



Brand Performance Check

HAKRO GmbH

This report covers the evaluation period 01-01-2023 to 31-12-2023

About the Brand Performance Check

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

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

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

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

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

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

Scoring overview

Total score: 138

Possible score: 198

Benchmarking Score: 70

Performance Benchmarking Category: Leader



Foundational system's criteria

100%



Sourcing strategy

82%



Identifying continuous human rights risks

87%



Responsible purchasing practices

85%



Quality and coherence of prevention and remediation system

47%



Improvement and prevention

57%



Communication, transparency and evaluation

73%

Summary:

HAKRO GmbH (HAKRO) has shown advanced results on performance indicators and has made exceptional progress. With a total benchmarking score of 70, the member is placed in the Leader category.

HAKRO's sourcing strategy includes aspects of HRDD management as per their integrated management approach, considers the impact of working conditions, entails responsible purchasing practices as per the Common Framework for Responsible Purchasing Practices (CFRPP), and includes a plan to increase influence on suppliers by cooperating with other buyers.

HAKRO has a comprehensive approach to conducting risk scoping on all risk factors (country, sector, business model, sourcing model and product level risks) and conducting risk assessments for all its suppliers. The factory risk assessments include all risks identified through monitoring outcomes. HAKRO has mapped the risks to freedom of association (FoA) in all its sourcing countries and can explain the main risks per country, including the risks to women workers (to some extent). The member has supplier-level monitoring in place to assess and understand the risk at suppliers. Additionally, HAKRO collects gender data from each factory and is working on expanding the range of data collected and improving how it is analysed to support the remediation or prevention steps. In its risk scoping and assessment, the member has correctly assessed the impact and prevalence of the risks.

HAKRO takes a collaborative approach to production planning. In the last financial year, the brand focused on placing its orders 6-10 months ahead, resulting in even longer lead times and allowing more time for suppliers to produce the orders.

Moreover, HAKRO's Living Wage Strategy from 2023 sets a target of paying a living wage in its supply chain by 2030 and is piloting it at its Pakistani supplier. HAKRO is piloting fact-based costing and factory onsite assessment reports to ensure its prices support the payment of a living wage estimate or CBA at suppliers responsible for less than 1% of HAKRO's FOB.

In 2023, Fair Wear implemented a new performance check methodology aligned with the OECD guidelines on HRDD. This new methodology raises the bar and includes some new indicators, which may result in a lower score for member brands. Because of this transition, Fair Wear temporarily lowered the scoring threshold.

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.

Company Profile HAKRO GmbH

Member company information

Member since: 1 Jan 2021

Product types: Workwear and Outdoorwear

Percentage of turnover of external brands resold 0%

FLA Member No

Member of other MSI's/Organisations International Accord - Bangladesh,

Other Initiatives

Number of complaints received last financial year 0

Basic requirements

Definitive production location data has been submitted for the financial year under review? Yes

Work Plan and projected production location data have been submitted for the current financial year? Yes

Production countries, including number of production locations and total production volume.

Production Country	Number of production locations	Percentage of production volume
Türkiye	2	35.3%
Lao People's Democratic Republic	2	23.29%
Bangladesh	1	14.07%
Cambodia	1	8.51%
Bulgaria	1	7.78%
Republic of Moldova	1	7.41%
China	4	3.55%
Germany	2	0.07%
Pakistan	1	0.02%

Layer 1 Foundational system's criteria

Possible Points: 8

Earned Points: 8

1.1 Member company has a publicly shared Human Rights Due Diligence policy that has been adopted by top management.: [Yes](#)

Comment: [HAKRO has a solid Human Rights Due Diligence policy in place.](#)

1.2 All member company staff are made aware of Fair Wear's membership requirements, in particular the Fair Wear's HRDD policy and Fair Wear's Code of Labour Practices.: [Yes](#)

1.3 All staff who have direct contact with suppliers are trained to support the implementation of Fair Wear requirements, in particular the Fair Wear's HRDD policy and Fair Wear's Code of Labour Practices.: [Yes](#)

1.4 A specific staff person(s) is designated to follow up on problems identified by the monitoring system, including complaints handling. The staff person(s) must have the necessary competence, knowledge, experience, and resources.: [Yes](#)

1.5 Member company has a system in place to identify all production locations, including a policy for unauthorised subcontracting.: [Yes](#)

1.6 Member company discloses internally through Fair Wear's information management system, in line with Fair Wear's Transparency Policy.: [Yes](#)

Comment: [HAKRO discloses 82% of production locations internally through Fair Wear's information management system.](#)

1.7 Member company discloses externally on Fair Wear's transparency portal, in line with Fair Wear's Transparency Policy.: Yes

Comment: HAKRO discloses 82% of production locations internally through Fair Wear's information management system.

1.8 Member complies with the basic requirements of Fair Wear's communication policy.: Yes

Layer 2 Human rights due diligence, including sourcing strategy and responsible purchasing practices.

Possible Points: 90

Earned Points: 76

Indicators on Sourcing strategy

Performance indicators	Result	Relevance of indicator	Documentation	Score	Max	Min
2.1 Member company's sourcing strategy is focused on increasing influence to meaningfully and effectively improve working conditions.	Advanced	Fair Wear expects members to adjust their sourcing strategy to increase their influence over working conditions. Members should aim to keep the number of production locations at a level that allows for the effective implementation of responsible business practices.	Strategy document; consolidation plans, examples of implementation.	6	6	0

Comment: HAKRO has a written sourcing strategy that addresses the impact of working conditions. It has significant leverage with most of its suppliers, which places a high responsibility on the brand as suppliers are highly dependent on the brand. For two suppliers, the member brand is the only customer. The member brand included a plan to increase influence at suppliers by cooperating with other buyers in its sourcing strategy. As HAKRO is not sharing any factory with other Fair Wear members, they started the discussion with other brands sourcing from Bangladesh and Türkiye, whose cooperation still needs to be established and further developed.

HAKRO has consolidated its supply chain to the extent that if capacity is unavailable from an existing supplier, and only in emergencies, they switch the production to another factory within the same company, which owns multiple factories. The member brand rarely adds new production partners or new factories of its existing partners. Still, in 2023, it onboarded three suppliers from Pakistan (1) and Germany (2) and cancelled onboarding processes for the sample production with two factories.

HAKRO has 15 active suppliers. 91,49% of the production volume comes from suppliers, where the member has at least 10% leverage with suppliers. 2.52% of the production volume comes from suppliers, whereas HAKRO buys less than 2% of its FOB.

Performance indicators	Result	Relevance of indicator	Documentation	Score	Max	Min
2.2 Member company's sourcing strategy is focused on building long-term relationships.	Intermediate	Stable business relationships underpin the implementation of the Code of Labour Practices and give factories a reason to invest in improving working conditions.	Strategy documents; % of FOB from suppliers where a business relationship has existed for more than five years; Examples of contracts outlining a commitment to long-term relationship; Evidence of shared forecasting.	4	6	0

Comment: HAKRO's sourcing strategy focuses on maintaining long-term relationships, and the member brand has had long-term relationships with most of its suppliers. 90% of the member's FOB volume comes from suppliers with whom HAKRO has had a business relationship for at least five years. The member introduced written long-term purchasing contracts and signed the first contract with the latest supplier from Pakistan. HAKRO expects to sign the contracts with the remaining suppliers by the end of 2024 as they provide feedback on HAKRO's draft contract. All suppliers sign the HAKRO's Corporate compass, also annexed to each contract.

Recommendation: Fair Wear recommends HAKRO to commit to long-term contracts with all its suppliers.

Performance indicators	Result	Relevance of indicator	Documentation	Score	Max	Min
2.3 Member company conducts a risk scoping exercise as part of its sourcing strategy.	Advanced	Human rights due diligence, according to the OECD guidelines, requires companies to undertake a scoping exercise to identify and mitigate potential human rights risks in supply chains of potential business partners.	HRDD policy; Sourcing strategy linked to results of scoping exercise; HRDD processes, including specific responsibilities of different departments; Use of country studies; Analysis of business and sourcing model risks; Use of licensees and/or design collaborations.	6	6	-2

Comment: HAKRO conducts systematic risk scoping based on the OECD Due Diligence Guidance. Risk scoping is carried out for its Tier 1 partners and covers country, sector, business model, sourcing model and product level as part of the risk scoping. In its risk scoping, the member has assessed the impact and prevalence of all risks. The rating for each risk includes aggravating factors, and the severity is assessed using traffic light colours. The risk assessment is comprehensive; it is updated regularly upon receipt of new audit results, on-site visits, and the receipt of grievances or other information. It is thoroughly reviewed at least once a year.

HAKRO sources in China and has included the high risk of forced labour and the lack of freedom of association in its risk scoping, addressing these issues through enhanced monitoring and compliance measures. As a result, the onboarding of new suppliers was not initiated. The risk scoping has a limited gender lens across all risks (eight standards of CoLP), but the risks of sexual harassment, gender-based violence, and equal pay are included.

According to HAKRO's sourcing policy, risk analysis can directly or indirectly influence its purchasing strategy. The member can adjust its sourcing strategy based on the risk scoping when onboarding a new supplier with its existing suppliers. The member added a new supplier in Pakistan and conducted the risk assessment. Information was gathered from the audit, the partner supplier, the country study, and the NGOs.

Recommendation: Fair Wear strongly recommends HAKRO to privilege countries where workers can freely form or join a trade union and/or bargain collectively and make this explicit in its sourcing strategy.

Performance indicators	Result	Relevance of indicator	Documentation	Score	Max	Min
2.4 Member company engages in dialogue with factory management about Fair Wear membership requirements before finalising the first purchase order.	Advanced	Sourcing dialogues aim to increase transparency between the member and the potential supplier, which can benefit improvements efforts going forward.	Process outline to select new factories; Material used in sourcing dialogue; Documents for sharing commitment towards social compliance; Meeting reports; On-site visits; Reviews of suppliers' policies.	4	4	0

Comment: HAKRO has a standard process to inform new suppliers about Fair Wear membership by sharing, discussing and signing the Code of Labour Practices (CoLP), sharing all relevant policies included in the HAKRO Corporate Compass, and sharing and asking the factory to post the Worker Information Sheet (WIS). HAKRO Corporate Compass includes Integrated Sustainability Business Strategy 2022-2030, Key Objectives 2022-2030, and Code of Conduct. The brand is continuously in dialogue with its suppliers about Fair Wear requirements and how they can work together to implement them. However, the member brand recognises that some suppliers find the Fair Wear requirements very demanding or need to learn about Fair Wear actions. Therefore, the member brand should ensure that these suppliers clearly understand the Fair Wear requirements. These suppliers are located in Türkiye, which produces the highest volume per country for HAKRO and Bangladesh.

HAKRO visits the new suppliers' factories and conducts an iMPACT Program audit before placing the first order. This process is followed for each new supplier added since the last performance check. The process is documented in the member's internal system and shared with all relevant departments. The iMPACT Program uses using Elevate Responsible Sourcing Assessment (ERSA) audit system as a framework, Fair Wear Code of Labour Practices (CoLP) as a basis, a Wage ladder for conducting a wage gap analysis, additional requirements due to specific risk analysis and due diligence processes, Worker Sentiment Survey for the integration of worker perspectives, Corrective action plan and joint remediation process for risk mitigation.

Two suppliers placing small orders (just over 1% of the brand's total production volume) did not post WIS. The member brand is decreasing the number of orders from these suppliers.

Recommendation: Fair Wear recommends that HAKRO continue to dialogue with the supplier about Fair Wear requirements and how to cooperate in implementing them.

Performance indicators	Result	Relevance of indicator	Documentation	Score	Max	Min
2.5 Member company collects the necessary human rights information to inform sourcing decisions before finalising the first purchase order.	Intermediate	Human rights due diligence processes are necessary to identify and mitigate potential human rights risks in supply chains. Specific risks per factory need to be considered as part of the decision to start cooperation and/or place purchasing orders.	Questionnaire with CoLP, reviewing and collecting existing external information, evidence of investigating operational-level grievance system, union and independent worker committee presence, collective bargaining agreements, engaging in conversations with other customers and other stakeholders, including workers.	4	6	0

Comment: HAKRO collects human rights information from potential new suppliers through self-assessments, Fair Wear questionnaires and its iMPACT Program audit. In addition, the member reviews country-specific risks, gathers information from stakeholders and NGOs, consults with trade unions, and company staff visit the supplier. HAKRO followed this process for the supplier added last year. During the performance check, the member brand could prove that the Fair Wear CoLP questionnaire was signed and the WIS was posted. The member has added a new supplier in Pakistan, a country with the following risks: restricted rights to collective bargaining and FoA, low wages and excessive overtime, and lack of occupational safety.

The company collects information from workers to inform the sourcing decision.

Recommendation: Fair Wear strongly recommends HAKRO to privilege suppliers where workers can freely form or join a trade union and/or bargain collectively and make this explicit in its sourcing strategy.

Performance indicators	Result	Relevance of indicator	Documentation	Score	Max	Min
2.6 Member actively ensures awareness of the Fair Wear CoLP, the grievance mechanism, and social dialogue mechanisms within the first year of starting business.	Intermediate	This indicator focuses on the preliminary mitigation of risks by actively raising awareness about the Fair Wear Code of Labour Practices and complaints helpline. Discussing Fair Wear's CoLP with management and workers is a key step towards ensuring sustainable improvements in working conditions and developing social dialogue at the supplier level.	Evidence of social dialogue awareness raised through earlier training/onboarding programmes, onboarding materials, information sessions on the factory grievance system and complaints helpline, use of Fair Wear factory guide, awareness-raising videos, and the CoLP.	4	6	0

Comment: HAKRO has added one new production location in Pakistan. Within the first year of business, the brand shared information about Fair Wear's CoLP and the complaints helpline. The Worker Information Sheet (WIS) has been posted. HAKRO organised onboarding sessions for workers and management of new suppliers. The member organised these sessions to raise awareness about the Fair Wear CoLP and the grievance mechanism.

Indicators on Identifying continuous human rights risks

Performance indicators	Result	Relevance of indicator	Documentation	Score	Max	Min
2.7 Member company has a system to continuously assess human rights risks in its production locations.	Intermediate	Members are expected to regularly evaluate risk in a systematic manner. The system used to identify human rights risks determines the accuracy of the risks identified and, as such, the possibilities for mitigation and remediation.	Use of risk policies, country studies, audit reports, other sources used, how often information is updated.	4	6	0

Comment: HAKRO systematically identifies human rights risks in its supply chain and has assessed the risks for each production site. It has determined the appropriate monitoring tool and frequency per country or outcome of the risk scoping. HAKRO and another Fair Wear member brand created the iMPACT Program, a monitoring program that evaluates the social situation in the factories and includes the Code of Labour Practices. Brands can quickly adapt the audits to country or supplier-specific risks. Over the past three years, the member has commissioned audits of all its suppliers. Overall, 90% have been through the iMPACT Program audit. The audit frequency is higher for high-risk countries. In addition, it uses third-party methodologies audits to monitor its suppliers. The monitoring tools do not identify typical country prevalent risks, for example, in Türkiye, such as restricted FoA, transparency and wage and benefits payments, but HAKRO lowered the risk of restricted FoA due to solid internal grievance mechanism, good worker representation and freedom to join TU. However, TU is not present at the factory.

HAKRO sources predominately from countries Türkiye, Bangladesh, Laos, and Bulgaria. It monitors its suppliers with a higher risk of limited Freedom of Association (FoA) by monitoring audits, visits, and surveys, sharing FoA checklists, and collecting supplier questionnaires.

Recommendation: Fair Wear recommends HAKRO to assess whether the member causes, contributes or is linked to the identified risks.

Performance indicators	Result	Relevance of indicator	Documentation	Score	Max	Min
2.8 Member company's human rights due diligence process includes an assessment of freedom of association (FoA).	Intermediate	Freedom of association and collective bargaining are 'enabling rights.' When these rights are respected, they pave the way for garment workers and their employers to address and implement the other standards in Fair Wear's Code of Labour Practices - often without brand intervention.	Use of supplier questionnaire to inform decision-making, collected country information, and analyses.	4	6	0

Comment: HAKRO has mapped and included the risks to Freedom of Association (FoA) in its country and supplier risk scoping and can explain the critical risks per country, including the risks to female workers. It uses this information to understand the risks at its suppliers.

The brand collects information through its audit programme (iMPACT Program) and a comprehensive assessment of employee representatives, including structures, elections, and CBA. HAKRO's iMPACT Program includes questions on FOA (15 questions on FOA) and the worker sentiment survey. The worker sentiment survey gathers feedback, including questions on grievance mechanisms to verify availability, trust, and effectiveness. In addition, during the on-site visits, HAKRO meets worker representatives and discusses the internal grievance mechanism, grievances received, and remediation measures realised. CBA

Recommendation: HAKRO is recommended to join a multi-company CBA if possible.

The member is recommended to ensure supplier-level monitoring is in place to assess and understand the risk at suppliers - for example, through the Supplier Questionnaire (tool 2 in Fair Wear's FoA Guide), modular assessment on Social Dialogue, in-depth discussions with suppliers, or a full audit.

Performance indicators	Result	Relevance of indicator	Documentation	Score	Max	Min
2.9 Member company includes a gender analysis throughout its human rights risk identification, to foster a better understanding of gendered implications.	Advanced	Investing in gender equality creates a ripple effect of positive societal outcomes. Members must apply gender analyses to their supply chain to better address inequalities, violence, and harassment.	Evidence of use of the gender mapping tools and knowledge of country-specific fact sheets.	6	6	0

Comment: HAKRO collects gender-related information through its worker sentiment survey during the factory audit, which could show it understands the gender risks for its sourcing countries. The worker sentiment survey includes a gender lens on several Codes of Labour Practices (CoLP) and collects data such as harassment and abuse, discrimination, and info on childcare facilities. In 2023, the member brand collected this data for all suppliers besides the Chinese and German ones. All collected data on gender are included in the country risk assessment as risk factors on gender (male/female), discrimination, and gender-based violence. HAKRO has analysed how its business practices affect gender at its suppliers, albeit it is basic. The member brand is further developing its IMPACT Program to incorporate a gender lens, which will be tested soon.

Performance indicators	Result	Relevance of indicator	Documentation	Score	Max	Min
2.10 Member company considers a production location's human rights performance in its purchasing decisions.	Advanced	Systematic evaluation is part of continuous human rights monitoring. A systematic approach to evaluating production location performance is necessary to integrate social compliance into normal business processes and to support good decision-making.	Supplier evaluation format, meeting notes on supplier evaluation shared with the factory, processes outlining purchasing decisions, link to responsible exit strategy.	4	4	0

Comment: HAKRO systematically assess the human rights performance of the suppliers each year. The brand evaluates its suppliers annually, covering price, quality, delivery, and social. The evaluation of suppliers is a joint effort between the purchasing, pricing, quality, and CSR departments. The supplier's performance in improving working conditions is occasionally considered in the brand's decision-making process. HAKRO's approach is to improve working conditions with its suppliers, which requires some time. The member brand is not choosing for immediate exit. The member brand has specified how human rights performance is weighed in its evaluation system. The supplier's assessment is shared with the suppliers, and it's up to the supplier how they share it with the workers. Due to the brand's limited supply chain, switching orders between production locations is not an option. The member brand still needs to develop specific incentives which fit its business model.

Performance indicators	Result	Relevance of indicator	Documentation	Score	Max	Min
2.11 Member company prevents and responds to unauthorised or unknown production and/or subcontracting.	Advanced	Subcontracting can decrease transparency in the supply chain and has been demonstrated to increase the risk of human rights violations. Therefore, when operating in higher-risk contexts where it is likely subcontracting occurs, the member company should increase due diligence measures to mitigate these risks.	Production location data provided to Fair Wear, financial records from the previous financial year, evidence of member systems and efforts to identify all production locations (e.g., interviews with factory managers, factory audit data, web shop and catalogue products, etc.), licensee contracts and agreements with design collaborators.	4	4	0

Comment: HAKRO has a subcontracting policy that excludes subcontracting and uses the outcomes of its human rights monitoring to respond to unauthorised subcontracting. There is no evidence of missing first-tier locations in the database. The member checks the supplier's capacity and ensures that all production processes can take place in the factory. Additionally, the member actively prevents unauthorised subcontracting by visiting suppliers during production and has a dedicated local team perform in some countries. However, HAKRO allows authorised subcontracting if they previously approved the subcontracting factory.

Furthermore, the member provides long lead times and discusses production planning with its suppliers, which lowers the risk of subcontracting. At its Turkish and Pakistani suppliers, local staff are on-site. The brand checks the quality of the products to ensure there are no quality differences that could indicate a risk of subcontracting.

Performance indicators	Result	Relevance of indicator	Documentation	Score	Max	Min
2.12 Member company extends its due diligence approach to homeworkers.	Advanced	Homeworkers should be viewed as an intrinsic part of the workforce, entitled to receive equal treatment and have equal access to the same labour rights, and therefore should be formalised to achieve good employment terms and conditions.	Supplier policies, evidence of supplier and/or intermediaries' terms of employment, wage-slips from homeworkers.	4	4	0

Comment: HAKRO has identified whether homework is prevalent in its sourcing countries. According to the member, the risk of homeworkers being used by its suppliers is very low due to the nature of its products (workwear), which require specialised machinery and skills. In addition, the brand checks the use of homeworkers through its monitoring audit programme, which includes five questions on this topic and discusses the issue during factory visits.

Indicators on Responsible purchasing practices

Performance indicators	Result	Relevance of indicator	Documentation	Score	Max	Min
2.13 Member company's written contracts with suppliers support the implementation of Fair Wear's Code of Labour Practices and human rights due diligence, emphasising fair payment terms.	Advanced	Written, binding agreements between brands and suppliers, which support the Fair Wears CoLP and human rights due diligence, are crucial to ensuring fairness in implementing decent work across the supply chain.	Suppliers' codes of conduct, contracts, agreements, purchasing terms and conditions, or supplier manuals.	4	4	0

Comment: HAKRO's long-term partnerships with its suppliers are built on mutual trust and equality, and in 2023, the company began implementing purchasing contracts with all suppliers. The first agreement has been finalized with a new supplier from Pakistan, while feedback from other suppliers is still being collected.

The contracts include a commitment to adhere to Fair Wear's Code of Labour Practices, ensuring high social standards and responsible economic activity throughout the supply chain. They also address procedures for dealing with adverse impacts and violations related to human rights and environmental due diligence, requiring both parties to develop and execute a remediation plan if needed. Each party is responsible for its own role in any adverse impacts or defaults, with a joint effort to mitigate these issues.

In cases where suppliers experience significant cost increases beyond their control, which might impact their employees or operations, HAKRO and the supplier must negotiate new terms for future orders. Possible adjustments include price changes, advance payments, or schedule modifications, with the supplier required to provide proof of increased costs.

HAKRO maintains a fair payment policy with varying terms agreed upon individually with each supplier. The contracts clearly define the shared responsibilities for implementing the Code of Labour Practices and ensuring fair payment practices.

Performance indicators	Result	Relevance of indicator	Documentation	Score	Max	Min
2.14 Member company has formally integrated responsible business practices and possible impacts on human rights violations in its decision-making processes.	Advanced	Corporate Social Responsibility (CSR), purchasing, and other staff that interact with suppliers must be able to share information to establish a coherent and effective strategy for improvements. This indicator examines how this policy and Fair Wear membership requirements are embedded within the member company.	Internal information systems, status Corrective Action Plans, sourcing score- cards, KPIs listed for different departments that support CSR efforts, reports from meetings from purchasing and/or CSR staff, and a systematic manner of storing information.	6	6	0

Comment: There is an active exchange of information between CSR and other departments to enable coherent and responsible business practices. The CEO, CSR, and purchasing team actively exchange information on supplier working conditions. The CEO is closely involved in all discussions and follow-ups with the CSR department. According to the member's sourcing policy, purchasing staff must work with factories that are willing and able to work with HAKRO on Fair Wear requirements. The member has not yet included responsible business practices in job role competencies, nor do sourcing and/or purchasing staff work with KPIs supporting good sourcing and pricing strategies due to the strategic management decision taken back in 2021 not to introduce any internal KPIs for incentives / not to work with any Objectives and Key Result methodology for internal "incentives", since this does not fit the company culture hence no KPIs deducted for the purchasing team (as there are none whatsoever at HAKRO, also not for the sales team for instance).

Performance indicators	Result	Relevance of indicator	Documentation	Score	Max	Min
2.15 Member company's purchasing practices support reasonable working hours.	Advanced	Members' purchasing practices can significantly impact the levels of excessive overtime at factories.	Proof that planning systems have been shared with production locations, examples of production capacity knowledge that is integrated into planning, timely approval of samples, and proof that management oversight is in place to prevent late production changes.	6	6	0

Comment: HAKRO is in dialogue with the suppliers regarding the planning and capacity updates. New products and designs are developed with its suppliers, and the leading suppliers can produce all styles. HAKRO only sells Never-Out-of-Stock (NOS) items. It does not have seasonal products. This approach gives the brand some advantages in case production needs to be shifted. The member shares its annual forecast with its partners before the end of the calendar year for the upcoming year. Product lead times are set from six to ten months ahead. The suppliers share their production capacities with HAKRO and discuss whether further adjustments or priorities should be agreed upon. Each month, HAKRO adjust its production at least six months in advance. This is based on historical data and a market development indicator. The brand discusses production planning with the agent and direct suppliers to ensure the factories are efficiently utilised and not overbooked. In case other measures had to be taken, the brand engaged with the factories to postpone delivery dates, use air freight, and engage its customers to extend delivery lead times.

The member brand takes delivery of fixed quantities each month, ensuring high continuity and consistent capacity utilisation. This business model approach can significantly reduce the risk of short-term peaks and excessive overtime.

Performance indicators	Result	Relevance of indicator	Documentation	Score	Max	Min
2.16 Member company can demonstrate the link between its buying prices and wage levels at production locations.	Basic	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, cost sheets including labour minutes.	2	6	0

Comment: HAKRO has a good understanding of the wage levels of its suppliers. HAKRO has an overview of supplier wage levels to verify whether legal minimum wages can be met at production locations. In 2023, the member calculated the living wage gap to measure the wage gap between the lowest wage paid in its production partners' factories and the living wage benchmarks. HAKRO collects the wage data from its audits to conduct the living wage gap analysis and works with some fact-based costing. For new suppliers, such as the latest one from Pakistan, it's a precondition to working on fact-based costing collectively.

The member brand knows the value of labour per minute for some of its suppliers. The member brand has started working with fact-based pricing, including inflation, raw materials, energy, and other cost increases.

The member also incorporates changes in the legal minimum wage or inflation into its purchase prices. In 2023, the member increased purchase prices twice in Türkiye and once in Bangladesh.

HAKRO has explored some methods of working on living wages. Although the brand has taken some steps, it needs to find a way to work on open costing with its suppliers.

Recommendation: HAKRO could provide suppliers who do not work with fact-based costing, training on product costing and how to quote prices including (direct and indirect) labour costs. Fair Price product owners are available to conduct such training in all Fair Wear production countries.

Performance indicators	Result	Relevance of indicator	Documentation	Score	Max	Min
2.17 All sourcing intermediaries play an active role in upholding HRDD and Fair Wear's Code of Labour Practices and ensure transparency about where production takes place.	Advanced	Intermediaries have the potential to either support or disrupt CoLP implementation. It is members' responsibility to ensure production relation intermediaries actively support the implementation of the CoLP.	Correspondence with intermediaries, trainings for intermediaries, communication on Fair Wear audit findings, etc.	4	4	0

Comment: HAKRO uses two intermediaries. HAKRO has informed its sourcing intermediaries of the Fair Wear requirements and can demonstrate that they have informed the production sites. The member brand checks upon the payment terms of the intermediaries. They are also involved in the Corrective Action Plan (CAP) follow-up and remediation process.

Layer 3 Prevention, mitigation and remediation

Possible Points: 86

Earned Points: 46

Indicators on the quality and coherence of a members' prevention and remediation system

Performance indicators	Result	Relevance of indicator	Documentation	Score	Max	Min
3.1 Member company integrates outcomes of human rights risk identification (layer 2) into risk prioritisation and creates subsequent action plans.	Intermediate	Based on the risk assessment outcomes, a factory risk profile can be determined with accompanying intervention strategies, including improvement and prevention programmes.	Overview of supplier base with accompanying risk profile and follow-up programmes.	4	6	0

Comment: Based on the risk identification described in chapter two, HAKRO has linked factory risks to appropriate, albeit basic, follow-up actions for its largest factories, which cover 90% of its production volume. For each factory, HAKRO determines whether additional information needs to be collected and identifies specific actions based on audit information. For China, the member brand has reduced the production of the risk article and decided to exit one supplier. The member brand is yet to complete its follow-up plans for the living wage and access to Freedom of Association (FoA). HAKRO sources from one production location in Bangladesh, which is responsible for 14% of the member brand's FOB. The member has signed the International Accord.

Recommendation: Fair Wear recommends the member to further improve its follow-up plans.

Performance indicators	Result	Relevance of indicator	Documentation	Score	Max	Min
3.2 Member company's action plans include a gender lens.	Basic	The prevention and improvement programmes should ensure equitable outcomes. Thus, a gender lens should be incorporated in all programmes regardless of whether or not the programme is specifically about gender.	Proof of incorporation of the gender lens in follow up programmes, including stakeholder input.	2	6	0

Comment: HAKRO collects some data on gender through its audits and employee surveys, but it has not defined further remediation or prevention steps. Data is collected via the iMPACT Program: 18 questions on harassment and abuse, discrimination, info on childcare facilities), Worker Sentiment Survey which includes a gender lens, Gender-specific wage data (Collected in addition to iMPACT Program data) and Risk assessment on gender, discrimination and GBV as risk factors in accordance with OECD guidance. HAKRO, via the iMPACT Program audit system in 2023, expanded it intermittently to include new data points and collection methods. No further remediation or prevention steps were defined.

Recommendation: HAKRO is recommended to extend its gender lens to the implementation of all its improvement actions.

Performance indicators	Result	Relevance of indicator	Documentation	Score	Max	Min
3.3 Member company's action plans include steps to encourage freedom of association and effective social dialogue.	Basic	Freedom of Association and Collective Bargaining are enabling rights. Therefore, ensuring they are prioritised in improvement and prevention programmes can help support improvements in all other areas.	Available prevention and improvement programmes, including stakeholder input.	2	6	0

Comment: HAKRO has partially included measures to promote Freedom of Association (FoA) and social dialogue in remedial or preventive action plans, such as training for workers and management on social dialogue. However, the member has yet to apply a gender lens and ensure its steps to promote FoA and effective social dialogue address the specific risks for female workers. However, this and other preventive measures have not yet been implemented.

Recommendation: Fair Wear recommends HAKRO to include steps encouraging FoA and effective SD in all action plans. The member is recommended to support in financing/coordinating training on FoA and social dialogue for its suppliers. HAKRO is strongly encouraged to ensure worker representatives are involved in the steps that the member takes to promote freedom of association and effective social dialogue. Fair Wear recommends HAKRO to apply a gender lens and ensure its steps to promote FoA and effective social dialogue address the specific risks for female workers.

Performance indicators	Result	Relevance of indicator	Documentation	Score	Max	Min
3.4 Member company actively supports a factory-level grievance mechanism.	Basic	Fair Wear’s complaints helpline is a safety net in case local grievance mechanisms do not provide access to remedy. Members are expected to actively support and monitor the effectiveness of operational-level grievance mechanisms as part of regular contact with their suppliers.	Communication with suppliers, responses to grievances, minutes of internal worker committees, evidence of democratically elected worker representation, evidence of handled grievance, review of factory policies, and proof of effective social dialogue.	2	6	0

Comment: Suppliers' internal grievance mechanisms are assessed at the beginning of the relationship and monitored through the audit programme, which includes a worker sentiment survey with questions on the internal grievance mechanism. Appropriate training is therefore needed to educate workers as no complaints were received in 2023.

Recommendation: Fair Wear recommends HAKRO to always involve suppliers and worker representatives in the assessment of the internal grievance mechanism, and to share and discuss the outcome of the assessment with the above stakeholders, who should be encouraged to lead a discussion on how the mechanisms can be improved.

HAKRO is encouraged to clarify how the outcome of assessments of grievance mechanisms is weighted in its supplier evaluation system. Fair Wear recommends HAKRO to ensure that the evaluation of internal grievance mechanisms of its suppliers is systematically considered in purchasing decisions.

Performance indicators	Result	Relevance of indicator	Documentation	Score	Max	Min
3.5 Member company collaborates with other Fair Wear members or customers of the production location.	Intermediate	Cooperation between Fair Wear members increases leverage and the chances of successful outcomes. Cooperation also reduces the chances of a factory needing to conduct multiple improvement programmes about the same issue with multiple customers.	Communication between different companies.	4	6	0

Comment: HAKRO shares two suppliers with other Fair Wear members: one in China (0,32% FOB / 3% leverage / no iMPACT Program, hence no active remediation process) and the other in Germany (a low-risk country, no remediation process). HAKRO does not yet collaborate with other customers, although they tried in several factories, but the other customers were not interested in collaboration. In addition, HAKRO actively cooperates with another Fair Wear member in its iMPACT Program but does not share production facilities with them.

Recommendation: Even though HAKRO already works together with other Fair Wear members, Fair Wear recommends to also collaborate with other customers.

Indicators on implementation: improvement and prevention

Performance indicators	Result	Relevance of indicator	Documentation	Score	Max	Min
3.6 Degree of verified actions.	67%	Fair Wear expects members to show progress towards the implementation of improvement programmes. Members are expected to be actively involved in the examination and remediation of any factory-specific problem.	Progress reports on improvement programmes.	6	6	-2

Comment: During the performance check, the member was able to demonstrate with a sample that more than two-thirds of the Corrective Action Plan (CAP) issues requiring remediation have been followed up. HAKRO has a system in place to monitor and track the progress of its suppliers on issues requiring remediation. The member requires evidence (photos, documents) to verify that issues are being remediated. In Türkiye, its HAKRO local team is involved in CAP follow-up, although the main responsibility lies with the CSR staff of the brand.

HAKRO has been able to demonstrate that its suppliers have worked on several issues which have been addressed. However, more complex issues such as living wages, FoA, gender-based violence, and worker representation remain outstanding.

Recommendation: Fair Wear strongly recommends ensuring that the size of the supply chain and the available resources of HAKRO to actively follow up on CAP issues are coinciding. Possible solutions could be to decrease the number of suppliers or increase the resources needed to be able to work on improvement actions.

Performance indicators	Result	Relevance of indicator	Documentation	Score	Max	Min
3.7 Degree of progress towards implementation of prevention programme.	Intermediate progress	Fair Wear expects members to show progress towards the implementation of prevention programmes. With this indicator, Fair Wear assesses the degree of progress based on the percentage of actions addressed within the set timeframe.	Update on prevention programmes.	4	6	-2

Comment: Based on the brand's risk assessment, HAKRO is a signatory of the Accord to address the root causes of occupational health and safety issues at its Bangladeshi suppliers and prevent them from reoccurring. HAKRO has identified some root causes of the CAP issues and discussed these with its suppliers. The member has identified two main causes of several CAP findings, especially related to working hours and wages (see indicators 3.9 and 3.11).

Recommendation: Fair Wear recommends HAKRO to identify root causes of CAP issues together with its suppliers.

Performance indicators	Result	Relevance of indicator	Documentation	Score	Max	Min
3.8 Member company validates risk profile and maintains regular dialogue with factories where no action plan is needed.	Intermediate	When no improvement or prevention programme is needed, Fair Wear expect its member companies to actively monitor the risk profile and continue to mitigate risks and prevent human rights abuses.	Use of Fair Wear workers awareness digital tool to promote access to remedy. Evidence of data collected, worker interviews, monitoring documentation tracking status quo.	4	6	0

Comment: HAKRO has some suppliers where action plans are not needed, such as two suppliers from low-risk countries (Germany; FOB: 0,07%) and fully onboarded the factories (HAKRO Corporate Compass, Fair Wear CoLP, Questionnaire, WIS) with regular visits. The member has yet to include worker representatives/local unions in discussions with factory management on possible human rights risks.

Recommendation: HAKRO is recommended to ensure worker representation/local unions (when appropriate) are included in discussions with factory management on possible human rights risks.

Performance indicators	Result	Relevance of indicator	Documentation	Score	Max	Min
3.9 Degree to which member company mitigates root causes of excessive overtime.	Advanced	Member companies should identify excessive overtime caused by the internal processes and take preventive measures. In addition, members should assess ways to reduce the risk of external delays.	This indicator rewards self-identification of efforts to prevent excessive overtime. Therefore, member companies may present a wide range of evidence of production delays and how the risk of excessive overtime was addressed, such as: reports, correspondence with factories, collaboration with other customers of the factory, use of Fair Wear tools, etc.	6	6	0

Comment: In the previous year, the four audit reports (China, Pakistan and Türkiye) mentioned excessive overtime. In one audit, workers were working 60 hours in total, and in the other, overtime hours were not correctly recorded. The member discussed the findings with the factory's management. The root causes discussed with the factory were pressure from other buyers, and the factory did not inform HAKRO based on the opinion that it was their problem. This is a cultural difference in terms of communication. As a result, the supplier agreed to let the member know in the future and to be more open when these issues arise.

Recommendation: Fair Wear recommends cooperating with other customers at the factory to increase leverage when mitigating excessive overtime.

Performance indicators	Result	Relevance of indicator	Documentation	Score	Max	Min
3.10 Member company adequately responds if production locations fail to pay legal wage requirements and/or fail to provide wage data to verify that legal wage requirements are paid.	Advanced	Fair Wear members are expected to actively verify that all workers receive legal minimum wage. If a supplier does not meet the legal wage requirements or is unable to show they do, Fair Wear member companies are expected to hold the management at the production location accountable for respecting local labour law.	Complaint reports, CAPs, additional emails, Fair Wear Audit Reports or additional monitoring visits by a Fair Wear auditor, or other documents that show the legal wage issue is reported/resolved.	4	4	-2

Comment: HAKRO could show that all due wages were compensated, as none of the brand's audits in 2023 revealed non-payment of the legal minimum wage. Due to the legal minimum wage increase, the member is in continuous dialogue with the production partners from Türkiye and Bangladesh and commits to increasing the prices to cover the new legal minimum wage. The member systematically collects wage data from its suppliers and verifies the payment of the legal minimum wage.

Performance indicators	Result	Relevance of indicator	Documentation	Score	Max	Min
3.11 Degree to which member company assesses and responds to root causes of wages lower than living wages in production locations.	Basic	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.	Member companies may present a wide range of evidence of how payment below living wage was addressed, such as: internal policy and strategy documents, reports, wage data/wage ladders, gap analysis, correspondence with factories, etc.	2	6	0

Comment: HAKRO has a basic overview of the wage levels at its suppliers. This overview includes legal minimum wage benchmarks, the lowest factory wage versus living wage benchmarks, and the gap between the two. It is updated regularly. After its first performance check, HAKRO embedded a wage assessment in its iMPACT Program audit to collect and communicate appropriate data on workers' wages. HAKRO's Living Wage Strategy from 2023 sets a target of paying a living wage in its supply chain by 2030 and is piloting it at its Pakistani supplier.

The member needs to conduct a detailed analysis of the root causes of the non-payment of living wages per supplier. As a first step, HAKRO tries to understand the wage gap. The second step is understanding the wage component, linking it to the brand's purchasing practices, and potentially introducing the Fair Price app to its suppliers.

Recommendation: Fair Wear encourages HAKRO to discuss with suppliers about different strategies to work towards higher wages and develop a systemic and time-bound approach. It is advised to start with suppliers where the member is responsible for a large percentage of production and has a long-term business relationship.

Fair Wear encourages HAKRO to involve worker representatives and local organisations in assessing root causes of wages lower than living wages. It is advised that the outcomes of the root cause analysis are discussed internally and with top management, to form a basis for an embedded strategy.

Performance indicators	Result	Relevance of indicator	Documentation	Score	Max	Min
3.12 Member company determines and finances wage increases.	Basic	Member companies should have strategies in place to contribute to and finance wage increases in their production locations.	Analysis of wage gap, strategy on paper, demonstrated roll out process.	2	6	0

Comment: HAKRO does not have a strategy for financing wage increases at its suppliers but has defined the living wages per supplier.

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

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

It is advised that the strategy for how to finance wage increases is agreed upon by top management.

In determining what is needed and how wages should be increased, it is recommended to involve worker representation.

Performance indicators	Result	Relevance of indicator	Documentation	Score	Max	Min
3.13 Percentage of production volume where the member company pays its share of the living wage estimate.	0%	Fair Wear requires its member companies to act to ensure a living wage is paid in their production locations to each worker.	Member company's own documentation such as reports, factory documentation, evidence of Collective Bargaining Agreement (CBA) payment, communication with factories, etc.	0	6	0

Comment: HAKRO does not contribute to higher wages at any of its production locations.

HAKRO uses fact-based costing to ensure its prices support the payment of a living wage estimate at the supplier responsible for less than 1% of HAKROS's FOB.

Requirement: HAKRO is expected to begin setting a benchmark wage for its production locations.

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

Performance indicators	Result	Relevance of indicator	Documentation	Score	Max	Min
3.14 Member addresses grievances received through Fair Wear's helpline in accordance with the Fair Wear's Access to Remedy Policy.	No complaints received	Members are expected to actively support the operational-level grievance mechanisms as part of regular contact with their suppliers. The complaints procedure provides a framework for member brands, emphasising the responsibility towards workers within their supply chain.	Overview of supporting activities, overview of grievances received and addressed, etc.	N/A	4	-2

Comment: HAKRO received no complaints in the past financial year.

Performance indicators	Result	Relevance of indicator	Documentation	Score	Max	Min
3.15 Degree to which member company implements training to address the risks identified.	Insufficient	Training programmes can play an important role in improving working conditions, especially for more complex issues, such as freedom of association or gender-based violence, where factory-level transformation is needed.	Links between the risk profile and training programme, documentation from discussions with management and workers on training needs, etc.	0	6	0

Comment: HAKRO has some CAP findings where training is a recommended follow-up action. No suppliers have received training in the last three years, but the newly onboarded supplier in Pakistan is receiving continuous training from the HAKRO team.

Requirement: HAKRO needs to implement training to address the identified risks.

Recommendation: HAKRO is recommended to implement training for all factories where this is part of its improvement and/or prevention programme.

Performance indicators	Result	Relevance of indicator	Documentation	Score	Max	Min
3.16 Degree to which member company follows up after a training programme.	Member company did not implement any training	Training is a crucial tool to support transformative processes but complementary activities such as remediation and changes at the brand level are needed to achieve lasting impact	Evidence of engagement with factory management regarding training outcomes, documentation on follow-up activities, and proof of integration into further monitoring and risk profiling efforts.	N/A	6	0

Comment: HAKRO did not implement training at its suppliers, in addition to the training provided internally by HAKRO's team to the newly onboarded supplier in Pakistan.

Recommendation: Fair Wear recommends HAKRO to use the training results as input for HAKRO's human rights due diligence

Performance indicators	Result	Relevance of indicator	Documentation	Score	Max	Min
3.17 The member company's human rights due diligence system includes a responsible exit strategy.	Advanced	Withdrawing from a non-compliant supplier should only be the last resort when no more impact can be gained from other strategies. Fair Wear members must follow the steps as laid out in the responsible exit strategy.	Exit strategy policy, examples of supplier communications.	4	4	0

Comment: HAKRO's human rights due diligence system includes a responsible exit strategy.

HAKRO exited two suppliers in 2023.

The member did not follow the steps in the responsible exit strategy for the following reasons: one from China (0,02% FOB and 1% leverage) with whom they had a business relation since 2019 via the former agent; whereas the factory was non-responsive to any HAKRO written request to meet social standards and due to the absence of direct communication, HAKRO did not impose the exit strategy there; and the other one in Thailand (0,02% FOB and 1% leverage), factory member of another supplier which asked HAKRO to place only one order to meet the delivery period due to the supplier's occupied capacities.

Performance indicators	Result	Relevance of indicator	Documentation	Score	Max	Min
3.18 Member company's measures, business practices and/or improvement programmes go beyond the indicators or scope.	Member company's activities do not go beyond the indicators or scope.	Fair Wear would like to reward and encourage members who go beyond the Fair Wear policy or scope requirements. For example, innovative projects that result in advanced remediation strategies, pilot participation, and/or going beyond tier 2.	Overview of Human Right risk monitoring, remediation and prevention activities and processes.	N/A	6	0

Comment: HAKRO does not undertake activities related to human rights that go beyond Fair Wear's scope.

Layer 4 External communication, outreach, learning, and evaluation

Possible Points: 22

Earned Points: 16

Indicators related to communication

Performance indicators	Result	Relevance of indicator	Documentation	Score	Max	Min
4.1 Member company actively communicates about Fair Wear membership.	Advanced	Fair Wear membership includes the need for a brand to show its efforts, progress, and results. Fair Wear members have the tools and targeted content to showcase accountability and inform customers, consumers, and retailers. The more brands communicate about their sustainability work, the greater the overall impact of the work of the Fair Wear member community.	Member website, sales brochures, and other communication materials.	4	4	0

Comment: HAKRO accurately communicates its Fair Wear membership with various communication activities across a range of channels to different target groups, including print media/catalogue and brochures, the HAKRO website, HAKRO social media platforms, staff LinkedIn profiles, press, Integrated Sustainable Management Reporting, on-product communication, Sales communication, Email Signatures, and documents.

Performance indicators	Result	Relevance of indicator	Documentation	Score	Max	Min
4.2 Member company sells external brands with a Human Rights Due Diligence system (if applicable).	No reselling of external brands	Some member companies resell other brands, which Fair Wear refers to as 'external production'. These members are expected to investigate the Human Rights Due Diligence system of these other brands, including production locations and the availability of monitoring information.	External production data in Fair Wear's information management system, collected information about other brands' human rights due diligence systems, and evidence of external brands being part of other multi-stakeholder initiatives that verify their responsible business conduct.	N/A	4	0

Comment: HAKRO does not sell external brands.

Performance indicators	Result	Relevance of indicator	Documentation	Score	Max	Min
4.3 Human rights due diligence reporting is submitted to Fair Wear and is published on the member company's website.	Advanced	The social report is an important tool for member companies to share their efforts with stakeholders transparently. The social report explicitly refers to the workplan and the yearly progress related to the brands goals identified in the workplan.	Social report.	4	4	0

Comment: HAKRO Integrated Sustainable Management Report 2024 published on June 30th, 2024 on the HAKRO website, sent to Fair Wear and uploaded on the member hub.

Performance indicators	Result	Relevance of indicator	Documentation	Score	Max	Min
4.4 Member company engages in advanced reporting activities.	Intermediate	Good reporting by members helps ensure the transparency of Fair Wear's work and helps share best practices within the industry. This indicator reviews transparency efforts reported beyond (or included in) the social report.	Brand Performance Check, audit reports, information about innovative projects, specific factory compliance data, disclosed production locations (list tier 2 and beyond), disclosure of production locations, alignment with the Transparency Pledge.	2	4	0

Comment: HAKRO published its social report, which includes some factory-level data and remediation results, on its website. The factory-level data the member included wage data, including the living wage gap, partner-specific risk profile and remediation progress. HAKRO has yet to disclose its full factory list and its time-bound prevention, remediation and mitigation actions.

Recommendation: HAKRO is recommended to include more factory-level data in its reporting and ensure suppliers consent with data sharing.

Fair Wear recommends HAKRO to publish time-bound plans for its suppliers.

Performance indicators	Result	Relevance of indicator	Documentation	Score	Max	Min
4.5 Member company has a system to track implementation and validate results.	Intermediate	Progress must be checked against goals. Members are expected to have a system in place to track implementation and validate the progress made.	Documentation of top management involvement in systematic annual evaluation includes meeting minutes, verbal reporting, PowerPoint presentations, etc. Evidence of worker/supplier feedback.	4	6	0

Comment: HAKRO has a system to track progress and check if implemented measures have been effective in preventing and remediating human rights violations. The internal evaluation system involves the CEO and top management. In its evaluation system, the member does not yet include triangulated information from external sources, such as feedback from workers and suppliers.

Recommendation: The member is advised to include feedback from workers and suppliers in its evaluation system.

Performance indicators	Result	Relevance of indicator	Documentation	Score	Max	Min
4.6 Level of action/progress made on requirements from previous Brand Performance Check.	Intermediate	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 should show documentation related to the specific requirements made in the previous Brand Performance Check.	2	4	-2

Comment: In the previous performance check, the following requirements were included: Fair Wear requires HAKRO to disclose its production locations to other member brands through Fair Wear's information management system; Fair Wear requires HAKRO to disclose its production locations on Fair Wear's transparency portal; HAKRO should use the outcome of its human rights monitoring to respond to unauthorised subcontracting; HAKRO should analyse what is needed to increase wages and develop a strategy to finance the costs of wage increases; HAKRO is expected to begin setting a benchmark wage for its production locations; HAKRO needs to follow up on CAP findings that show workers are not aware of the Code of Labour Practices by enrolling those suppliers in an appropriate training module.

The member addressed requirements 1.6, 1.7, 2.11 and partly requirements from Layer 3. Together, at least half of the requirements were addressed.

Recommendation: HAKRO is strongly recommended to address the requirements that are still outstanding.

5 Appreciation chapter

5.1 Member company publicly responded to problems/allegations raised by consumers, the media, or NGOs.: **Not applicable**

5.2 Member company actively participated in lobby and advocacy efforts to facilitate an enabling environment in production clusters.: **Yes**

Comments: HAKRO has signed, published, and spread the word on various opinion pieces and business letters issued in a joint appeal to the European Parliament ahead of the vote on a new EU CSDDD. It has also written its own open letter to the German government and given an Interview in dialogue with a German FDP politician.

5.3 Member company actively contributed to industry outreach, visibility, and learning in its main selling markets.: **Yes**

Comments: HAKRO has shared insight into its best practices amongst Fair Wear members at the OECD Due Diligence Forum / Side Session on Responsible Purchasing Practices for TIWW.

HAKRO hosts the annual IMPACT Barcamp for sustainability managers in the textile realm with practical sessions on topics chosen by participants, including Open Costing & Living Wages, Women Empowerment Principles, Exchange with Stakeholders and Country-specific risk analysis.

Recommendations to Fair Wear

Fair Wear membership is crucial for HAKRO, not only for the learning opportunities it offers, which support ambitious initiatives like HAKRO's Living Wage strategy but also for its role in addressing complex topics through peer-to-peer learning and events like IMPACT Barcamp. This membership is essential for implementing social standards, although requesting financial details from partners can be challenging. Despite Fair Wear's high standards, meeting all requirements can be difficult, and the effectiveness of annual performance checks for actions with extended implementation periods may need reevaluation. HAKRO has experienced notable growth, from 1 million to 134 million over 26 years, thanks to teamwork, investment in eco-friendly materials, and compliance with legal requirements, though communicating the costs of these commitments remains a challenge. To enhance its impact, Fair Wear should consider strategies for onboarding smaller brands, as increasing membership could significantly benefit production locations.

Brand Performance Check details

Date of Brand Performance Check: 08-07-2024

Conducted by: Aleksandar Stamboliev