



# **Brand Performance Check**

## **Living Crafts GmbH**

**Publication date: March 2023**

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](http://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

## Living Crafts GmbH

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

Member company information	
Headquarters:	Selbitz , Germany
Member since:	2016-01-14
Product types:	Garments, clothing, fashion apparel, sports and activewear
Production in countries where Fair Wear is active:	India, Romania, Tunisia, Turkey
Production in other countries:	Bosnia and Herzegovina, Croatia, Germany, Lithuania, Peru, Serbia
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	80%
Benchmarking score	52
Category	Good

## Summary:

Living Crafts met most of Fair Wear's performance requirements in 2021. The benchmarking score of 52 means that the brand remains in the 'Good category'. Although the monitoring threshold does not determine the category this year, with 80%, Living Crafts has fulfilled the monitoring requirements at its suppliers.

## **Corona Addendum:**

Despite the challenges of COVID-19, Living Crafts had a positive turnover again. Since the brand also sells its products in supermarkets, it was not as affected by the closure of retail shops at the beginning of 2021. The brand's employees were not on furlough.

Living Crafts did not show a systematic approach in its risk assessment, and also not related to the impact of COVID-19 on its suppliers. Living Crafts has not explicitly discussed the impact of increased costs for suppliers related to COVID-19. At the same time, suppliers have not requested financial support from the brand to cover these costs.

Throughout the pandemic, Living Crafts focused more on its main production countries, India and Turkey, conducted desk research about the country-specific situation, reached out to suppliers via emails, and conducted regular meetings.

Fair Wear expects Living Crafts to act more on identified risks, take a more significant role in the CAP follow-up, and improve its living wage approach.

## 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.	33%	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.	2	4	0

**Comment:** Living Crafts has a relatively wide product range of high-quality natural textiles, and these are NOS products or seasonal collections. The member sources from suppliers where it buys at least 10% of production capacity that together produce 33% of the member's total order volume in 2021. This is a decrease of 18% in comparison to the previous financial year.

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.	6%	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:** Living Crafts sources from suppliers where it buys less than 2% of production capacity that together produce for 6% of the member's total order volume. The percentage has been the same since the previous financial year.

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.	87%	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:** Living Crafts works towards maintaining a long-term business relationship with suppliers. 87% of the member's total order volume is placed at suppliers where there has been a business relationship of at least five years. This is a significant improvement of 20% since the previous check.

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:** Living Crafts onboarded one new supplier from Germany in 2021 and collected the questionnaire with the Code of Labour Practices, but the signature was missing. Of the existing questionnaires, six questionnaires were not signed.

**Requirement:** Living Crafts GmbH needs to ensure that new production locations sign and return the questionnaire before the 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.	Intermediate	Due diligence helps to identify, prevent and mitigate potential human rights problems at suppliers.	Documentation may include pre-audits, existing audits, other types of risk assessments.	2	4	0

**Comment:** When more capacity or new capacity is needed, Living Crafts first checks if the current suppliers can take on the new orders and tasks. If this is not the case, the brand will investigate new suppliers. Part of the selection process is a check whether the suppliers are known already through FW, GOTS or personal recommendation. If it's available, existing audit reports will be collected prior. Living Crafts sends an introductory email by presenting its company and adding the Fair Wear questionnaire. To receive more background information, Living Crafts checks the supplier's website, looks at the country study in case of a new country, different campaigns from NGOs and the green button website. Besides, the member generally aims to visit all new production locations beforehand. The brand is aware that its supply chain has to be consolidated but is challenged due to its broad assortment of many products. In 2021 one new supplier was added from Germany, an existing production country of Living Crafts. The member could not visit the new factory, and the factory did not sign the Fair Wear questionnaire. The labour conditions greatly influence the decision-making of Living Crafts. The CEO and the Head of Purchasing & CSR have the final say on whether a potential new supplier is added.

During the second year of COVID-19, Living Crafts was in regular exchange with its suppliers. The brand shared the information provided by Fair Wear and other helpful information with its suppliers (e.g. the Fair Wear Covid-19 Health & Safety Measures Checklist). The member was challenged to verify the given supplier information. The member could not visit the factories and did not conduct a virtual factory tour. Besides, the brand did not cancel orders and accepted a lot of delays due to cotton delays and transportation issues. In 2021 Living Crafts only monitored the effects of COVID-19 on its suppliers situationally but not systematically as in the previous year.

**Recommendation:** The COVID-19 risk assessment should include country-specific information regarding the lockdown and supplier-specific information regarding its financial impact. It should link the changes in the member's purchasing practices to its impact on suppliers. This risk assessment should serve as the basis for dialogue between the member and supplier.

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:** Living Crafts developed a monitoring system and continuously worked on its improvement. Different departments in this system can score each supplier on performance, from product development, buying, CSR and quality. This cross-department evaluation makes it easier to discuss the suppliers' performance objectively. The CSR/Head of Buying is responsible for this scoring system. A rating of the different labour practises is not included in the list, and the suppliers get a general rating about its Fair Wear compliance instead. The list is reviewed when the collection process starts, and the suppliers with good performance are prioritised in the order placement. The evaluation is usually shared with suppliers in meetings and not just via email to avoid misunderstanding. Due to COVID-19, these meetings did not take place.

To review its performance as a client, Living Crafts reached out to its suppliers and asked them to rate it. The suppliers were asked to evaluate topics such as communication and payment.

Living Crafts stopped working with two factories in Peru due to a specific product not being of interest to customers anymore and with one factory in Tunesia and its connected washing facility due to quality and delivery issues. The member could show sufficient exit communication with the suppliers.

**Recommendation:** Fair Wear encourages Living Crafts to implement a responsible exit strategy and ensure all relevant staff is informed about this. Please look at Fair Wear's guidelines on a responsible exit strategy. Furthermore, Fair Wear recommends that the member considers evaluating against specific criteria (follow-up on CAPs, transparency, etc.).

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

**Comment:** Living Crafts is a stock-service supplier, and its products are not produced for customer orders but are available for direct orders. Based on its business model, the brand has well-developed internal planning to minimise the risk of overproduction. Forecasts are only made with realistic volumes, and most requested samples are eventually ordered.

Living Crafts offers NOS items, some of which have existed for several years. The suppliers have an overview of all NOS items, which helps them to plan their capacities and the needed raw materials in advance. The NOS items are more flexible and can be placed throughout the year, supporting a more balanced order volume at its suppliers. Changes in design or order volume, which impacts changes in colour, size, or labels, happen rarely. In 2021, sales of the NOS items accounted for 50% of the annual turnover.

The brand also produces two seasonal collections and discusses lead times and capacities with its suppliers before placing orders. In case of high order volumes, Living Crafts places an order one year in advance. The production planning for its seasonal products can be more systematic to avoid ad hoc decisions that might lead to overtime.

During COVID-19, Living Crafts accepted delays from its suppliers and postponed promotional advertising in exchange with the customer to extend delivery times. The risk of overtime after lockdowns was relatively high in the garment industry due to reduced capacities; the brand did not follow up with its suppliers specifically about this.

**Recommendation:** Fair Wear recommends Living Crafts to expand its knowledge of the production capacity of its suppliers. To do that, Living Crafts is encouraged to learn more about the standard minute per style and how its products' production impacts the factory's total production capacity.

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

**Comment:** In 2021, two Fair Wear audits were conducted at suppliers from Turkey and India.

The audit at the Turkish supplier could verify that the former finding of conducted but not documented overtime hours was improved. The working hours, regular wage and overtime payments of the workers are consistent with the data obtained from the document review, production records and worker interviews.

The audit at the Indian supplier indicated excessive overtime by exceeding the legal limit of the total working time per week, but not over 60 hours. As the audit was conducted at the end of 2021, a detailed follow-up on the remediation will be done during the next performance check. Besides, the audit could verify that the former finding of conducted but not documented overtime hours was improved. Time records were available for all workers.

While its business model and the placement of orders throughout the year support reasonable working hours, Living Crafts did not apply a more systematic approach to analyse root causes at its suppliers yet. Furthermore, the brand did not conduct a systematic analysis during the year regarding overtime caused by COVID-19.

**Recommendation:** Besides discussing it with the supplier and assessing root causes, Fair Wear strongly recommends that Living Crafts actively takes measures when excessive overtime is found. Taking measures to ensure that Living Crafts knows and shows whether excessive overtime takes place at a supplier is key in resolving the issue. Measures such as regular checks by the local technician, document checking and interviewing workers help assess whether excessive overtime takes place.

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.	Insufficient	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.	0	4	0

**Comment:** In 2021, Living Crafts informed some suppliers about the Fair Wear labour minutes calculating tool but had yet to receive any information back. Living Crafts does not know how many minutes are needed to produce its different products and does not work with open costing with its suppliers. As this topic is quite complicated and sensitive, Living Crafts planned to discuss the topic of living wages with its main suppliers in a personal meeting. Due to COVID-19, priorities were shifted, and the topic had to be postponed once visits were possible again. Furthermore, Living Crafts sent a general CSR survey to its suppliers asking for the wage levels in 2021. The member did not check if the wage levels were correct.

In light of COVID-19, Fair Wear expects more engagement. There were no conversations with suppliers about the added costs that would potentially follow when implementing the additional occupational health & safety (OHS) measures. Fair Wear expects its members to know at least how COVID-19 restrictions, OHS measures, and other factors would have affected production prices and how they would link to workers' wages. This would be one way of knowing if a potential adjustment in its buying prices should at least be discussed.

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

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:** Through its supplier surveys, Living Crafts specifically asked its suppliers beginning of 2022 if wages were paid in 2021 when workers had to quarantine and during lockdowns. Around 80% of the member's suppliers responded. The member trusted the suppliers' feedback that wages were paid and did not ask in time during the lockdowns for proofs like payslips to ensure minimum wages were paid. In the audits, no failure to pay legal minimum wages during lockdowns was found. Living Crafts was also during the year in regular contact with its suppliers.

**Recommendation:** In the context of COVID-19, the member is encouraged to analyse the risks related to non-payment of minimum wage in its sourcing countries and connect the risk (for example, long-term factory closure in a country) to its suppliers. When suppliers indicate no problem in paying legal minimum wages in a high-risk area, the member is expected to request evidence of wages paid.

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:** Living Crafts has kept all payment terms the same for the suppliers and made sure the suppliers were paid on time, just as before the pandemic. The member could demonstrate a sample of payments made within the agreed payment term, showing evidence such as invoices and bank transfer dates.

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

**Comment:** In general, Living Crafts shared that it did not expand its approach to discussing living wages as initially planned, as COVID-19 shifted the already limited capacities to other priority topics. However, due to COVID-19, Living Crafts included questions related to wages in its supplier surveys to understand how wages are paid during quarantine and factory closures. The member did not respond to root causes and current risks sufficiently. The brand acknowledges the payment of living wages as an important topic throughout its supply chain and is aware that its suppliers do not pay living wages. The complexity of this topic makes it difficult for the brand to move this topic further.

**Requirement:** Living Crafts GmbH must assess the root causes of wages that are lower than living wages, taking into account the leverage and effect of its pricing policy. Living Crafts GmbH is expected to take an active role in discussing living wages with its suppliers. The Fair Wear wage ladder can be used to implement living wages and to document, monitor, negotiate and evaluate the improvements at its suppliers.

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	6	0

**Comment:** In 2021 Living Crafts has not determined and financed wage increases.

**Requirement:** Living Crafts should analyse what is needed to increase wages and develop a strategy to finance the costs of wage increases.

Performance indicators	Result	Relevance of Indicator	Documentation	Score	Max	Min
1.14 Percentage of production volume where the member company pays its share of the target wage.	0%	Fair Wear member companies are challenged to adopt approaches that absorb the extra costs of increasing wages.	Member company's own documentation, evidence of target wage implementation, such as wage reports, factory documentation, communication with factories, etc.	0	6	0

**Comment:** Living Crafts has not yet agreed on target wages with suppliers.

**Recommendation:** Living Crafts is expected to begin setting a target wage for its suppliers based on its analysis and financing strategy.

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## Purchasing Practices

**Possible Points: 52**

**Earned Points: 18**

## 2. Monitoring and Remediation

Basic measurements	Result	Comments
% of production volume where an audit took place.	67%	
% of production volume where monitoring requirements for low-risk countries are fulfilled.	13%	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.	No (implementation will be assessed next performance check)	FWF members must meet tail-end monitoring requirements. Implementation will be assessed during next Brand Performance check.
Requirement(s) for next performance check		
Total monitoring threshold:	80%	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 Head of Purchasing/CSR is responsible for following 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:** Audit reports and Corrective Action Plans (CAPs) findings are shared on time with factory management. Living Crafts prioritises the CAP findings in terms of follow-up and plans to work on a CAP within a month. For now, worker representation is not directly involved, but the brand has started to collect contact information from worker representatives from its suppliers.

**Recommendation:** Before an audit takes place, Living Crafts is recommended to check with the supplier whether worker representatives are active. This way, they can be involved from the start of an audit and invited to the audit opening and exit meeting. Including workers when following up on audit reports gives them the opportunity to be informed of issues in the factory and have a voice in the prioritization of issues.

Performance indicators	Result	Relevance of Indicator	Documentation	Score	Max	Min
2.4 Degree of progress towards resolution of existing Corrective Action Plans and remediation of identified problems.	Basic	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.	4	8	-2

**Comment:** The Head of Purchasing/CSR is responsible for monitoring the follow-up of the Corrective Action Plans and keeps track of progress inside the CAP documents. CAP findings are prioritised, and the different findings' status is discussed with suppliers via email and generally during on-site visits. As visits were not possible due to COVID-19, the follow-up was conducted purely online. The follow-up is mainly one-sided and focuses on requesting the CAP status from suppliers; Living Crafts is not actively involved in the remediation of findings like health & safety issues, discrimination, and excessive overtime. Based on limited capacities, findings from external audits are not monitored.

Four Fair Wear audits were conducted in 2021. Living Crafts is actively cooperating with other Fair Wear members regarding implementing the CAPs. Living Crafts is in regular contact with the other brand; they discuss urgent issues and strategies and are looped-in in email conversations. About one CAP Living Crafts is not informed.

While Living Crafts put effort into assessing COVID-19-related risks through its supplier survey, no systematic approach was taken to verify the shared information. The brand manoeuvred through 2021 somewhat ad hoc. While Living Crafts received from some suppliers extensive presentations with pictures that show how health and safety measures were implemented, others only shared information in written form via emails or supplier surveys.

**Recommendation:** Fair Wear advises Living Crafts to continue strengthening its system to keep track of findings across all its suppliers and analyse how the brand might have contributed to findings and what changes it can make in its purchasing practices. For instance, Living Crafts could create a master file for all suppliers in which suppliers and CAPs findings are prioritised, and the status of findings and actions are documented.

Performance indicators	Result	Relevance of Indicator	Documentation	Score	Max	Min
2.5 Percentage of production volume from production locations that have been visited by the member company in the previous financial year.	not applicable	Due to the Covid-19 pandemic, brands could often not visit their suppliers from March - December 2020. For consistency purposes, we therefore decided to score all our member brands N/A on visiting suppliers over the year 2020.	Member companies should document all production location visits with at least the date and name of the visitor.	N/A	4	0

**Comment:** As travel was restricted due to the COVID-19 pandemic, this indicator is not applicable in 2021.

Performance indicators	Result	Relevance of Indicator	Documentation	Score	Max	Min
2.6 Existing audit reports from other sources are collected.	Yes	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.	1	3	0

**Comment:** Living Crafts has collected external audit reports. The quality was not assessed thoroughly, and the audits were not included in the brand's monitoring system.

**Recommendation:** Existing reports form a basis for understanding the issues and strengths of a supplier and reduce double work. Existing audits can be counted towards the monitoring threshold if the quality of the report is assessed using the Fair Wear audit quality tool and corrective actions are implemented.

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

**Comment:** Living Crafts is overall aware of the risks in its production countries.

## TURKEY

Living Crafts sources from five different Turkish suppliers and is aware of the risks related to employing Syrian refugees and unauthorised subcontracting. All Turkish suppliers are audited. The suppliers are GOTS certified, meaning the subcontractors must also meet the GOTS standards. Living Crafts discussed the Fair Wear requirements regarding Syrian refugees with all its suppliers. In the meeting, it was shared that two refugees are currently employed. Living Crafts cooperates at two suppliers with other Fair Wear members. Through the efforts taken by the other brand to remediate the CAP, Living Crafts could verify that the employed Syrian workers have a work permit. At the same supplier, one Syrian worker is a worker representative to promote Syrian representation. While this supplier has good systems in place, Living Crafts needs to address this risk more systematically to be better informed about the situation at all of its suppliers.

## OTHER COUNTRIES

### INDIA

Living Crafts is aware of gender-based violence in India. The brand is not informed if anti-harassment committees are established and functioning and has not taken specific action to address the risk of gender-based violence.

### BOSNIA, PERU, ROMANIA, SERBIA, TUNISIA

The member did not follow up on risks systematically for these countries, which account for 12% of Living Crafts' purchasing volume.

### COVID-19

At the end of 2021, Living Crafts sent a survey on the impact of COVID-19 (e.g. if there were wage losses). Regarding COVID-19, there was no systematic follow-up, but the brand partially verified whether suppliers implemented health and safety measures, either by pictures or through exchange with other Fair Wear members. The brand prioritised its two main production countries, India and Turkey. Living Craft contacted its suppliers via email and invited them to meetings. The overall message the brand received was that its suppliers did not need financial support. The Fair Wear Worker Information videos were not shared with factories. Fair Wear has concluded that Living Crafts's efforts in managing and remediating risks related to COVID-19 could have been more systematic and thorough.

**Recommendation:** The member is encouraged to verify systematically the information that came up through the audits and surveys. Fair Wear recommends that Living Crafts explore the option of working with a local consultant in its main production countries, India and Turkey, to verify the information and support suppliers in the remediation of found issues. Besides, Fair Wear advises continuing remediation of COVID-19-related issues especially checking payment of wages.

For Turkey, Fair Wear advises developing a policy for migrant workers and enrolling the suppliers in training focused on communication. For India, Living Crafts should follow up if the anti-harassment committees are working correctly and consider enrolling the factories in training addressing gender-based violence.

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:** At several suppliers, Living Crafts is aware of other Fair Wear members, and they inform each other about labour conditions. In 2021, the brand had active cooperation with two Fair Wear members.

**Recommendation:** Fair Wear recommends Living Crafts to document the status of joint follow-up actions. Even though one brand commonly takes the lead, it is important to be kept informed of the status in order to be aware of required implementation steps before communication with or visits to the factory.

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.	79%	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 (0)

**Comment:** Living Crafts has fulfilled all monitoring requirements for 79% of the total production volume placed in low-risk countries. The brand sources from Germany, Croatia, and Lithuania.

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

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

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

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

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## Monitoring and Remediation

**Possible Points: 26**

**Earned Points: 16**

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### 3. Complaints Handling

Basic measurements	Result	Comments
Number of worker complaints received since last check.	1	At this point, FWF considers a high number of complaints as a positive indicator, as it shows that workers are aware of and making use of the complaints system.
Number of worker complaints in process of being resolved.	0	
Number of worker complaints resolved since last check.	1	

Performance indicators	Result	Relevance of Indicator	Documentation	Score	Max	Min
3.1 A specific employee has been designated to address worker complaints.	Yes	Followup is a serious part of 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 Head of Purchasing/CSR is responsible for resolving worker complaints. The Managing Director supports resolving 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 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:** Through on-site visits, Living Crafts checks whether the Worker Information Sheet is posted. It also asks suppliers to send pictures of the posted Worker Information Sheet.

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.	All production in low-risk countries/training not possible	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.	N/A	6	0

**Comment:** Because of travel restrictions in 2021 that limited the possibility of conducting training, this indicator is not applicable in 2021.

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:** Living Crafts received one complaint in 2021 from a factory located in Romania. According to the complainant, forced overtime occurred at the factory. The complainant stated that there is pressure for workers to accept overtime on Saturdays and that the supervisors sometimes temporarily change their jobs to cause workers not to make their quota. Living Crafts reached out to two other Fair Wear members active in this factory and had a joint video call with the factory to discuss a remediation plan. An internal overtime policy was set up in the factory. Eventually, the complainant confirmed that there had been no further perceived pressure to do overtime and verbal harassment. This case was considered resolved.

**Recommendation:** It is recommended to uncover the root causes of complaints and prevent them from recurring. When appropriate, the investigation includes incidents at other factories.

Performance indicators	Result	Relevance of Indicator	Documentation	Score	Max	Min
3.5 Cooperation with other customers in addressing worker complaints at shared suppliers.	Active cooperation	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.	2	2	0

**Comment:** Living Crafts cooperated actively with other customers to resolve worker complaints at shared suppliers.

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## Complaints Handling

**Possible Points: 11**

**Earned Points: 8**

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## 4. Training and Capacity Building

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

**Comment:** Living Crafts discusses internally Fair Wear membership and all related updates. In the annual staff meeting, Living Crafts shares highlights with the entire company, staff in direct contact with suppliers discuss Fair Wear-related topics in regular meetings, and new employees receive an introduction presentation about CSR-related issues.

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

**Comment:** The Managing Director and Head of Purchasing/CSR are staff in direct contact with suppliers who are also working on the Fair Wear membership requirements.

Performance indicators	Result	Relevance of Indicator	Documentation	Score	Max	Min
4.3 All sourcing contractors/agents are informed about FWF's Code of Labour Practices.	Yes	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.	1	2	0

**Comment:** Living Crafts works with agents in different countries. The agents have been given an orientation on the Fair Wear Code of Labour Practices on a fundamental level and support these.

**Recommendation:** In case Living Crafts GmbH delegates CAP follow-up and monitoring to agents, it should inform them about the FW COVID-19 guidance and ensure agents are enabled to monitor the impact of COVID-19 on suppliers.

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.	All production in low-risk countries/training not possible	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.	N/A	6	0

**Comment:** Because of travel restrictions in 2021 that limited the possibility of conducting training, this indicator is not applicable in 2021. In 2021, Workplace Education training on factory dialogue was conducted at one supplier in Turkey, accounting for 5% of the production volume.

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:** Living Crafts did not follow up actively with its supplier upon those training modules, as the responsible employee did not have sufficient capacity in 2021.

**Requirement:** Fair Wear requires Living Crafts to discuss the outcome of advanced training with its supplier and agree on the next steps, such as regular dialogue or committee meetings.

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## **Training and Capacity Building**

**Possible Points: 7**

**Earned Points: 4**

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## 5. Information Management

Performance indicators	Result	Relevance of Indicator	Documentation	Score	Max	Min
5.1 Level of effort to identify all production locations.	Intermediate	Any improvements to supply chains require member companies to first know all of their production locations.	Supplier information provided by member company. Financial records of previous financial year. Documented efforts by member company to update supplier information from its monitoring activities.	3	6	-2

**Comment:** Living Crafts knows all its production locations with whom it has a direct relationship or through an agent. Living Crafts has a policy that requires transparency and disclosures from suppliers on subcontracting and checks this during its factory visits. According to this policy, no subcontracting is allowed without the approval of the brand.

**Recommendation:** Fair Wear recommends Living Crafts to integrate systematic periodical checks with its agents to determine whether all known production locations are still up to date and use the information coming from questionnaires to update supplier data, including subcontractors.

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:** Living Crafts is a small organisation that shares information efficiently and quickly. The Head of Purchasing/CSR regularly updates the Managing Director and staff from the design department about working conditions at production locations. CAP(s) and audit reports are available for most staff members.

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## Information Management

**Possible Points: 7**

**Earned Points: 4**

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## 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:** Living Crafts communicates about Fair Wear and its Fair Wear membership on its website and on printed brochures shared with customers. Furthermore, Living Crafts always mentions Fair Wear in its sales conversations.

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:** Living Crafts discloses most of its suppliers to other Fair Wear members and on the Fair Wear website. The brand published its brand performance check report and signed the Transparency Pledge.

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:** Living Crafts shared its social report with Fair Wear and posted it on its website.

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## **Transparency**

**Possible Points: 6**

**Earned Points: 6**

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## 7. Evaluation

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

**Comment:** The Director and head of Purchasing/CSR are actively involved with Living Crafts' Fair Wear membership and evaluate the membership in the annual meetings and during daily work processes. The member uses the Brand Performance Check report and the Fair Wear Workplan to set priorities, as well as for input to the sourcing strategy.

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.	10%	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.	2	4	-2

**Comment:** Living Crafts received two requirements from the previous performance check. Very little was done for 1.8 and 4.5.

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

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## Evaluation

**Possible Points: 6**

**Earned Points: 4**

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## Recommendations to Fair Wear

It would be good if CAPs were digital. More accessible systems like FairForce.

## Scoring Overview

Category	Earned	Possible
Purchasing Practices	18	52
Monitoring and Remediation	16	26
Complaints Handling	8	11
Training and Capacity Building	4	7
Information Management	4	7
Transparency	6	6
Evaluation	4	6
Totals:	60	115

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

52

### Performance Benchmarking Category

Good

## Brand Performance Check details

Date of Brand Performance Check:

08-11-2022

Conducted by:

Adele Kolos

Interviews with:

Frank Schell (CEO)

Ulrike Andersson (Head of Purchasing / CSR)

Ulrich Küppers (Head of product)

Birgit Färber (Purchasing)

Kai Willrich (Teamlead Clients - Finance)

Martina Götz (Accounting Clerk)

Benjamin Brendel (Marketing)