



# **Brand Performance Check**

## **Hydrowear B.V.**

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

## About the Brand Performance Check

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

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

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

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

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

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

*This year's report covers the response of our members and the impact on their supply chain due to the COVID-19 pandemic which started in 2020. The COVID-19 pandemic limited the brands' ability to visit and audit factories. To ensure the monitoring of working conditions throughout the pandemic, Fair Wear and its member brands made use of additional monitoring tools, such as complaints reports, surveys, and the consultation of local stakeholders. These sources may not provide as detailed insights as audit reports. To assess outcomes at production location level, we have included all available types of evidence to provide an accurate overview of the brands' management systems and their efforts to improve working conditions. Nevertheless, brands should resume verifying working conditions through audits when the situation allows for.*

## Brand Performance Check Overview

### Hydrowear B.V.

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

Member company information	
Headquarters:	Emmen , Netherlands
Member since:	2009-06-30
Product types:	Workwear
Production in countries where Fair Wear is active:	China, India
Production in other countries:	Croatia
Basic requirements	
Workplan and projected production location data for upcoming year have been submitted?	Yes
Actual production location data for evaluation period was submitted?	Yes
Membership fee has been paid?	Yes
Scoring overview	
% of own production under monitoring	65%
Benchmarking score	63
Category	Good

## Summary:

Hydrowear B.V. (hereafter Hydrowear) has shown progress and met most of Fair Wears' performance requirements in 2021. Besides monitoring 65% of its total production volume, Hydrowear achieved a benchmarking score of 63 for its performance in implementing the Fair Wear Code of Labour Practices. Therefore, Fair Wear awarded Hydrowear in the 'good' category in this brand performance check.

## Corona Addendum:

While many companies in COVID-19 report financial challenges, Hydrowear has seen a high increase in demand in 2020 as well as 2021. Therefore, Hydrowear didn't need to cancel orders. With the entry of the investor VP Capital and the increased focus on sustainability issues, elementary improvements in terms of systematic and strategic approaches could be identified in 2021.

In 2021, COVID-19 still impacted the member's supply chain. Hydrowear developed a special COVID-19 questionnaire based on the Fair Wear guideline. Hydrowear also maintained a policy for its suppliers to stock nominated raw materials at the production locations. For this, Hydrowear has gradually invested in fabric stock in most of the suppliers, including the main supplier in India. Hydrowear has built an extra warehouse at the headquarter to store more items for stock. Hydrowear stated that both actions would provide more flexibility, decrease production pressure at most suppliers, and prevent late fabrics' late deliveries by COVID-19. With 32% of its total FOB placed in India, Hydrowear's production was impacted during the lockdown period in the country between May and August. One factory in India was affected but was not fully closed during these periods but ran with less workforce per the government's regulation. Hydrowear reacted immediately and was in close coordination with the supplier.

Despite these challenges, Hydrowear has demonstrated a robust purchasing system, even in times of COVID-19. Fair Wear strongly recommends setting up a strategy to increase the workers' wages towards target wages by setting the next steps.

## Performance Category Overview

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

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

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

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

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

# 1. Purchasing Practices

Performance indicators	Result	Relevance of Indicator	Documentation	Score	Max	Min
1.1a Percentage of production volume from production locations where member company buys at least 10% of production capacity.	91%	Member companies with less than 10% of a production location's production capacity generally have limited influence on production location managers to make changes.	Supplier information provided by member company.	4	4	0

**Comment:** 91% of the production volume is from production locations where member company buys at least 10% of production capacity.

Performance indicators	Result	Relevance of Indicator	Documentation	Score	Max	Min
1.1b Percentage of production volume from production locations where member company buys less than 2% of its total FOB.	6%	Fair Wear provides incentives to clothing brands to consolidate their supplier base, especially at the tail end, as much as possible, and rewards those members who have a small tail end. Shortening the tail end reduces social compliance risks and enhances the impact of efficient use of capital and remediation efforts.	Production location information as provided to Fair Wear.	3	4	0

**Comment:** 6% of the production volume is from production locations where the member brand buys less than 2% of its total FOB.

Performance indicators	Result	Relevance of Indicator	Documentation	Score	Max	Min
1.2 Percentage of production volume from production locations where a business relationship has existed for at least five years.	85%	Stable business relationships support most aspects of the Code of Labour Practices, and give production locations a reason to invest in improving working conditions.	Supplier information provided by member company.	4	4	0

**Comment:** 85% of the production volume is from production locations where a business relationship has existed for at least five years. Hydrowear values long-term relationships and understands that long-term relationships are the basis for trust and working together to improve working conditions.



**Recommendation:** It is advised to describe policies regarding maintaining long-term business relationships in a sourcing strategy that is agreed upon with top management and shared with the suppliers.

Performance indicators	Result	Relevance of Indicator	Documentation	Score	Max	Min
1.3 All (new) production locations are required to sign and return the questionnaire with the Code of Labour Practices before first bulk orders are placed.	Yes	The CoLP is the foundation of all work between production locations and brands, and the first step in developing a commitment to improvements.	Signed CoLPs are on file.	2	2	0

**Comment:** In 2021, Hydrowear onboarded two new production locations in India and China. The one in India was a new factory from a long-term partner. Hydrowear collected signed questionnaires from its new production locations. Some questionnaires uploaded to the Fair Wear database were partially incomplete. It is assumed that this is mainly an error during uploading.

**Recommendation:** Fair Wear recommends double-checking all uploaded questionnaires in the Fair Wear database and uploading all questionnaires in better quality.

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

**Comment:** Since 2021, Hydrowear has a risk-based due diligence process in place. Hydrowear maintains an excel overview in which the respective country risks are identified to determine the country-specific risks. Therefore, Hydrowear uses external sources, such as Fair Wear country studies, NGO reports, different Indexes, and internal audit reports to evaluate possible risks. The risks are classified according to the eight labour standards of the Fair Wear Code of Labour Practices. Additionally to this, Hydrowear also analyses other risks as well. These are other criteria, such as refugees and migrants, homeworkers, subcontracting and country-specific conflicts. COVID-19-related risks are also added and tracked on regular updates. In general, Hydrowear identified that the COVID-19 pandemic led to suppliers being under pressure and forced workers to resign because the number of staff had to be reduced. Many workers in the garment industry are, therefore, without a job. These risks were cross-checked with the information given by suppliers in a COVID-19-related survey (see more information in chapter 2.7). The risk analysis has also led to purchasing decisions.

During the Brand Performance Check, Hydrowear introduced a written policy to onboard new suppliers. The selection criteria for recent production locations are based on elements like the quality of the products, capacity and prices and social standards. Hydrowear defined seven steps which need to be fulfilled as a minimum requirement before starting a cooperation with a new supplier. After the supplier's selection, the first step includes the self-assessment, which has to be filled out by the supplier and the first samples, as well as the query of existing audit reports and further documents. In the second step, the potential factory is visited by the management, and in the third step, an initial internal evaluation of the supplier is carried out. If based on this, the company wishes to continue working with the supplier; a test order is placed. This is followed by the first order, a monitoring audit, and a CAP follow-up. The collaboration is then re-evaluated, and a decision is made on whether the supplier should remain in the portfolio.

Since Hydrowear is a small company and strategically focuses on a small number of long-term partners, the onboarding of new suppliers is a process in which all employees are involved. Since the workwear products must also meet a high-quality standard and specific requirements, this is a long process. Due to COVID-19, it was impossible to visit the factories before placing an order, but the other steps were followed.

Performance indicators	Result	Relevance of Indicator	Documentation	Score	Max	Min
1.5 Production location compliance with Code of Labour Practices is evaluated in a systematic manner.	Yes	A systemic approach is required to integrate social compliance into normal business processes, and supports good decisionmaking.	Documentation of systemic approach: rating systems, checklists, databases, etc.	1	2	0

**Comment:** Since 2021, Hydrowear has implemented a supplier scorecard to systematically evaluate the supplier's compliance with the Code of Labour Practices.

The evaluation includes quality performance, production reliability, stock (raw material) reliability, production flexibility, communication, leverage and Corporate Social Responsibility (CSR) indicators. The supplier's CAP follow-up is included here. The score is based on a scale from 0-10 points. The evaluation is done by CSR, Quality Department, and Purchasing and discussed with the director.

Hydrowear has a small number of suppliers. Due to the high-quality workwear standards, each supplier specialises in one kind of product. Therefore, Hydrowear wants to keep a stable relationship with the current suppliers and grow together. The member works together with suppliers to achieve continuous improvement. If a supplier does not show any effort or willingness beyond a certain period, Hydrowear stops the business relationship. But this is the last step to be considered. Here, Hydrowear emphasises that a responsible exit is nevertheless essential.

Due to the many years of cooperation with suppliers, the scorecard is used to make decisions regarding CSR. On this basis, it will be decided in which factory further audits or training should occur. Nonetheless, the CSR performance of a supplier and the low level of commitment has now also decided to reduce orders here gradually. Due to the new system could not be evaluated during the Brand Performance Check if the supplier scorecard leads to production decisions. This needs to be assessed in the next Brand Performance Check.

In 2021, one production location of Hydrowear's main supplier in India closed due to low productivity and high production costs. Hydrowear has been in direct contact with the supplier regularly. As the member brands' leverage in that factory was high, Hydrowear gradually reduced orders. As this was an unionised factory, the workers were informed 90 days before the factory's closure. Since the partner has opened a new factory in another area in India and continues production for Hydrowear there, the workers were offered to join. Some of the workers agreed. After seven months, the factory was reopened, and Hydrowear started production again.

**Recommendation:** Hydrowear is recommended to develop the supplier evaluation further to combine the different scores into one score and weight the criteria, such as quality and CSR. In addition, other contents should be included in the CSR scoring in the future, such as complaint handling. Hydrowear could also use the rating tool for the suppliers to give them the chance to rate the purchasing practices of Hydrowear.

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

**Comment:** Hydrowear forecasts production planning for the upcoming year with its suppliers. During production, there is an excel-sheet based system to monthly track the process and visualise the bottlenecks. Hydrowear and the suppliers can depend on the approach to stay informed on the progress of product development, fabric availability, confirmation of orders, factory capacity and production process.

In 2021, Hydrowear maintained a policy for its suppliers to stock nominated raw materials at the production locations. For this, Hydrowear has gradually invested in fabric stock for most of the suppliers, including the main supplier in India. Hydrowear has built an extra warehouse at the headquarter to store more items for stock. Hydrowear stated that both actions would provide more flexibility and decrease production pressure at most suppliers.

More than 95% of Hydrowear's productions are made for the stock for the coming year. The suppliers reserved capacity specifically for Hydrowear. No significant changes were made during the COVID-19 pandemic. A small number of Hydrowear's products are made upon customers' specific requests. Hydrowear identifies this as the main risk of managing overtime at the supplier.

In 2021, Hydrowear perceived only slight shifts in the supply chain regarding delivery dates due to COVID-19. Therefore, the member brand had only some delays in lead times. However, Hydrowear could accommodate these well due to the high stock capacity at the headquarter.

**Recommendation:** Fair Wear recommends Hydrowear discuss with the factories how to deal with the planning of production during the peak season or with the special customer demand orders to prevent excessive overtime

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

**Comment:** In late 2021, one Fair Wear audit in China was conducted. This audit found weekly working hours exceeding 60 hours at its supplier in China. Excessive overtime was also found in an audit at a Chinese supplier in 2020. The supplier would like a longer lead time when the fabric is late. Hydrowear has only 1% leverage at this factory.

Hydrowear has found that, in particular, the excessive overtime in China is caused by late delivery times of the fabrics. Due to the high investment in fabric stocks at the main suppliers onsite, Hydrowear can now monitor the fabric lead times directly, even though the brand buys ready-made garments. Hydrowear has also analysed that other root causes of excessive overtime include, in particular, the specialised products by urgent customer demands.

To verify the progress in reducing overtime at the Indian supplier, Hydrowear planned a Fair Wear audit in 2022. This needs to be verified within the next Brand Performance Check.

**Recommendation:** Hydrowear is recommended to take explicit steps to remediate the issue of excessive overtime in China. The root cause analysis of the findings from the Fair Wear audit in China at the end of 2021 should be continued and followed up in 2022. It is recommended to involve worker representatives more closely in the CAP follow-up on excessive overtime. In case of low leverage, Hydrowear can also increasingly try to contact other factory customers for cooperation.

Performance indicators	Result	Relevance of Indicator	Documentation	Score	Max	Min
1.8 Member company can demonstrate the link between its buying prices and wage levels in production locations.	Intermediate	Understanding the labour component of buying prices is an essential first step for member companies towards ensuring the payment of minimum wages – and towards the implementation of living wages.	Interviews with production staff, documents related to member's pricing policy and system, buying contracts.	2	4	0

**Comment:** Hydrowear uses open-costing to determine prices with three production locations owned by one business group in India, which accounts for over 30% of the FoB. Here, Hydrowear has transparency about the cut-make-trim costs.

Hydrowear did not negotiate prices with the suppliers. It also would not leave a supplier due to costs. Hydrowear receives final prices from suppliers that are not negotiated by its Chinese suppliers. Hydrowear knows the raw material and packaging prices and the cost for production but does not have isolated labour costs in calculations.

**Recommendation:** Fair Wear recommends that Hydrowear continually expands its knowledge of cost breakdowns of all product groups. This also makes it transparent in case there is a need to include additional costs (e.g. COVID-19 measures) in the minute prices. Hydrowear should also include the components of direct labour, indirect labour and overhead costs in its cost calculation to gain more transparency.

With the Indian partner, Hydrowear is recommended to start using the Fair Wear 'Fair Price App'.

Performance indicators	Result	Relevance of Indicator	Documentation	Score	Max	Min
1.9 Member company actively responds if production locations fail to pay legal minimum wages and/or fail to provide wage data to verify minimum wage is paid.	Yes	If a supplier fails to pay minimum wage or minimum wage payments cannot be verified, Fair Wear member companies are expected to hold management of the supplier accountable for respecting local labour law. Payment below minimum wage must be remediated urgently.	Complaint reports, CAPs, additional emails, Fair Wear Audit Reports or additional monitoring visits by a Fair Wear auditor, or other documents that show minimum wage issue is reported/resolved.	0	0	-2

**Comment:** Hydrowear did not cancel orders or negotiate for lower prices. On the contrary, Hydrowear had increased orders and unit prices at most factories due to increased sales during the COVID-19 pandemic.

In 2021, a complaint at one factory of Hydrowear's supplier in India came up. During the lockdown period in India at the beginning of 2021, 50 contractual workers were asked by factory management not to show up for work from one day to the next. It was stated that these workers would not receive any compensation for the period where they didn't have a job. Hydrowear reacted immediately and was in close coordination with the supplier. However, the factory was then closed due to a lack of productivity, and Hydrowear left the production location. The supplier stated that the contractual workers were compensated as per the contract agreement and other factory units absorbed all permanent workers, and all payments were made before the closure. However, within the Brand Performance Check, it could not be verified whether all workers received wage payments during the closure period. The member plans an audit to verify received wage data.

In China, suppliers were not affected by any lockdowns regarding COVID-19 in 2021. In regular discussions and the COVID-19 survey, the suppliers did not report any wage payment issues to Hydrowear.

**Requirement:** Fair Wear requires that Hydrowear always verify whether legal minimum wage issues have been resolved. Hydrowear could hire a local consultant or plan a monitoring visit of one of Fair Wear's auditors to check whether the issue has been resolved.

Performance indicators	Result	Relevance of Indicator	Documentation	Score	Max	Min
1.10 Evidence of late payments to suppliers by member company.	No	Late payments to suppliers can have a negative impact on production locations and their ability to pay workers on time. Most garment workers have minimal savings, and even a brief delay in payments can cause serious problems.	Based on a complaint or audit report; review of production location and member company financial documents.	0	0	-1

**Comment:** No late payment issues were reported in 2020. For main suppliers, Hydrowear usually does not make down payments. The invoices are fully paid once the goods are shipped. Hydrowear paid around 30% upfront for tail-end suppliers, and the rest was paid once the goods were shipped. No payment terms were changed during COVID-19.

Performance indicators	Result	Relevance of Indicator	Documentation	Score	Max	Min
1.11 Degree to which member company assesses and responds to root causes for wages that are lower than living wages in production locations.	Intermediate	Assessing the root causes for wages lower than living wages will determine what strategies/interventions are needed for increasing wages, which will result in a systemic approach	Evidence of how payment below living wage was addressed, such as: Internal policy and strategy documents, reports, correspondence with factories, etc	4	6	0

**Comment:** Hydrowear has an ongoing discussion on living wages with its main production partner in India. Here, worker wages were negotiated between the union and the management of the factory. As a first step, Hydrowear worked on an overview to compare the wage levels of all suppliers with the legal minimum wage and the Asian Floor Wage Estimation. The analysis shows that the salaries of Chinese suppliers, in particular, are already 30% above the minimum wage. For this analysis, the member brand used the actual factory wages provided in the audit reports.

Hydrowear has defined a target wage of 5% above the current wage level in the factories. During the Brand Performance Check, the member brand has not taken specific steps to increase wages. There is no systemic approach yet. The brand has not yet discussed the root causes of living wages in detail with its suppliers, such as low prices, productivity issues, etc.

**Recommendation:** Fair Wear recommends that Hydrowear has a written strategy shared with the suppliers. As the factories in India are unionised, Fair Wear also encourages Hydrowear to closely involve the union and local organisations in assessing the 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
1.12 Percentage of production volume from factories owned by the member company (bonus indicator).	None	Owning a supplier increases the accountability and reduces the risk of unexpected CoLP violations. Given these advantages, this is a bonus indicator. Extra points are possible, but the indicator will not negatively affect an member company's score.	Supplier information provided by member company.	N/A	2	0

Performance indicators	Result	Relevance of Indicator	Documentation	Score	Max	Min
1.13 Member company determines and finances wage increases.	None	Assessing the root causes for wages lower than living wages will determine what strategies/interventions are needed for increasing wages, which will result in a systemic approach.	Evidence of how payment below living wage was addressed, such as: internal policy and strategy documents, reports, correspondence with factories, etc.	0	6	0

**Comment:** Hydrowear has defined a target wage, which should be 5% higher than actual wages. However, there is no clear strategy or action plan for implementing the goal. The target wage has not yet been shared with suppliers by Hydrowear. As a procedure of how the member brand wants to finance the wage increases, Hydrowear can imagine raising the buying prices in total.

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

**Recommendation:** Fair Wear also recommends involving worker representation more closely.



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

**Comment:** During the COVID-19 pandemic, Hydrowear reported increased product prices, but the member brand has not yet verified the wage payments.

**Recommendation:** Fair Wear encourages Hydrowear to show that discussions and plans for wage increases have resulted in paying a target wage. Therefore, Hydrowear is encouraged to establish direct contact with the factory union.

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## Purchasing Practices

**Possible Points: 52**

**Earned Points: 29**

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## 2. Monitoring and Remediation

Basic measurements	Result	Comments
% of production volume where an audit took place.	61%	
% of production volume where monitoring requirements for low-risk countries are fulfilled.	4%	To be counted towards the monitoring threshold, FWF low-risk policy should be implemented. See indicator 2.9. (N/A = no production in low risk countries.)
Member meets monitoring requirements for tail-end production locations.	Yes	
Requirement(s) for next performance check		
Total monitoring threshold:	65%	Measured as percentage of production volume (Minimums: 1 year: 40%; 2 years 60%; 3 years+: 80-100%)

Performance indicators	Result	Relevance of Indicator	Documentation	Score	Max	Min
2.1 Specific staff person is designated to follow up on problems identified by monitoring system.	Yes	Followup is a serious part of Fair Wear membership, and cannot be successfully managed on an ad-hoc basis.	Manuals, emails, etc., demonstrating who the designated staff person is.	2	2	-2

**Comment:** A specific staff person is designated to follow up on problems identified by the monitoring system.

Performance indicators	Result	Relevance of Indicator	Documentation	Score	Max	Min
2.2 Quality of own auditing system meets FWF standards.	Member makes use of FWF audits and/or external audits only	In case Fair Wear teams cannot be used, the member companies' own auditing system must ensure sufficient quality in order for Fair Wear to approve the auditing system.	Information on audit methodology.	N/A	0	-1

**Comment:** Member makes use of Fair Wear audits and external audits.

Performance indicators	Result	Relevance of Indicator	Documentation	Score	Max	Min
2.3 Audit Report and Corrective Action Plan (CAP) findings are shared with factory and worker representation where applicable. Improvement timelines are established in a timely manner.	Yes	2 part indicator: Fair Wear audit reports were shared and discussed with suppliers within two months of audit receipt AND a reasonable time frame was specified for resolving findings.	Corrective Action Plans, emails; findings of followup audits; brand representative present during audit exit meeting, etc.	2	2	-1

**Comment:** Hydrowear conducted one Fair Wear audit in 2021. The audit report has been shared with the factory management. The audit report was not shared with the worker representative.

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

Performance indicators	Result	Relevance of Indicator	Documentation	Score	Max	Min
2.4 Degree of progress towards resolution of existing Corrective Action Plans and remediation of identified problems.	Basic	Fair Wear considers efforts to resolve CAPs to be one of the most important things that member companies can do towards improving working conditions.	CAP-related documentation including status of findings, documentation of remediation and follow up actions taken by member. Reports of quality assessments. Evidence of understanding relevant issues.	4	8	-2

**Comment:** In 2021, Hydrowear started by implementing a systematic approach for following up the Corrective Action Plans (CAP). The member brand developed a holistic overview for all CAP findings. Hydrowear asks its suppliers to send pictures or documents to confirm improvements. The member starts to keep clear timelines and checks in with the factory after a deadline has passed. This is a continuous process that will be followed up monthly. The managing director and purchasing department are frequently involved in discussions.

In 2021, some issues were followed up on from previous years. The CAP follow-up with the Chinese suppliers showed that several health and safety findings of an audit from 2020 are still open. For example, workers in standing positions are not provided with anti-fatigue mats and storing chemicals and hazardous substances is inappropriate. Hydrowear will still follow up in 2022. More complex findings related to freedom of association or living wages are still in progress.

In the three factories in India, the last audits took place in 2016 and 2017. Due to the COVID-19 situation, no monitoring audit took place in these factories in 2021. No further information was obtained from external audit reports here either. Hydrowear plans a monitoring audit in the new Indian factory in 2022.

**Recommendation:** It is recommended to involve worker representatives in the CAP follow-up. It is also recommended to work more on structural issues and offer support in remediation. Based on the risk analysis, Hydrowear should consider further monitoring the Indian factories.

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

**Comment:** As travel was restricted due to the COVID-19 pandemic, this indicator is not applicable in 2021. Nonetheless, in 2021 Hydrowear visited its supplier in Croatia, representing 4% of the total FOB.

Performance indicators	Result	Relevance of Indicator	Documentation	Score	Max	Min
2.6 Existing audit reports from other sources are collected.	Yes and quality assessed	Existing reports form a basis for understanding the issues and strengths of a supplier, and reduces duplicative work.	Audit reports are on file; evidence of followup on prior CAPs. Reports of quality assessments.	2	3	0

**Comment:** In 2021, Hydrowear received external audit reports for its Chinese suppliers. Hydrowear did assess the quality of the audit reports. The findings of the audit reports are added to the CAPs follow-up overview, and follow-up is done accordingly.

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

**Comment:** In 2021, Hydrowear worked on establishing a comprehensive risk analysis using country studies from Fair Wear and other reports of known organisations. Next to the country risk analysis, Hydrowear is also creating an overview showing the CAP findings per supplier to include this in the country risk assessment.

Other risks:

India:

Hydrowear produces about 32% of its total FOB in India with a long-time partner who now produces for Hydrowear in three factories. Hydrowear is aware of the common risks (bonded labour, gender-based violence) in India but did not yet continue efforts to mitigate these risks. Some years ago, Hydrowear enrolled its supplier for Fair Wears WEP module targeting gender-based violence. In 2021, the effects of COVID-19 were still present, especially in India the pandemic was at its worst. The COVID-19 lockdown period of West Bengal was from May till August 2021. The factories were not fully closed during these periods but ran with less workforce per the government's regulation. During that time, a complaint regarding job losses of contractual workers at this factory came up (see indicators 1.9 and 3.4). Hydrowear reacted immediately and was in close coordination with the supplier. However, it then came to the case that the factory was closed due to a lack of productivity. As this was an unionised factory, the workers were informed 90 days before the factory's closure. Since the partner has opened a new factory in another area in India and continues production for Hydrowear there, the workers were offered to join. However, since these were contractual workers, Hydrowear did not further engage here.

China:

Approximately 63% of Hydrowear's production in 2021 came from China. The member brand is aware of country-specific risks such as limited freedom of association. Hydrowear also looks at potential forced labour risks, which an external inspection agency checks. In one factory, an increased risk was identified, but Hydrowear stopped sourcing from that factory in 2020 already.

COVID-19:

Hydrowear sent out a COVID-19 questionnaire to the suppliers to record the current situation in the factories and cover various topics such as COVID-19 case numbers, compliance with hygiene and safety regulations and ensuring wages are paid. For suppliers in China, the pandemic in 2021 did not have a significant impact, and production could occur as usual.

**Recommendation:** Fair Wear recommends expanding on the known risks in India and providing further training, for example, to address gender-based violence. Hydrowear is also encouraged to put extra effort and take specific steps to prevent and mitigate the risk of forced labour in its supply chain.

Performance indicators	Result	Relevance of Indicator	Documentation	Score	Max	Min
2.8 Member company cooperates with other FWF member companies in resolving corrective actions at shared suppliers.	No CAPs active, no shared production locations or refusal of other company to cooperate	Cooperation between customers increases leverage and chances of successful outcomes. Cooperation also reduces the chances of a factory having to conduct multiple Corrective Action Plans about the same issue with multiple customers.	Shared CAPs, evidence of cooperation with other customers.	N/A	2	-1

**Comment:** In 2021, there were no CAPs active which were shared with other Fair Wear members.

Performance indicators	Result	Relevance of Indicator	Documentation	Score	Max	Min
2.9 Percentage of production volume where monitoring requirements for low-risk countries are fulfilled.	100%	Low-risk countries are determined by the presence and proper functioning of institutions which can guarantee compliance with national and international standards and laws. Fair Wear has defined minimum monitoring requirements for production locations in low-risk countries.	Documentation of visits, notification of suppliers of Fair Wear membership; posting of worker information sheets, completed questionnaires.	2	2	0

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

**Comment:** Hydrowear visits the factory in Croatia annually. The Code of Labour Practices was posted at the factory. According to Hydrowear, it has communicated Fair Wear requirements to the factory. No recent audit report was available at the factory.

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

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

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

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

## Monitoring and Remediation

**Possible Points: 24**

**Earned Points: 15**



### 3. Complaints Handling

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

Performance indicators	Result	Relevance of Indicator	Documentation	Score	Max	Min
3.1 A specific employee has been designated to address worker complaints.	Yes	Followup is a serious part of Fair Wear membership, and cannot be successfully managed on an ad-hoc basis.	Manuals, emails, etc., demonstrating who the designated staff person is.	1	1	-1

**Comment:** There is a specific employee designated to address worker complaints.

Performance indicators	Result	Relevance of Indicator	Documentation	Score	Max	Min
3.2 Member company has informed factory management and workers about the FWF CoLP and complaints hotline.	Yes	Informing both management and workers about the Fair Wear Code of Labour Practices and complaints hotline is a first step in alerting workers to their rights. The Worker Information Sheet is a tool to do this and should be visibly posted at all production locations.	Photos by company staff, audit reports, checklists from production location visits, etc.	2	2	-2

**Comment:** Two Fair Wear audits showed that the factories had not received the Code of Labour Practices from Hydrowear. Hydrowear has remediated the issue.

**Recommendation:** Fair Wear recommends Hydrowear to check whether the sheet is posted at a location that is easily accessible and safe for workers during monitoring audits or visits onsite.

Performance indicators	Result	Relevance of Indicator	Documentation	Score	Max	Min
3.3 Degree to which member company has actively raised awareness of the FWF CoLP and complaints hotline.	All production in low-risk countries/training not possible	After informing workers and management of the Fair Wear CoLP and the complaints hotline, additional awareness raising and training is needed to ensure sustainable improvements and structural worker-management dialogue.	Training reports, Fair Wear's data on factories enrolled in the WEP basic module. For alternative training activities: curriculum, training content, participation and outcomes.	N/A	6	0

**Comment:** Because of travel restrictions in 2021 that limited the possibility of conducting training, this indicator is not applicable in 2021. Nevertheless, Hydrowear organised a WEP Basic training in India in 2019 and China in 2021, which is 40% of its total FOB.

Performance indicators	Result	Relevance of Indicator	Documentation	Score	Max	Min
3.4 All complaints received from production location workers are addressed in accordance with the FWF Complaints Procedure.	Yes	Providing access to remedy when problems arise is a key element of responsible supply chain management. Member company involvement is often essential to resolving issues.	Documentation that member company has completed all required steps in the complaints handling process.	3	6	-2

**Comment:** In 2021, a complaint at one factory of Hydrowear's supplier in India came up. During the lockdown period in West Bengal (India) from May till August 2021, 50 contractual workers were asked by factory management not to show up for work from one day to the next. The factory was not fully closed during these periods but ran with less workforce per the government's regulation. It was stated that these workers would not receive any compensation for the period where they didn't have a job. Hydrowear reacted immediately and closely coordinated with the supplier. Since the business relationship between the brand and the factory ended in 2021, this complaint was closed (see for more information at indicators 1.9 and 2.7).

**Recommendation:** Since the contractual workers do not have legally binding contracts with the factory, it is recommended that Hydrowear takes preventive measures as soon as possible to support the workers. All contractual workers should receive a permanent contract from the factory. It is recommended that Hydrowear also exchanges more closely with the workers' union.

Performance indicators	Result	Relevance of Indicator	Documentation	Score	Max	Min
3.5 Cooperation with other customers in addressing worker complaints at shared suppliers.	No complaints or cooperation not possible / necessary	Because most production locations supply several customers with products, involvement of other customers by the Fair Wear member company can be critical in resolving a complaint at a supplier.	Documentation of joint efforts, e.g. emails, sharing of complaint data, etc.	N/A	2	0

**Comment:** There was no other Fair Wear member sourcing at the factory where a complaint was received.

## Complaints Handling

**Possible Points: 9**

**Earned Points: 6**

## 4. Training and Capacity Building

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

**Comment:** As Hydrowear is a small company, all employees are aware of Fair Wear membership and involved in fulfilling the Fair Wear requirements.

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

**Comment:** The managing director is closely involved in all processes. CSR informs in detail about updates in regular meetings. The CSR person is also responsible for purchasing. Since Hydrowear is a small brand, the paths are concise, and everyone is involved in implementing the Fair Wear requirements.

Performance indicators	Result	Relevance of Indicator	Documentation	Score	Max	Min
4.3 All sourcing contractors/agents are informed about FWF's Code of Labour Practices.	Member does not use agents/contractors	Agents have the potential to either support or disrupt CoLP implementation. It is the responsibility of member company to ensure agents actively support the implementation of the CoLP.	Correspondence with agents, trainings for agents, Fair Wear audit findings.	N/A	2	0

**Comment:** Hydrowear does not use agents/contractors.

Performance indicators	Result	Relevance of Indicator	Documentation	Score	Max	Min
4.4 Factory participation in training programmes that support transformative processes related to human rights.	All production in low-risk countries/training not possible	Complex human rights issues such as freedom of association or gender-based violence require more in-depth trainings that support factory-level transformative processes. Fair Wear has developed several modules, however, other (member-led) programmes may also count.	Training reports, Fair Wear's data on factories enrolled in training programmes. For alternative training activities: curriculum, training content, participation and outcomes.	N/A	6	0

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

**Recommendation:** Fair Wear recommends Hydrowear implement training programmes that support factory-level transformation, such as establishing functional internal grievance mechanisms, improving worker-management dialogue and communication skills or addressing gender-based violence. Training assessed under this indicator should go beyond raising awareness and focus on behavioural and structural change to improve working conditions. To this end, Hydrowear can use Fair Wear's WEP Communication or Violence and Harassment Prevention modules or implement advanced training through external training providers or brand staff. Non-Fair Wear training must follow the standards outlined in Fair Wear's guidance and checklist available on the Member Hub.

Performance indicators	Result	Relevance of Indicator	Documentation	Score	Max	Min
4.5 Degree to which member company follows up after a training programme.	No training programmes have been conducted or member produces solely in low-risk countries	After factory-level training programmes, complementary activities such as remediation and changes on brand level will achieve a lasting impact.	Documentation of discussions with factory management and worker representatives, minutes of regular worker-management dialogue meetings or anti-harassment committees.	N/A	2	0

**Comment:** No training programmes have been conducted.

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## Training and Capacity Building

**Possible Points: 3**

**Earned Points: 3**

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## 5. Information Management

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

**Comment:** Hydrowear has long-term, trusted relationships with its suppliers. Hydrowear's staff often travels to locations during production, enabling them to check if the factory's agreed production volumes are currently being produced. Hydrowear does not allow suppliers to subcontract its products. Nevertheless, two audits reported unauthorised subcontractors at Hydrowear's suppliers. One supplier stated that the subcontractors were not producing for Hydrowear.

**Recommendation:** Fair Wear strongly recommends Hydrowear to take additional efforts to ensure that the brand is always informed beforehand about the placement of production at production locations.

Performance indicators	Result	Relevance of Indicator	Documentation	Score	Max	Min
5.2 CSR and other relevant staff actively share information with each other about working conditions at production locations.	Yes	CSR, purchasing and other staff who interact with suppliers need to be able to share information in order to establish a coherent and effective strategy for improvements.	Internal information system; status CAPs, reports of meetings of purchasing/CSR; systematic way of storing information.	1	1	-1

**Comment:** As Hydrowear is a small company and CSR staff is also responsible for production planning, information is regularly shared with each other about working conditions on a daily basis.

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## Information Management

**Possible Points: 7**

**Earned Points: 4**

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## 6. Transparency

Performance indicators	Result	Relevance of Indicator	Documentation	Score	Max	Min
6.1 Degree of member company compliance with FWF Communications Policy.	Minimum communications requirements are met AND no significant problems found	Fair Wear's communications policy exists to ensure transparency for consumers and stakeholders, and to ensure that member communications about Fair Wear are accurate. Members will be held accountable for their own communications as well as the communications behaviour of 3rd-party retailers, resellers and customers.	Fair Wear membership is communicated on member's website; other communications in line with Fair Wear communications policy.	2	2	-3

**Comment:** Hydrowear communicates about Fair Wear membership on its website and catalogues.

**Recommendation:** In the future, the updated Fair Wear logo should be used for catalogues as well.

Performance indicators	Result	Relevance of Indicator	Documentation	Score	Max	Min
6.2 Member company engages in advanced reporting activities.	No	Good reporting by members helps to ensure the transparency of Fair Wear's work and shares best practices with the industry.	Member company publishes one or more of the following on their website: Brand Performance Check, Audit Reports, Supplier List.	0	2	0

**Comment:** Hydrowear has disclosed 0% of production locations to other members in Fair Force and on the Fair Wear website. This non-disclosure of member brands will be mentioned on the brand page on the Fair Wear website and separately in a list of member brands unwilling to disclose production locations on the Fair Wear website. The Brand Performance Check Report is not uploaded to the brands' website.

**Requirement:** Fair Wear requires member brands to disclose production locations to other member brands in Fair Force and on the Fair Wear website.

**Recommendation:** Fair Wear recommends Hydrowear to publish the Brand Performance Check Report on its website.

Performance indicators	Result	Relevance of Indicator	Documentation	Score	Max	Min
6.3 Social Report is submitted to FWF and is published on member company's website.	Complete and accurate report submitted to FWF AND published on member's website.	The social report is an important tool for members to transparently share their efforts with stakeholders. Member companies should not make any claims in their social report that do not correspond with Fair Wear's communication policy.	Social report that is in line with Fair Wear's communication policy.	2	2	-1

**Comment:** The social report was completed and published on the website.

## Transparency

**Possible Points: 6**

**Earned Points: 4**

## 7. Evaluation

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

**Comment:** Hydrowear has set up a strategic plan since 2021, how the member brand also wants to develop within the Fair Wear membership. For this, the membership and the results from the Brand Performance Check are evaluated. The CEO of Hydrowear could not participate in this Brand Performance Check to discuss this more in detail.

Performance indicators	Result	Relevance of Indicator	Documentation	Score	Max	Min
7.2 Level of action/progress made on required changes from previous Brand Performance Check implemented by member company.	75%	In each Brand Performance Check report, Fair Wear may include requirements for changes to management practices. Progress on achieving these requirements is an important part of Fair Wear membership and its process approach.	Member company should show documentation related to the specific requirements made in the previous Brand Performance Check.	4	4	-2

**Comment:** Hydrowear has shown efforts to work on almost all of the previous Brand Performance Check requirements. The brand could prove that three out of four requirements were followed up; the indicators are 1.4, 1.5 and 2.4. This means that the member brand conducts human rights due diligence at all production locations (1.4), and production location compliance with CoLP is evaluated in a systematic manner (1.5). In 2021, Hydrowear started by implementing a systematic approach to following the Corrective Action Plans (2.4). The member brand developed a holistic overview of all CAP findings.

The requirement on indicator 6.2 remains unsolved. Hydrowear has still not disclosed its production locations to other members in Fair Force and on the Fair Wear website.

**Recommendation:** It is recommended to work towards remediation of previous requirements from the last Brand Performance Check. Fair Wear strongly recommends member brands disclose production locations to other member brands in Fair Force and on the Fair Wear website.

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## Evaluation

**Possible Points: 6**

**Earned Points: 6**

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## Recommendations to Fair Wear

In general, the brand values the support of Fair Wear. Hydrowear stated that Fair Wear's member hub is not user-friendly and not functioning well.

# Scoring Overview

Category	Earned	Possible
Purchasing Practices	29	52
Monitoring and Remediation	15	24
Complaints Handling	6	9
Training and Capacity Building	3	3
Information Management	4	7
Transparency	4	6
Evaluation	6	6
Totals:	67	107

Benchmarking Score (earned points divided by possible points)
63

Performance Benchmarking Category
Good

## Brand Performance Check details

Date of Brand Performance Check:

03-08-2022

Conducted by:

Victoria Lauer

Interviews with:

Laurens Voors (CSR; Purchasing)

Rissa den Dekker (Sustainability Coordinator)