



# **Brand Performance Check**

**Hakro GmbH**

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This report covers the evaluation period 01-01-2022 to 31-12-2022

## 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.

# Scoring overview

Total score: 100

Possible score: 192

Benchmarking Score: 52

Performance Benchmarking Category: Good



Sourcing strategy

53%



Identifying continuous human rights risks

60%



Responsible purchasing practices

62%



Quality and coherence of prevention and remediation system

40%



Improvement and prevention

40%



Communication, transparency and evaluation

73%

## Summary:

HAKRO GmbH (hereafter HAKRO) has met most of Fair Wears' performance requirements. With a total benchmarking score of 52, the member is placed in the Good category.

HAKRO has a solid Responsible Business Conduct Policy in place following OECD requirements. HAKRO has a written sourcing strategy that addresses the impact of working conditions. Throughout the years, the member brand has consolidated its supply chain. It currently has significant leverage with most of its suppliers. For three suppliers, the member brand is the only customer.

HAKRO monitors its supply chain through contracting third-party audits, including worker sentiment surveys (worker interviews via a survey), factory visits, and workers' wage surveys. The brand's main sourcing countries are Türkiye, Bangladesh, Laos, and Moldova. The brand is a signatory of the International Accord. The member is recommended to diversify its monitoring tools in countries, such as Türkiye, where the typical country risks are not identified through a monitoring audit.

HAKRO conducts systematic risk scoping based on OECD guidance. Risk scoping is carried out for its Tier 1 partners and covers all levels (sector and country risks, raw material risks, partner/supplier risks, and product and business model risks). 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 by using traffic light colours. The member occasionally adjusts its sourcing strategy based on the risk scoping.

The member brand collects the wage data from its audits to conduct the living wage analysis and uses a fact-based pricing methodology that includes taking inflation, raw material and energy increases, and other costs in the calculation. In 2022, the member increased the purchasing prices twice in the year in Türkiye and once for suppliers in Bangladesh. In addition, HAKRO has been looking into methodologies on how to work on living wages; however, run into some resistance from its partnering suppliers. Although the brand has taken some steps, it needs to find a way to work on open costing with its suppliers.

Fair Wear encourages HAKRO to continue working on its living wage strategy and setting the first concrete steps. Fair Wear recommends HAKRO adjust its sourcing decision based on its risk assessment and to diversify its supplier monitoring tools in case common country risks are not identified.

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 members. Because this is a transition year, Fair Wear lowered the scoring threshold for this year only.

## 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 CMT production versus support processes 64%

Percentage of FOB purchased through own or joint venture production 0%

Percentage of FOB purchased directly 99%

Percentage of FOB purchased through agents or intermediaries 47%

Percentage of turnover of external brands resold 0%

Are vertically integrated suppliers part of the supply chain? Yes

FLA Member No

Member of other MSI's International Accord, BSCI, signed transitional ACCORD

Other Initiatives BSCI, signed transitional ACCORD

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

Membership fee has been paid? 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
Bangladesh	1	17
Lao People's Democratic Republic	2	16
Republic of Moldova	1	10
Cambodia	1	9
Bulgaria	1	8
China	3	4
Thailand	1	1

## Layer 1 Foundational system's criteria

1.1 Member company has a Responsible Business Conduct policy adopted by top management.: Yes

Comment: HAKRO has a solid Responsible Business Conduct Policy in place.

1.2 All member company staff are made aware of Fair Wear's membership requirements.: Yes

1.3 All staff who have direct contact with suppliers are trained to support the implementation of Fair Wear requirements.: 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.: No

Comment: HAKRO discloses 11% of production locations internally through Fair Wear's information management system. Fair Wear does not disclose Chinese factories on its website yet and therefore is lenient when members do not disclose Chinese factories.

Requirement: Fair Wear requires HAKRO to disclose its production locations to other member brands 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.: No

**Comment:** HAKRO discloses 11% of production locations externally on Fair Wear's transparency portal.  
Fair Wear does not disclose Chinese factories on its website yet, and therefore is lenient when members do not disclose Chinese factories.

**Requirement:** Fair Wear requires HAKRO to disclose its production locations on Fair Wear's transparency portal.

**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: 52**

### 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.	Intermediate	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.	4	6	0

**Comment:** HAKRO has a written sourcing strategy that addresses the impact of working conditions. In the past two years, the member brand has worked to consolidate its supply chain. 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 three suppliers, the member brand is the only customer. The member brand has not yet included active cooperation with other buyers in its sourcing strategy.

HAKRO has consolidated its supply chain to such an extent that if capacity is not available from existing suppliers, a new factory can be brought on board in collaboration with the already existing partner. The member brand rarely adds new production partners or new factories of its existing partners. This may be the case concerning new product developments if these cannot be implemented by its production partners, for example, due to the level of expertise required.

HAKRO has 12 active suppliers. 99% of the production volume comes from suppliers where the member has at least 10% leverage at suppliers. 3% of the production volume comes from suppliers where HAKRO buys less than 2% of its total FOB. This is comparable to the previous year.

**Recommendation:** HAKRO is recommended to include in its sourcing strategy a plan to increase influence on suppliers by cooperating with other buyers.

Fair Wear recommends HAKRO discuss with its suppliers, where the brand has 100% leverage, not to rely on HAKRO only, but for risk-spreading measures to search for other customers.

Performance indicators	Result	Relevance of Indicator	Documentation	Score	Max	Min
2.2 Member company's sourcing strategy is focused on building long-term relationships.	Basic	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.	2	6	0

**Comment:** HAKRO has a sourcing strategy that focuses on maintaining long-term relationships and the member brand shows it has had long-term relationships with most of its suppliers. 65% of the member’s total FOB volume comes from suppliers with whom HAKRO has had a business relationship for at least five years. The member does not commit to written long-term contracts yet.

**Recommendation:** Fair Wear recommends HAKRO to commit to long-term contracts.

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.	Intermediate	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.	4	6	-2

**Comment:** HAKRO conducts systematic risk scoping based on the OECD Due Diligence Guidance and individually extended by particular factors such as the COVID-19 pandemic. Risk scoping is carried out for its Tier 1 partners and covers all levels (sector and country risks, raw material risks, partner/supplier risks, and product and business model risks). 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 correspondingly comprehensive; it is updated regularly upon receipt of new audit results, on-site visits, and the receipt of grievances or other information and is thoroughly reviewed at least once a year.

HAKRO sources in China and has included the high risk of forced labour and no freedom to association in its risk scoping. As a result, the onboarding of new suppliers was not initiated. The risk scoping misses a 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 together with its already existing supplier. The member added a new supplier located in Thailand due to the low capacity of its partner supplier and carried out 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:** It is HAKRO's 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). The brand has a dialogue with its suppliers about the Fair Wear requirements and how they can work together to implement them. However, the member brand recognises that some of its suppliers find the Fair Wear requirements very demanding. Therefore, the member brand should ensure that these suppliers have a clear understanding of the Fair Wear requirements. These suppliers are located in Türkiye, which produces the highest volume per country for HAKRO.

For new suppliers, HAKRO visits the factory and conducts an iMPACT Program audit before placing the first order. This process has been followed for one new supplier added since the last performance check. The process is documented in the member's internal system and shared with all relevant departments.

One supplier with a very small order placed (<1% of the brand's total production volume) did not post WIS. The member brand is currently exiting this supplier.

**Recommendation:** Fair Wear recommends that HAKRO continues and engages in a dialogue with the supplier about Fair Wear requirements and how to cooperate in implementing these.

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.	Basic	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.	2	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 show proof that the Fair Wear CoLP questionnaire was signed and the WIS was posted. The member has added a new supplier in Thailand, a country with restrictions on the ability of workers to freely form or join trade unions. In addition, the member brand can share further detailed information about the Fair Wear requirements with its Turkish suppliers.

HAKRO should use and complete the Fair Wear health and safety questionnaire when visiting its suppliers.

**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.

Fair Wear recommends HAKRO further to discuss the Fair Wear requirements with its Turkish suppliers to make sure that the suppliers understand those requirements.

Performance indicators	Result	Relevance of Indicator	Documentation	Score	Max	Min
2.6 Member actively ensures awareness of the Fair Wear CoLP, the complaints helpline, and social dialogue mechanisms within the first year of starting business.	Basic	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.	2	6	0

**Comment:** HAKRO has added one new production location in Thailand. The brand has shared information about Fair Wear's CoLP and the complaints helpline within the first year of doing business. The Worker Information Sheet (WIS) has been posted. HAKRO has not yet organised an onboarding session for the workers and management of this supplier to raise awareness about the Fair Wear CoLP, the complaints helpline, or the importance of social dialogue.

**Recommendation:** HAKRO is recommended to organise onboarding sessions specifically focusing on the CoLP and the complaints mechanism within the first year of doing business.

## 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 monitor human rights risks in its supply chain.	Basic	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.	2	6	0

**Comment:** HAKRO has a systematic approach to identifying 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. Together with another Fair Wear member brand, the brand has its iMPACT Program, which consists of audits. Brands can easily adapt the audits to country or supplier-specific risks. Over the past three years, the member has commissioned audits at all its suppliers, seven of which 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.

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

**Recommendation:** Fair Wear strongly recommends that HAKRO diversifies its monitoring tool and further investigate when it does not identify risks that are common in the production country.

Fair Wear recommends that the quality of the iMPACT Program audit could be verified, for example by conducting a shadow assessment after the iMPACT Program audit, either by an independent party or by the brand's own CSR staff.

Performance indicators	Result	Relevance of Indicator	Documentation	Score	Max	Min
2.8 Member company's continuous monitoring of human rights risks 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 key risks per country, including the risks to female workers. It uses this information to understand the risks at its suppliers. The member brand identified risks to FoA & collective bargaining at its suppliers for the countries China, Bangladesh, Laos, and Thailand. However, this risk is not identified at the supplier level for Türkiye.

The brand collects information through its audit programme with a set of questions on FoA and the worker sentiment survey. The worker sentiment survey is a tool to collect feedback from workers as a kind of worker interview.

**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 their continuous monitoring of human rights risks, to foster a better understanding of gendered implications.	Intermediate	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.	4	6	0

**Comment:** HAKRO could show it understands the gender risks for its sourcing countries. HAKRO collected gender-related information through its worker sentiment survey as part of the factory audit. The worker sentiment survey includes a gender lens on several Codes of Labour Practices (CoLP) and collects data such as verbal abuse, physical and verbal harassment, equal treatment, and grievance mechanisms (by gender). In 2022, the member brand collected this data for its four suppliers (Laos, Türkiye, and Thailand). All collected data on gender are included in the country risk assessment as risk factors on gender (male/female), discrimination, and gender-based violence. The member brand is currently further developing its iMPACT Program to incorporate a gender lens. The gender lens should be part of each CoLP.

The member has not yet analysed how its business practices affect gender at its suppliers.

**Recommendation:** Fair Wear recommends the member to collect country-level gender risks for each Code of Labour Practices. Fair Wear recommends the member to start analysing the gender data collected at country and factory levels and connect them. Fair Wear's gender instruments can be helpful.

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.	Intermediate	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.	2	4	0

**Comment:** Suppliers' human rights performance is systematically assessed every year. The brand evaluates its suppliers on an annual basis, covering price, quality, delivery, and CSR. The evaluation of suppliers is a joint effort between the purchasing, quality, and CSR departments. The supplier's performance in improving working conditions is occasionally taken into account in the brand's decision-making process. HAKRO's approach is to work towards improving working conditions with its suppliers, which requires some time. The member brand is not choosing for immediate exit. The member brand has not yet specified how human rights performance is weighed in its evaluation system. In addition, the supplier's assessment has yet to be shared with the suppliers and the supplier's worker representatives. Due to the brand's limited supply chain, switching orders between production locations is not an option. The member brand has not yet developed specific incentives which fit its business model.

**Recommendation:** Fair Wear recommends HAKRO to share and discuss the outcome of the supplier evaluation with all its suppliers and their worker representatives.

HAKRO is encouraged to clarify how human rights performance is weighted in its supplier evaluation system.

Fair Wear recommends the member to ensure that the evaluation of human rights performance of its suppliers is systematically considered in purchasing decisions.

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.	Intermediate	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.	2	4	0

**Comment:** HAKRO works with 12 suppliers and has a subcontracting policy that excludes subcontracting. The brand checks the supplier's capacity and ensures that all production processes can take place in the factory. To check this, HAKRO uses its own audit programme and on-site visits. However, HAKRO allows authorised subcontracting if the subcontracting factory has been previously approved by the member brand.

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

HAKRO partially followed last year's recommendation. It conducted audits at its suppliers in Laos. The audit identified one subcontractor (no location details provided) that is not listed in the Fair Wear financial year database.

**Requirement:** HAKRO should use the outcome of its human rights monitoring to respond to unauthorised subcontracting.

**Recommendation:** HAKRO is recommended to use the outcomes of its human rights monitoring to prevent unauthorised subcontracting. This can mean the member ensures the supplier is visited during production for locations with a higher risk of unauthorised subcontracting. Fair Wear urges HAKRO to include all suppliers in Fair Wear's financial database.

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:** In its sourcing countries, HAKRO has assessed whether homeworking is prevalent. 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 (Bangladesh, Laos, and Türkiye).

## 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.	Intermediate	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.	2	4	0

**Comment:** HAKRO has contracts per purchasing order with all its suppliers. Those contracts partly support human rights by focusing on payment terms and liability costs. The long-term member brand relationship with its suppliers is based on mutual trust and equal partnerships. Since last year's performance check, the member has started to work on a contract framework that includes shared responsibility for implementing the Code of Labour Practices (CoLP) and fair payment terms. For the long-term partnership, the member plans to offer indefinite contracts. However, this new framework contract is yet to be implemented in 2023.

HAKRO has a fair payment policy toward its suppliers. HAKRO's payment terms are three days after the delivery of goods and receipt of the invoice. For suppliers in Türkiye, the member pays the invoice within 30 days after the delivery of goods and receipt of the invoice.

**Recommendation:** HAKRO is advised to review its contracts with suppliers against the principles mentioned in the Common Framework of Responsible Purchasing Practices (CFRPP).

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 their decision-making processes.	Intermediate	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.	4	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 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 are required to work with factories that are willing and able to work with HAKRO on Fair Wear requirements, but this has not been formally translated into Key Performance Indicators (KPIs).

**Recommendation:** HAKRO could adopt KPIs that support good sourcing and pricing strategies within its sourcing, purchasing and design departments.

Performance indicators	Result	Relevance of Indicator	Documentation	Score	Max	Min
2.15 Member company's purchasing practices support reasonable working hours.	Intermediate	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.	4	6	0

**Comment:** New products and designs are developed together with its suppliers and the main suppliers can produce all styles. HAKRO only sells Never-Out-of-Stock (NOS) items. It does not have seasonal products. This gives the brand some advantages in case production needs to be shifted. The member shares its annual forecast with its partners in November-December. Product lead times are set from six to ten months. The suppliers share their production capacities with HAKRO and discuss whether further adjustments or priorities should be agreed upon. Each month, HAKRO plans 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 also with its direct suppliers to ensure that these factories are not over- or under-booked. In case other measures had to be taken, the brand engaged with the factories to postpone delivery dates, used air freight, and/or engaged with 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.

**Recommendation:** Fair Wear recommends the member to explore planning production in minutes instead of pieces to assess better its suppliers' production capacity (and wage levels). Furthermore, at suppliers where HAKRO is not a large customer, Fair Wear recommends the member to learn more about their production planning, for example, about peak season.

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 wage levels at suppliers to verify whether legal minimum wages can be met at its production locations. In 2022, 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. 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 material, energy, and other cost increases. The member also incorporates changes in the legal minimum wage or inflation into its purchase prices. In 2022, 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 is encouraged to provide buyers (or other employees involved in price negotiations with suppliers) training on cost breakdown, for example using the Fair Price app.

Performance indicators	Result	Relevance of Indicator	Documentation	Score	Max	Min
2.17 All sourcing intermediaries play an active role in upholding 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 Remediation and impact

**Possible Points: 80**

**Earned Points: 32**

### Indicators on Quality and coherence of 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 prioritisation and follow-up programmes according to the risk profile.	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 as described in chapter two, HAKRO has linked factory risks to appropriate follow-up for factories covering 60% of FOB. For China, the member brand has reduced the production of the risk article and decided to exit one supplier. In its suppliers in Moldova and Bangladesh, the member has focussed on wage and benefits and health and safety remediations. 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, responsible for 17% of the member brand's total FOB. The member has signed the International Accord.

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

Performance indicators	Result	Relevance of Indicator	Documentation	Score	Max	Min
3.2 Member company's improvement and prevention programmes 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 its employee survey. 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 improvement and prevention programmes 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, for example, training for workers and management on social dialogue. However, this and other preventive measures have not yet been implemented.

**Recommendation:** Fair Wear recommends HAKRO to be more comprehensive and include more steps to promote FoA and effective social dialogue in its improvement and prevention actions.

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 operational-level internal 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. However, some factories in Türkiye and Bangladesh are reluctant to display the Fair Wear's Worker Information Sheet (WIS). Appropriate training is therefore needed to educate workers.

**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.	Basic	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.	2	6	0

**Comment:** HAKRO did not share suppliers with other Fair Wear members. In 2022, the member cooperated with another Fair Wear member in the onboarding of a new supplier in China. Although this cooperation did not lead to the commencement of work with this supplier, the exchange of information was considered useful. In addition, HAKRO actively cooperates with another Fair Wear member in its iMPACT Program but does not share production facilities with them. HAKRO does not yet collaborate with other customers.

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

## Indicators on Improvement and prevention

Performance indicators	Result	Relevance of Indicator	Documentation	Score	Max	Min
3.6 Degree of progress towards implementation of improvement programme per relevant factory.	65%	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.	4	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. The audit results related to findings for Türkiye, Bulgaria, and North Macedonia, for example, are very limited. 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.	Basic 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.	2	6	-2

**Comment:** Based on the brand's risk assessment HAKRO is signatory of Accord to address the root causes of occupational health and safety issues at its Bangladeshi suppliers and to prevent these 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 improvement or prevention programme is needed.	No factories in the respective risk profile	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.	N/A	6	0

**Comment:** HAKRO has no suppliers where improvement or preventive programmes are not needed.

Performance indicators	Result	Relevance of Indicator	Documentation	Score	Max	Min
3.9 Degree to which member company mitigates root causes of excessive overtime.	Intermediate	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.	4	6	0

**Comment:** In the previous year, three audit reports (Türkiye and Bangladesh) out of a total of four audits mentioned excessive overtime. In one audit, workers were working excessive overtime (more than 11 hours per day) and in the other, overtime hours were not correctly recorded. The member discussed the findings with factory management and the causes were quarantine and the number of workers on leave due to Covid-19. Both issues were discussed and resolved with the appropriate measures such as extended delivery dates. The third audit found that weekly working hours exceeded 72 hours per week. The root causes discussed with the factory were delays of raw materials, emergency shipments, and lockdowns in Bangladesh (related to Covid-19). The factory did not inform HAKRO based on the opinion it was its own problem. This is a cultural difference in terms of communication. As a result, the supplier agreed to inform the member in the future and to be more open when such 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:** None of the audits conducted by the brand in 2022 revealed non-payment of the legal minimum wage. Due to the increase in the legal minimum wage, the member is in continuous dialogue with the production partner in Türkiye. 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 an overview per supplier in place of legal minimum wage benchmarks, lowest factory wage versus living wage benchmarks, and the gap between the two. The overview is updated regularly. As a first step, HAKRO tries to understand the wage gap. The second step is understanding the wage component and linking it to the brand's purchasing practices, and lastly introducing the Fair Price app to its suppliers. After its first performance check, HAKRO embedded a wage assessment in its iMPACT Program audit to collect and communicate appropriate data on workers' wages. The member has not yet conducted a detailed analysis of the root causes of the non-payment of living wages per supplier. Conversations about the root causes of wages lower than living wages and the wage gaps were discussed with its supplier in Bangladesh.

**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.	Insufficient	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.	0	6	0

**Comment:** Although the member is in continuous dialogue with its suppliers on living wages, it has not yet defined its benchmark wages.

**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.

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:** There are no factories that meet the living wage benchmarks yet.

According to the member, raising wages without considering the immediate environment can also have negative effects, from conflicts with the neighbouring factories to rapid price increases in the direct surroundings of the factory. Therefore as a first step, HAKRO is supporting its partner by contributing 1% of its FOB to two factory funds that are accessible to all workers.

**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 Complaints Procedure.	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 appropriate to the improvement or prevention programme.	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. However, one supplier in Bangladesh was trained under the Accord on fire and building safety.

**Requirement:** 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.

**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.

Performance indicators	Result	Relevance of Indicator	Documentation	Score	Max	Min
3.17 The member company's human rights risk monitoring 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 did not exit any supplier in 2022. The member brand's exit policy is integrated into its Responsible Business Conduct (RBC) policy. The member has discussed its exit strategy with its suppliers.

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 on Communication, transparency and evaluation

Performance indicators	Result	Relevance of Indicator	Documentation	Score	Max	Min
4.1 Member company actively communicates about Fair Wear membership and its human rights due diligence efforts.	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 on its website. The member brand actively informs its retailers about Fair Wear membership through its newsletters. The member also uses other channels, such as social media, to inform customers and stakeholders about Fair Wear membership. In collaboration with Fair Wear, the Head of Impact & Responsibility was interviewed about the brand's sourcing practices. The video was posted on Fair Wear's website and social media.

**Recommendation:** HAKRO could develop materials about Fair Wear membership to share with retailers and (web)shops. The Fair Wear third-party resellers flyer can support in explaining Fair Wear, Fair Wear’s work and the communication rules for third parties.

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 Social report 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 has submitted its social report, which Fair Wear approved. HAKRO has also published the report on its website.

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 member brand does not yet publish time-bound plans for its suppliers.

**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 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: 2.16 (old 1.8) Member company can demonstrate the link between its buying prices and wage levels in production locations; 3.10 (old 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; 2.6 (old 3.2) Member company has informed factory management and workers about the FWF CoLP and complaints hotline. The member addressed requirements 3.10 and 2.6. Together, at least half of the requirements were addressed.

## 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.: [Not applicable](#)

5.3 Member company actively contributed to industry outreach, visibility, and learning in its main selling markets.: [Yes](#)

**Comments:** [Anna Rüchardt](#) represents HAKRO as board member of the MaxTex Network for Sustainable Textiles. HAKRO has signed, published and spread word on the opinion piece issued in a joint appeal to the European Parliament ahead of the vote on a new EU CSDDD.

## Recommendations to Fair Wear

- 1) Administration of Fair Wear membership is 2/3 and 1/3 is working on impact. Rather than focusing on updating systems, we would appreciate the development of further support systems with regard to creating supply chain impact. Deadlines set by Fair Wear are not clearly communicated or upheld the same way for all members. They also do not reflect business reality (e.g. no finalised business figures yet by the time we need to publish the Social Report).
- 2) The Fair Wear requirement to issue a separate Social Report hinders progressive integrated reporting and is not helpful with regard to upcoming CSRD regulations. Please consider adopting reporting requirements accordingly.
- 3) Conduct the performance check once every two years, to make it possible for brands to effectively work on improvements according to the results and recommendations of a BPC.
- 4) ) Better support from Fair Wear in its role as a facilitator would be appreciated, e.g. when it comes to providing correct Worker Information Sheets, corresponding access to the Fair Wear grievance system in non-Fair Wear countries, and support customised to the brand's particular supply chain rather than generalised recommendations that do not apply to our particular (business) case.

## Brand Performance Check details

Date of Brand Performance Check: **20-06-2023**

Conducted by: **Terezia Haselhoff**

Interviews with: **Anna Röchardt – Head of Impact & Responsibility**

**Jochen Schmidt – Head of Impact & Innovation**

**Carmen Kroll – Managing Partner and Managing Director, Commissarial Head of Purchasing**

**Heike Schmidt – Head of Team Procurement**

**Thuy Trang Phan – Project Manager Procurement**