in Turkey.

| Performance indicators | Result | Relevance of Indicator | Documentation | Score | Max | Min |
|--|--|---|--|-------|-----|-----|
| 2.6 Existing audit reports from other sources are collected. | Yes, quality assessed and corrective actions implemented | Existing reports form a basis for understanding the issues and strengths of a supplier, and reduces duplicative work. | Audit reports are on file; evidence of followup on prior CAPs. Reports of quality assessments. | 3 | 3 | 0 |

Comment: Hempage collected one external audit in 2022, the brand compared the quality with Fair Wear audits and followed up on the corrective actions.

| Performance indicators | Result | Relevance of Indicator | Documentation | Score | Max | Min |
|--|--|---|---|-------|-----|-----|
| 2.7 Compliance with FWF risk policies. | Average score depending on the number of applicable policies and results | Aside from regular monitoring and remediation requirements under Fair Wear membership, countries, specific areas within countries or specific product groups may pose specific risks that require additional steps to address and remediate those risks. Fair Wear requires member companies to be aware of those risks and implement policy requirements as prescribed by Fair Wear. | Policy documents, inspection reports, evidence of cooperation with other customers sourcing at the same factories, reports of meetings with suppliers, reports of additional activities and/or attendance lists as mentioned in policy documents. | 5 | 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 | Advanced | | | 6 | 6 | -2 |
| Other risks specific to the member's supply chain are addressed by its monitoring system | Intermediate | | | 3 | 6 | -2 |

Comment: Turkey:

In 2021, Hempage temporarily started with a production site in Turkey. Before beginning production, the brand informed itself about the risks prevalent in Turkey and shared the Fair Wear policy on Turkey and Syrian refugees with the agent. The agent confirmed that The factory has no Syrian refugees in the factory. The production site is specialized in the production of socks; therefore, Hempages thinks the risk of subcontracting is low. Hempage had planned to conduct a Fair Wear audit at the site, but the collaboration stopped before that could happen.

Other risks:

For its other sourcing countries, Hempage has identified the risk of inflation and corruption for Tunisia.

In Tunisia, Hempage started production with a factory introduced to them via another Fair Wear member. The brand has requested wage data to follow up on the risk of inflation, and a Fair Wear audit is planned for 2022.

For China, it has identified the main risks: freedom of association, wastewater and forced labour.

In China, the brand is focusing on supply chain mapping through the tool Retraced. By doing so, Hempage believes it can reduce the risk of forced labour. Moreover, the brand regularly requests meeting minutes of the meetings between worker representatives and management to learn more about the function of the worker representation at the factory. The brand has had one finding related to chemicals and wastewater at one of its main factories in China, the case was resolved based on the audit findings.

As other risks related to the type of product Hempage sells, the brand identified the risk of sandblasting and treatment with chlorine on hemp jeans. To prevent this risk, Hempage seeks to work with suppliers that have high social and environmental standards and makes clear production agreements with its suppliers.

COVID-19:

In terms of COVID-19, Hempage was flexible with its delivery terms to support its factories that faced production/delivery issues. Moreover, the brand collected wage data to ensure workers' wages did not fall below the legal minimum wage and the brand changed its payment terms and paid its factories earlier to support their financial liquidity.

Recommendation: Hempage is advised to include the risk of short-term contracts in Tunisia in its risk assessment.

We advise Hempage to continue to re-evaluate the risk of forced labour in its risk assessments by keeping itself informed of the latest information and acting upon risks.

| Performance indicators | Result | Relevance of Indicator | Documentation | Score | Max | Min |
|--|--------------------|---|--|-------|-----|-----|
| 2.8 Member company cooperates with other FWF member companies in resolving corrective actions at shared suppliers. | Active cooperation | Cooperation between customers increases leverage and chances of successful outcomes. Cooperation also reduces the chances of a factory having to conduct multiple Corrective Action Plans about the same issue with multiple customers. | Shared CAPs, evidence of cooperation with other customers. | 2 | 2 | -1 |

Comment: The brand actively collaborates with other Fair Wear members at its suppliers.

| 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. | 100% | Low-risk countries are determined by the presence and proper functioning of institutions which can guarantee compliance with national and international standards and laws. 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. | 2 | 2 | 0 |

Member undertakes additional activities to monitor suppliers.: No (o)

Comment: Hempage sources from one long-term supplier located in Hungary and one in Germany. Both are small workshops producing a specific product for Hempage. The brand fulfilled the monitoring requirements but did not take extra effort to monitor the supplier.

| 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: 26

Earned Points: 22

3. Complaints Handling

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

| Performance indicators | Result | Relevance of Indicator | Documentation | Score | Max | Min |
|---|--------|--|--|-------|-----|-----|
| 3.1 A specific employee has been designated to address worker complaints. | Yes | Followup is a serious part of 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: The CSR manager is responsible for addressing worker complaints as well as any other problems identified by the monitoring system.

| 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: Hemptage aims to visit its production locations once a year and checks on the presence of the Worker Information Sheets. When other staff visits production locations they are asked to take a picture of the Worker Information Sheet as evidence. During the Performance Check, the brand could show that the sheets were posted at suppliers through photographic evidence.

| 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 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: Two suppliers have received the WEP-basic training to inform workers about the Fair Wear CoLP and the complaints helpline in 2020. Moreover, Hempage's main Chinese supplier also conducts internal training on labour standards.

| Performance indicators | Result | Relevance of Indicator | Documentation | Score | Max | Min |
|---|------------------------|--|--|-------|-----|-----|
| 3.4 All complaints received from production location workers are addressed in accordance with the FWF Complaints Procedure. | No complaints received | Providing access to remedy when problems arise is a key element of responsible supply chain management. Member company involvement is often essential to resolving issues. | Documentation that member company has completed all required steps in the complaints handling process. | N/A | 6 | -2 |

| Performance indicators | Result | Relevance of Indicator | Documentation | Score | Max | Min |
|---|---|--|--|-------|-----|-----|
| 3.5 Cooperation with other customers in addressing worker complaints at shared suppliers. | No complaints or cooperation not possible / necessary | Because most production locations supply several customers with products, involvement of other customers by the 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: At Hempage, all staff is aware of Fair Wear membership. Before the start of the fair season, the CSR manager updates all staff on the most recent developments.

| 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: Hempage is a small company where information is easily shared. The CEO and CSR manager regularly exchange information. The person responsible for purchasing is also regularly updated. In addition, when staff visits the factories, the CSR manager supplies them with the Health & Safety checklists.

| Performance indicators | Result | Relevance of Indicator | Documentation | Score | Max | Min |
|--|-----------------------------|--|---|-------|-----|-----|
| 4.3 All sourcing contractors/agents are informed about FWF's Code of Labour Practices. | Yes + actively support COLP | 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. | 2 | 2 | 0 |

Comment: In 2021, Hempage started a collaboration together with an agent for its production in Turkey. The CSR manager informed the agent about all information related to Fair Wear.

| 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. | 82% | 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: In 2021, one of Hempage's main production facilities in China organised an internal training to raise awareness among workers about the importance of social security. The training content was verified by Fair Wear and granted as advanced training.

Through the other member sourcing, Hempage's factory in Tunisia is part of a training program on social dialogue. As the first training took place in 2022 this will be part of next year's BPC.

| Performance indicators | Result | Relevance of Indicator | Documentation | Score | Max | Min |
|---|--------------|---|--|-------|-----|-----|
| 4.5 Degree to which member company follows up after a training programme. | No 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. | 0 | 2 | 0 |

Comment: The CSR manager has done a general follow up on how workers receive the training opportunities at the production site in China but there was no specific follow up on the social security training.

Recommendation: Fair Wear recommends Hempage to discuss the outcomes of training sessions with its suppliers and to learn whether the training has contributed to creating more awareness among workers about the importance of having social security.

Training and Capacity Building

Possible Points: 13

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. | Advanced | 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. | 6 | 6 | -2 |

Comment: Hempage regularly checks for subcontracting with its suppliers. The brand discussed subcontracting and agreed with the Chinese factories that subcontracting is not allowed. The production sites in Hungary and Germany are small workshops that produce a specific product for Hempage. For Tunisia, the brand has planned a Fair Wear audit in 2022 to verify that no subcontractors are being used for its production.

To further analyse the production capacity needed for its products, Hempage compared the relation FOB with the workers at both of its Chinese suppliers.

Furthermore, Hempage is working with the tool of Retraced to further map its supply chain and relate its factories to the risks in its sourcing countries.

| 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: At Hempage, information is easily and actively shared by the CEO, CSR manager and other staff members who visit the production locations.

Information Management

Possible Points: 7

Earned Points: 7

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: Hemptage communicates about Fair Wear on its websites. The 2021 communication adheres to Fair Wear's communication policy. Hemptage also makes use of on-garment communication.

| 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: Hemptage shares the Brand Performance Check report through its website and has disclosed 100% of its suppliers to other Fair Wear members through the Fair Wear transparency portal and on the Fair Wear website. Moreover, the brand has started collaborating with the company Retraced to enhance its transparency further.

| 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: The member submitted its social report to Fair Wear and published it on its website. Hepage is planning to structure its sustainability report following the Deutscher Nachhaltigkeitskodex (DNK).

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 company CEO holds the meetings where the outcomes of the Brand Performance Check are discussed with the relevant persons who need to follow up.

| 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. | No requirements were included in previous Check | 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. | N/A | 4 | -2 |

Evaluation

Possible Points: 2

Earned Points: 2

Recommendations to Fair Wear

Hempage recommends Fair Wear to create a membership for smaller companies and to create different types of brand performance checks for different types of companies.

Scoring Overview

| Category | Earned | Possible |
|--------------------------------|--------|----------|
| Purchasing Practices | 33 | 52 |
| Monitoring and Remediation | 22 | 26 |
| Complaints Handling | 9 | 9 |
| Training and Capacity Building | 11 | 13 |
| Information Management | 7 | 7 |
| Transparency | 6 | 6 |
| Evaluation | 2 | 2 |
| Totals: | 90 | 115 |

Benchmarking Score (earned points divided by possible points)

78

Performance Benchmarking Category

Leader

Brand Performance Check details

Date of Brand Performance Check:

20-05-2022

Conducted by:

Annemiek Smits