



BRAND PERFORMANCE CHECK

Stanley and Stella S.A.

PUBLICATION DATE: JUNE 2019

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

ABOUT THE BRAND PERFORMANCE CHECK

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

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

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

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

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

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

BRAND PERFORMANCE CHECK OVERVIEW

Stanley and Stella S.A.

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

| MEMBER COMPANY INFORMATION | |
|--|--|
| Headquarters: | Brussels, Belgium |
| Member since: | 15-12-2011 |
| Product types: | Fashion, Workwear, Promotional, Bags & Accessories, Corporate wear |
| Production in countries where FWF is active: | Bangladesh, China |
| Production in other countries: | Portugal |
| 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 | 96% |
| Benchmarking score | 68 |
| Category | Good |

Summary:

Stanley and Stella S.A. (hereafter Stanley/Stella) has met most of FWF's performance requirements. The brand monitored over 96% of its production volume, thereby meeting the minimum monitoring threshold of 80% required for members after three years of membership. With a benchmarking score of 68 points, Stanley/Stella is awarded the 'Good' category.

With a vision to be able to work closely with their suppliers, the brand sources from a limited number of countries and a select number of suppliers. Eight active suppliers in Bangladesh make the brand's core products, making up 99% of their total FOB. Six of these eight suppliers have been audited by FWF in the last two years. One supplier each in Portugal and China makes special category products where the brand has less than 1% of FOB.

Stanley/Stella has a nineteen-member local team in Bangladesh including a country manager and a sustainability coordinator. The brand's monitoring system includes a systematic check that is performed during every production cycle. Apart from checking product quality and planning, the quality controllers also check working conditions, the results of which are documented in a monthly CSR report that is shared with the country manager. The CSR report includes evaluation information pertaining to working conditions, subcontracting risks, building and fire safety, health and environment risks.

The code of conduct of Stanley/Stella requires suppliers to pay wages over 50% of the required legal minimum wage. The brand strives to achieve this but has not yet been successful across the majority of workers at the supplier locations. The brand is doing a wage analysis of workers at supplier locations to understand the current wage levels. As a next step, FWF recommends that the brand define a clear approach to work on the topic of Living Wage with their suppliers.

The brand is not a signatory of the Bangladesh Accord on Fire and Building Safety, but in principle only works with factories who are covered by the Accord. Despite this, two of the brand's suppliers (with around 1% FOB) are not covered under the Accord programme. While the monthly assessment of the brand includes visual inspection of the building and availability of fire extinguishers, this is not enough to replace the monitoring of the Accord.

FWF requires that Stanley/Stella ensure credible fire and building safety inspections at all their suppliers in Bangladesh. These inspections must be based on the standards agreed on by Bangladesh's National Tripartite Committee on Fire and Building Safety in the garment industry.

PERFORMANCE CATEGORY OVERVIEW

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

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

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

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

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

1. PURCHASING PRACTICES

| PERFORMANCE INDICATORS | RESULT | RELEVANCE OF INDICATOR | DOCUMENTATION | SCORE | MAX | MIN |
|---|--------|--|--|-------|-----|-----|
| 1.1a Percentage of production volume from production locations where member company buys at least 10% of production capacity. | 19.5% | 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: Stanley/Stella is aware of its leverage at its supplier locations, especially in Bangladesh where the brand's country manager verifies this by calculating the leverage at each supplier by knowing the total volume of production at the factory and comparing that with the brand's overall FOB for the period.

Stanley/Stella's main products, t-shirts, polo's, knitted tops, sweatshirts are produced at eight active production locations in Bangladesh. Being a relatively small brand but working with big factories (shared with other brands) for their core product line, over 19% of their production volume comes from production locations where the brand buys at least 10% of production capacity.

| 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. | 4.6% | FWF provides incentives to clothing brands to consolidate their supplier base, especially at the tail end, as much as possible, and rewards those members who have a small tail end. Shortening the tail end reduces social compliance risks and enhances the impact of efficient use of capital and remediation efforts. | Production location information as provided to FWF. | 3 | 4 | 0 |

Comment: With a vision to be able to work closely with their suppliers, the brand sources from a limited number of countries and a select number of suppliers. The suppliers in Bangladesh make the core products of the brand, making up 99% of their total FOB. At a minimum, these suppliers contribute to 1% of the brand's FOB, individually. One supplier each in Portugal and China makes special category products of the brand (with a FOB of less than 1%).

| 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. | 63% | 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. | 3 | 4 | 0 |

Comment: Stanley/Stella works towards maintaining a long-term business relationship with suppliers and has been working with three of its five core 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. | No | 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. | 0 | 2 | 0 |

Comment: Stanley/Stella had one new supplier in Bangladesh in 2018. The supplier has not signed and returned the Code of Labour Practices before first bulk orders were placed.

Requirement: The brand needs to ensure that all new suppliers sign and return the FWF questionnaire before first orders are placed.

| 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: New supplier scoping for Bangladesh is done by the country manager who is based locally and has extensive knowledge of the sector and factories. When selecting a new factory, the brand has started using an assessment tool which evaluates and scores the supplier based on information regarding production capacity & operation, forecasted importance for Stanley/Stella, financial stability & compliance, production quality and sustainability (certifications, existing audit reports, minimum wages paid, social initiatives and environmental efforts). The concerned department managers score the relevant sections in the tool and approve the factory, if all sections receive at least a score of 4/ 5 then the CEO conducts a final evaluation and approves the supplier. The sustainability manager has also been provided the necessary authority and veto power to have a final say in the selection of the supplier. This tool was used for the first time in 2018 to evaluate the brand's new supplier in Bangladesh.

Recommendation: FWF recommends that the brand define clear scoring criteria in the assessment tool so that each department can score suppliers consistently and the performance can also be evaluated over time. That apart, the collected information and existing audit reports of the supplier can also be used to agree on a corrective action plan (where applicable).

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

Comment: For existing core suppliers in Bangladesh, Stanley/Stella has three ways to evaluate supplier performance on Code of Labour Practices.

1. Stanley/Stella's monitoring system includes a systematic check that is performed during every production cycle. The brand has a nineteen member local team, the quality controllers apart from checking product quality, planning also check working conditions, the results of which are documented in a monthly CSR report that is shared with the country manager. The CSR report includes evaluation information pertaining to working conditions, subcontracting risks, building and fire safety, health & environment risks.
2. The country manager visits all suppliers at least once a month and interacts with CSR/ compliance staff and a few workers at the factory.
3. The country manager also has a meeting with the factory management every month and where applicable, issues pertaining to COLP are discussed and reviewed in this meeting.

That apart, the brand is also working on an online information system, to be able to consolidate and document all information pertaining to each supplier, at one place.

Recommendation: FWF encourages Stanley/Stella to use the captured information on working conditions to develop a periodic evaluation/grading system for suppliers where compliance with labour standards is a criterion for future order placement. Part of the system can be to create an incentive for rewarding suppliers for realised improvements in working conditions. Such a system can show whether and what information is missing per supplier and can include outcomes of audits, trainings and/or complaints.

| 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: The brand mainly deals with never out of stock items and currently uses both historic data to forecast and current stock situation to place orders monthly. The brand shares a six-month outlook with suppliers both in units and raw materials required, to allow suppliers to estimate the business they can expect from the brand and plan accordingly.

The brand agrees on lead times with suppliers through discussion and negotiation based on an understanding of the supplier's capacity, expertise and availability of raw materials. If raw materials are available the lead times are short (7 weeks), this increases to 11 weeks if raw materials are locally available, and 16 weeks if the supplier needs to import raw materials.

In order to deal with demand fluctuations, the brand tries to maintain sufficient stock. In scenarios when the suppliers inform that the order requested cannot be delivered in the required time, the orders are shuffled based on priority and capacity available at the supplier. That apart, the brand also ensures multiple suppliers can make their products.

These efforts of the brand are impacted/ limited due to the below reasons.

1. The suppliers they work with are shared with mostly fashion brands with short lead times and high demand fluctuations.
2. Delays pertaining to raw materials, beyond the control of the supplier and the brand

| 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: FWF audits indicate that excessive overtime remains a common issue in Bangladesh. The suppliers of the brand are also faced with this issue, where the overtime is also not necessarily announced by the factory in advance.

The brand did an analysis of excessive overtime, and concluded the below:

1. It's suppliers are shared with mostly fashion brands with short lead times and high demand fluctuations. This pushes the factory to make last minute changes to adjust production schedules and unplanned overtime.
2. Workers demand overtime to earn additional income.

The brand is already taking some measures to work around limitations and as a first step aims to bring overtime hours below the legally allowed limit. The quality controllers track the overtime hours at each factory, which is then discussed with the supplier during monthly meetings. Apart from overtime hours, the brand also tracks wages and efficiency for their lines of production to be able to do an analysis and further study the impact of the recent change in the minimum wage on overtime.

| 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. | Advanced | 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. | 4 | 4 | 0 |

Comment: Over 90% of Stanley/Stella's FOB is from suppliers where the brand has a direct relationship. Only for small orders, the brand works with an agent in Bangladesh. When the volume increases, the brand starts working directly with the factory.

The brand's relationship with suppliers is built on trust and is consciously working towards mapping out the 'real' costs of their products. For each product, the brand is aware of the cost of raw material, labour minutes and in general, has an understanding of the costs of every department at the factory. The labour costs indicated by the factory where found logical are fixed and are not discussed or negotiated. The brand uses an excel based price simulator to evaluate and arrive at price changes. For example, when the minimum wage went up in Bangladesh the brand already discussed and agreed on a new increased price with their suppliers.

For 2019, the brand aims to focus more on understanding wages, its linkage to their prices and has access to pay slips of workers and is collating this data for analysis.

| 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. | No problems reported/no audits | If a supplier fails to pay minimum wage or minimum wage payments cannot be verified, FWF member companies are expected to hold management of the supplier accountable for respecting local labour law. Payment below minimum wage must be remediated urgently. | Complaint reports, CAPs, additional emails, FWF Audit Reports or additional monitoring visits by a FWF auditor, or other documents that show minimum wage issue is reported/resolved. | N/A | 0 | -2 |

| 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 |

| 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: The code of conduct of Stanley/Stella requires suppliers to pay wages over 50% of the required legal minimum wage. The brand strives to achieve this but has not yet been successful across the majority of workers at the supplier locations. The brand is doing a wage analysis of workers at production locations to understand the current wage levels. The brand is yet to define an approach to work on the topic of Living Wage with their suppliers.

Requirement: Stanley/Stella is expected to take an active role in discussing living wages with its suppliers and should take steps to work towards living wages.

Recommendation: While performing wage analysis, FWF recommends that Stanley/Stella take into account that wages of high-skilled workers may more likely to be above 50% of the minimum wage and the other worker categories like 'helpers' more likely around the minimum wage, and define action points accordingly.

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

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

Requirement: Stanley/Stella should analyse what is needed to increase wages and develop a strategy to finance the costs of wage increases.

Recommendation: FWF recommends that member companies analyse for example what the living wage factor should be, and start thinking about how to finance the costs.

A mix of approaches is possible to finance wage increases. Some examples can be:

1. Supply chain efficiencies: Design, logistical or purchasing efficiencies, operational efficiencies (cost saving project), efficiency projects (marketing efficiencies, operation)
2. Cooperation with other customers at production locations, these efforts only count when it leads to more money being available for wages.
3. Lower margin
4. Increased customer prices

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

| PERFORMANCE INDICATORS | RESULT | RELEVANCE OF INDICATOR | DOCUMENTATION | SCORE | MAX | MIN |
|---|--------|--|---|-------|-----|-----|
| 1.14 Percentage of production volume where the member company pays its share of the target wage | 0% | FWF member companies are challenged to adopt approaches that absorb the extra costs of increasing wages. | Member company's own documentation, evidence of target wage implementation, such as wage reports, factory documentation, communication with factories, etc. | 0 | 3 | 0 |

Comment: The brand is yet to define target wages for its supplier locations.

Requirement: Stanley/Stella is expected to begin setting a target wage for its production locations.

PURCHASING PRACTICES

Possible Points: 47

Earned Points: 27

2. MONITORING AND REMEDIATION

| BASIC MEASUREMENTS | RESULT | COMMENTS |
|---|--|--|
| % of own production under standard monitoring (excluding low-risk countries) | 96% | |
| % of production volume where monitoring requirements for low-risk countries are fulfilled | 0% | To be counted towards the monitoring threshold. FWF low-risk policy should be implemented. See indicator 2.9. (N/A = no production in low risk countries.) |
| Meets monitoring requirements for tail-end production locations. | No | FWF members must meet tail-end monitoring requirements. Implementation will be assessed during next Brand Performance check. |
| Requirement(s) for next performance check | Monitoring requirements need to be fulfilled for low risk countries. | |
| Total of own production under monitoring | 96% | Measured as percentage of production volume (Minimums: 1 year: 40%; 2 years 60%; 3 years+: 80-100%) |

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

Comment: The Sustainability & PR Manager of the brand is designated to 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 FWF teams cannot be used, the member companies' own auditing system must ensure sufficient quality in order for FWF to approve the auditing system. | Information on audit methodology. | N/A | 0 | -1 |

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

Comment: The audit report and corrective action plan are shared in a timely manner with the factory. The sustainability officer (in Bangladesh) follows up on the status and keeps the country manager and sustainability manager (in Brussels) informed of the progress.

| 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 | FWF considers efforts to resolve CAPs to be one of the most important things that member companies can do towards improving working conditions. | CAP-related documentation including status of findings, documentation of remediation and follow up actions taken by member. Reports of quality assessments. Evidence of understanding relevant issues. | 6 | 8 | -2 |

Comment: FWF audited six Bangladesh suppliers of the brand in the period starting January 2017 to December 2018. Key issues found in the audits relate to discrimination, overtime, working conditions, and payment of living wage. The brand actively follows up on CAPs and has made an effort to remediate most CAPs and verify results by collecting evidence and/or checking during supplier visits.

The brand is yet to define a strategy to engage their suppliers on addressing living wage, hence the findings pertaining to living wage still remain open.

Recommendation: FWF recommends that the brand involve worker representatives where applicable and further document efforts in a manner to track good practices to facilitate resolving similar problems in the rest of the supply chain.

| 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. | 97.6% | Formal audits should be augmented by annual visits by member company staff or local representatives. They reinforce to production location managers that member companies are serious about implementing the Code of Labour Practices. | Member companies should document all production location visits with at least the date and name of the visitor. | 4 | 4 | 0 |

Comment: The brand has visited all production locations in Bangladesh.
 For China, the brand has a sourcing officer working part-time who visits the supplier.

| PERFORMANCE INDICATORS | RESULT | RELEVANCE OF INDICATOR | DOCUMENTATION | SCORE | MAX | MIN |
|--|---|---|--|-------|-----|-----|
| 2.6 Existing audit reports from other sources are collected. | No existing reports/all audits by FWF or FWF member company | Existing reports form a basis for understanding the issues and strengths of a supplier, and reduces duplicative work. | Audit reports are on file; evidence of followup on prior CAPs. Reports of quality assessments. | N/A | 3 | 0 |

| PERFORMANCE INDICATORS | RESULT | RELEVANCE OF INDICATOR | DOCUMENTATION | SCORE | MAX | MIN |
|--|--|---|---|-------|-----|-----|
| 2.7 Compliance with FWF risk policies. | Average score depending on the number of applicable policies and results | Aside from regular monitoring and remediation requirements under FWF membership, countries, specific areas within countries or specific product groups may pose specific risks that require additional steps to address and remediate those risks. FWF requires member companies to be aware of those risks and implement policy requirements as prescribed by FWF. | Policy documents, inspection reports, evidence of cooperation with other customers sourcing at the same factories, reports of meetings with suppliers, reports of additional activities and/or attendance lists as mentioned in policy documents. | 3 | 6 | -2 |
| Compliance with FWF enhanced monitoring programme Bangladesh | Intermediate | | | 3 | 6 | -2 |
| Compliance with FWF Myanmar policy | | | | | 6 | -2 |
| Compliance with FWF guidance on abrasive blasting | | | | | 6 | -2 |
| Compliance with FWF guidance on risks related to Turkish garment factories employing Syrian refugees | | | | | 6 | -2 |
| Other risks specific to the member's supply chain are addressed by its monitoring system | Intermediate | | | 3 | 6 | -2 |

Comment: Bangladesh: The brand is not a signatory of the Bangladesh Accord on Fire and Building Safety, but in principle only works with factories who are covered by the Accord. Despite this, two suppliers of the brand, with around 1% FOB, are not covered under the Accord programme. While the monthly assessment of the brand includes visual inspection of the building and availability of fire extinguishers this is not sufficient to replace the monitoring of the Accord.

China: The supplier in China is a tail-end supplier for the brand making one type of product. The brand's part-time Sourcing Manager oversees this supplier's compliance with the brand's quality and sustainability policies. That apart, the supplier has been visited by the brand multiple times over the last three years.

Requirement: FWF requires that members sourcing in Bangladesh ensure credible fire and building safety inspections at all of their suppliers. These inspections must be based on the standards agreed on by Bangladesh's National Tripartite Committee on Fire and Building Safety in the garment industry.

Recommendation: For China, FWF recommends that the brand be aware of country-specific risks pertaining to excessive overtime and Freedom of Association and could plan audits or collect external audit reports to ascertain the level of these risks at the supplier location and plan necessary steps accordingly.

| PERFORMANCE INDICATORS | RESULT | RELEVANCE OF INDICATOR | DOCUMENTATION | SCORE | MAX | MIN |
|--|---|---|--|-------|-----|-----|
| 2.8 Member company cooperates with other FWF member companies in resolving corrective actions at shared suppliers. | No CAPs active, no shared production locations or refusal of other company to cooperate | Cooperation between customers increases leverage and chances of successful outcomes. Cooperation also reduces the chances of a factory having to conduct multiple Corrective Action Plans about the same issue with multiple customers. | Shared CAPs, evidence of cooperation with other customers. | N/A | 2 | -1 |

| PERFORMANCE INDICATORS | RESULT | RELEVANCE OF INDICATOR | DOCUMENTATION | SCORE | MAX | MIN |
|---|--------|---|---|-------|-----|-----|
| 2.9 Percentage of production volume where monitoring requirements for low-risk countries are fulfilled. | 0-49% | Low-risk countries are determined by the presence and proper functioning of institutions which can guarantee compliance with national and international standards and laws. FWF has defined minimum monitoring requirements for production locations in low-risk countries. | Documentation of visits, notification of suppliers of FWF membership; posting of worker information sheets, completed questionnaires. | 1 | 3 | 0 |

Comment: The brand sources from one production location in Portugal, but has not visited the supplier recently.

Requirement: In order for low-risk countries to be counted towards the monitoring threshold, all production sites in these countries must do the following:

- Ensure that information on labour conditions is up to date either by a regular visit and/or a report by a third party;
- Demonstrate that the production site is informed of FWF membership and has returned the completed CoLP questionnaire before production orders are placed;
- Become aware of specific risks identified by FWF. Please see the risk assessment documents on Portugal for reference;
- Demonstrate that the FWF Worker Information Sheet is posted in local languages and languages of migrants where applicable.

| PERFORMANCE INDICATORS | RESULT | RELEVANCE OF INDICATOR | DOCUMENTATION | SCORE | MAX | MIN |
|---|--------|---|--|-------|-----|-----|
| 2.10 Extra bonus indicator: in case FWF member company conducts full audits at tail-end production locations (when the minimum required monitoring threshold is met). | No | FWF encourages its members to monitor 100% of its production locations and rewards those members who conduct full audits above the minimum required monitoring threshold. | Production location information as provided to FWF and recent Audit Reports. | N/A | 2 | 0 |

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

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

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

MONITORING AND REMEDIATION

Possible Points: 25

Earned Points: 18

3. COMPLAINTS HANDLING

| BASIC MEASUREMENTS | RESULT | COMMENTS |
|--|--------|--|
| Number of worker complaints received since last check | 7 | 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 | 3 | |
| Number of worker complaints resolved since last check | 4 | |

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

Comment: The sustainability manager of the brand is designated to follow up on worker complaints.

| 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 FWF Code of Labour Practices and complaints hotline is a first step in alerting workers to their rights. The Worker Information Sheet is a tool to do this and should be visibly posted at all production locations. | Photos by company staff, audit reports, checklists from production location visits, etc. | 2 | 2 | -2 |

Comment: Workers at production locations are informed about the FWF COLP and complaints hotline through the FWF worker information sheets posted in the factories on boards located at the sewing floors.

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

Comment: The brand has not organised training or 'workplace education programme' in the period 2016 - 18.

Requirement: FWF requires members to actively raise awareness about the FWF Code of Labour Practices and FWF complaint hotline. The member should ensure good quality systematic training of workers and management on these topics. To this end, members can either use FWF's Workplace Education Programme (WEP) basic module or implement training related to the FWF CoLP and complaint hotline through service providers or brand staff. FWF's guidance on training quality standards is available on the Member Hub.

| PERFORMANCE INDICATORS | RESULT | RELEVANCE OF INDICATOR | DOCUMENTATION | SCORE | MAX | MIN |
|--|--------|--|--|-------|-----|-----|
| 3.4 All complaints received from production location workers are addressed in accordance with the FWF Complaints Procedure | Yes | Providing access to remedy when problems arise is a key element of responsible supply chain management. Member company involvement is often essential to resolving issues. | Documentation that member company has completed all required steps in the complaints handling process. | 3 | 6 | -2 |

Comment: In total, seven complaints were received from workers in 2018 at two supplier locations on issues pertaining to unauthorized wage deductions and employment termination, physical abuse, sexual harassment. The brand actively followed up with the suppliers and co-operated during the investigation.

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

COMPLAINTS HANDLING

Possible Points: 15

Earned Points: 6

4. TRAINING AND CAPACITY BUILDING

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

Comment: All new staff are invited to attend an 'inspiration day' where the presentation also includes topics and updates pertaining to the brand's approach to CSR and social compliance.

Documentation on FWF membership and other CSR topics is made available to all employees and in case of questions they can reach out to the Sustainability Manager.

| PERFORMANCE INDICATORS | RESULT | RELEVANCE OF INDICATOR | DOCUMENTATION | SCORE | MAX | MIN |
|--|--------|--|---|-------|-----|-----|
| 4.2 All staff in direct contact with suppliers are informed of FWF requirements. | Yes | Sourcing, purchasing and CSR staff at a minimum should possess the knowledge necessary to implement FWF requirements and advocate for change within their organisations. | FWF Seminars or equivalent trainings provided; presentations, curricula, etc. | 2 | 2 | -1 |

Comment: Dedicated sourcing and CSR training is offered to staff (regardless of their position in the company) to understand key CSR concepts (which includes the FWF COLP).

When the brand staff visits a factory, they also fill the basic 'Health & Safety' checklist.

CAPs at all supplier locations are actively tracked, updated and a status summary is maintained in an excel spreadsheet which is shared internally between the brand team at headquarters and Bangladesh liaison office.

| PERFORMANCE INDICATORS | RESULT | RELEVANCE OF INDICATOR | DOCUMENTATION | SCORE | MAX | MIN |
|--|--|--|---|-------|-----|-----|
| 4.3 All sourcing contractors/agents are informed about FWF's Code of Labour Practices. | Member does not use agents/contractors | Agents have the potential to either support or disrupt CoLP implementation. It is the responsibility of member company to ensure agents actively support the implementation of the CoLP. | Correspondence with agents, trainings for agents, FWF audit findings. | N/A | 2 | 0 |

Comment: The member does not rely on agents especially when it comes to working with suppliers on the Code of Labour Practices (COLP). For Bangladesh, even though an agent is used to work with smaller supplier locations, the brand's local team directly engages with factories on COLP.

For China, the brand has a part-time sourcing manager, who scopes for potential new suppliers and ensures compliance with the brand's quality and sustainable policies.

| 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. | 63% | Complex human rights issues such as freedom of association or gender-based violence require more in-depth trainings that support factory-level transformative processes. FWF has developed several modules, however, other (member-led) programmes may also count. | Training reports, FWF's data on factories enrolled in training programmes. For alternative training activities: curriculum, training content, participation and outcomes. | 6 | 6 | 0 |

Comment: Though for the period 2016 -18 no training programmes have been conducted at supplier locations the brand is monitoring the efficiency of the Anti-Harassment Committee (AHC) set-up at three supplier locations in Bangladesh and participates in the follow-up meetings. These efforts of the brand have been considered as an exception for this year and awarded scores accordingly.

Recommendation: FWF recommends members to implement training programmes that support factory-level transformation such as establishing functional internal grievance mechanisms, improving worker-management dialogue and communication skills or addressing gender-based violence. Training assessed under this indicator should go beyond raising awareness and focus on behavioural change and long-term structures to improve working conditions. To this end, members can make use of FWF's Workplace Education Programme communication or violence prevention module or implement advanced training through service providers or brand staff. FWF guidance on good quality training is available on the Member Hub.

| PERFORMANCE INDICATORS | RESULT | RELEVANCE OF INDICATOR | DOCUMENTATION | SCORE | MAX | MIN |
|---|--|---|--|-------|-----|-----|
| 4.5 Degree to which member company follows up after a training programme. | No training programmes have been conducted or member produces solely in low-risk countries | 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. | N/A | 2 | 0 |

Comment: Though for the period 2016 -18 no training programmes have been conducted at supplier locations the brand continues to monitor the efficiency of the Anti-Harassment Committee (AHC) set-up at three supplier locations in Bangladesh and participates in the follow-up meetings.

TRAINING AND CAPACITY BUILDING

Possible Points: 9

Earned Points: 9

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: The brand's policies do not allow sub-contracting. The brand is aware of all its production locations, has a local team in Bangladesh who visits each supplier location regularly and monitors the production during the production cycle to mitigate any risks of unauthorised sub-contracting. For China, the brand has a part-time sourcing manager, who visits the supplier to ensure compliance with the brand's sustainability policies.

| 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: CAPs at all supplier locations are actively tracked, updated and a status summary is maintained in an excel spreadsheet which is shared internally between the brand team at headquarters and Bangladesh liaison office.

That apart, the brand is also working on an online information system, to be able to consolidate and document all information pertaining to each supplier, at one place, accessible by both brand team at headquarters and Bangladesh liaison office.

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 | FWF's communications policy exists to ensure transparency for consumers and stakeholders, and to ensure that member communications about FWF are accurate. Members will be held accountable for their own communications as well as the communications behaviour of 3rd-party retailers, resellers and customers. | FWF membership is communicated on member's website; other communications in line with FWF communications policy. | 2 | 2 | -3 |

Comment: FWF logo and membership are put in a section with the title 'certification' on the website, but FWF is not a certification.

Recommendation: It is recommended that the brand change the title of the section into 'Certificates/membership' or something else, which clarifies this.

| 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 FWF's work and shares best practices with the industry. | Member company publishes one or more of the following on their website: Brand Performance Check, Audit Reports, Supplier List. | 2 | 2 | 0 |

Comment: The brand publishes the social report on the company website which provides information about the suppliers used by the brand.

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

Comment: The brand submitted the social report a day before the performance check and hence could not be reviewed by the brand liaison before the performance check.

Requirement: The social report needs to be submitted and published on the brand's website a maximum of 90 days after the end of the financial year.

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 FWF policies are integrated into the structure of the company. | Meeting minutes, verbal reporting, Powerpoints, etc. | 2 | 2 | 0 |

Comment: The concerned staff and management discuss and evaluate FWF membership. This is currently done more on need/ issue basis.

Recommendation: FWF advises that the brand organise a meeting with management and sourcing staff to discuss the outcomes of this performance check and use those to formulate future plans.

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

EVALUATION

Possible Points: 2

Earned Points: 2

Additional comments on Evaluation:

Stanley/Stella over the years of FWF membership has established good approaches and practices to monitor and follow-up on issues in its supply chain. There have been team changes at both the head office and Bangladesh liaison office in the year 2017 and 2018. FWF recommends that the member implement robust systems to build on and carry forward the efforts.

RECOMMENDATIONS TO FWF

The brand shared the below recommendations:

1. FWF should be more explicit in acknowledging member efforts, especially in the context of media reports
2. FWF systems and processes are complex and difficult to follow

SCORING OVERVIEW

| CATEGORY | EARNED | POSSIBLE |
|--------------------------------|--------|----------|
| Purchasing Practices | 27 | 47 |
| Monitoring and Remediation | 18 | 25 |
| Complaints Handling | 6 | 15 |
| Training and Capacity Building | 9 | 9 |
| Information Management | 7 | 7 |
| Transparency | 6 | 6 |
| Evaluation | 2 | 2 |
| Totals: | 75 | 111 |

BENCHMARKING SCORE (EARNED POINTS DIVIDED BY POSSIBLE POINTS)

68

PERFORMANCE BENCHMARKING CATEGORY

Good

BRAND PERFORMANCE CHECK DETAILS

Date of Brand Performance Check:

30-04-2019

Conducted by:

Supraja Suresh

Interviews with:

Jean Chabert - Managing Director

Bruno Van Sielegem - Sustainability & PR Manager

Stefan Crampton - Head of Planning & Inventory Management

Virginie Junck - Accounting Manager

Jean-Noël Philippot - Operations Manager

Veronika Szalai- Sustainability Officer

Nehal Sharif - Sustainability Officer