



## **Brand Performance Check**

# **Step by Step and coocazoo (Hama GmbH & Co. KG)**

**Publication date: July 2022**

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

## Step by Step and coocazoo (Hama GmbH & Co. KG)

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

Member company information	
Headquarters:	Monheim , Germany
Member since:	2019-05-01
Product types:	Garments, clothing, fashion apparel; Bags
Production in countries where Fair Wear is active:	China
Production in other countries:	
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	100%
Benchmarking score	61
Category	Good

## Summary:

coocazoo and Step by Step have shown progress and met most of Fair Wear's performance requirements, meeting the monitoring threshold of 100%. With a benchmark score of 61, coocazoo and Step by Step have achieved 'Good' status.

## Corona Addendum:

coocazoo and Step by Step produce school bags and accessories belonging to the Hama group. The entire production takes place in China, and is discussed with the Hama quality team in China and the management of the two main suppliers. Retail is the primary sales channel for the two brands.

coocazoo and Step by Step increased their turnover in 2021. School bags are less sensitive to trends and crises. The number of competitors in Germany decreased, which meant an increase in orders for Step by Step and coocazoo. coocazoo's production increase was also due to a new collection. coocazoo and Step by Step are perceived as the sustainable pioneers within the Hama group. The brands push the mother company to increase its efforts on sustainability. As the brands are dependent on the strategies of Hama, it sometimes means processes are slowed down.

The logistics of the supply chain were challenging in 2021, but due to the flexibility and sourcing strategy, it managed to have no disruptions in its orders or sales. coocazoo and Step by Step have a massive warehouse in Germany where it stores a vast number of school bags, making the brands less dependent on production planning and the influences of the lockdown. The suppliers also suffered from a lockdown in 2021, but the workers still received the minimum wages. After resuming work, the production could start as usual without putting pressure on the process. The staff of coocazoo and Step by Step were not allowed to travel in 2021. Instead, they had daily contact with its main suppliers and verified improvement measures with pictures and video calls. The partnership and trust built with its long-term partners in China helped the brand manoeuvre the situation. Audits could be conducted and showed persistent issues on working hours and wages.

coocazoo and Step by Step are aware of prioritising these issues. COVID-19 and other disrupting problems like transportation and higher materials costs slowed the two brands down, which made the decision to devote time to topics like securing jobs locally and health and safety in the workplace. All in all, due to the long-term and good relationship with the suppliers in China, coocazoo and Step by Step could handle the second year of COVID-19 well. Fair Wear recommends coocazoo and Step by Step to look into the root causes of the working hours and wages, to start improving on both issues.

## 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.	100%	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:** coocazoo and Step by Step are part of the Hama group, which produces school bags and accessories. coocazoo and Step by Step work with one main supplier who distributes the production of the bags and backpacks between two main factories in China. One factory produces bags and backpacks for coocazoo and the other factory produces for Step by Step. The accessories are subcontracted by the main supplier.

Based on this sourcing strategy, in 2021 100% of coocazoo and Step by Step's production volume came from production locations where the company buys at least 10% of the factory's 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.	0%	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.	4	4	0

**Comment:** The supply base of coocazoo and Step by Step is consolidated, and the company produces its full production at the four suppliers. The products require high-quality craftsmanship, for which only a few suppliers exist in Asia.

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.	100%	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:** coocazoo and Step by Step value solid and long-term relationships with their suppliers. With one supplier, the member has already collaborated for 18 years. As its products require a specific type of supplier, which does not differ much in pricing, the brands are not planning to change any time soon.

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:** coocazoo and Step by Step ask all suppliers to sign and return the questionnaire before bulk orders are placed. In 2021, the member has not worked with new production locations.

**Recommendation:** Fair Wear recommends coocazoo and Step by Step to ensure the locations have the latest documents of Fair Wear, with the correct logos.

Performance indicators	Result	Relevance of Indicator	Documentation	Score	Max	Min
1.4 Member company conducts human rights due diligence at all (new) production locations before placing orders.	Intermediate	Due diligence helps to identify, prevent and mitigate potential human rights problems at suppliers.	Documentation may include pre-audits, existing audits, other types of risk assessments.	2	4	0

**Comment:** The product management is responsible for the sourcing strategy and the main suppliers in China. To make progress on an official written strategy, the two brands are dependent on the strategy of their mother company Hama. The two brands are frontrunners in sustainability within Hama, which sometimes mean progress must slow down as the brands have to wait for a common Hama strategy.

coocazoo and Step by Step have close contact with their main suppliers. The brands have a quality centre office in China with more than 20 people working for Hama on the backpack's quality, production and sustainability. They have weekly meetings in which they discuss all progress and issues. The local staff visit the main suppliers weekly. The team in China has its own auditors and keeps itself fully updated on the COVID-19 developments and regulations. The auditors pay particular attention to specific risks in China, for example, high risks related to migrants and excessive overtime. The local team facilitate the progress of sourcing. coocazoo and Step by Step rely heavily on the knowledge and expertise of the local staff and do not conduct a lot of own research.

The brands did not conduct a COVID-19 risk assessment, relying heavily on the local staff and their advice. The staff in Germany was not allowed to travel, so they had daily contact with the local team on the progress and developments. The local staff informed itself by following the local and national news and requirements.

Regarding COVID-19, Step by Step and coocazoo encountered the lockdown and workers falling ill as the highest risk in 2021. The closure of factories could lead to workers not receiving wages, or if closure continues for longer, dismissal of workers. The locations were in lockdown for several weeks. Since most workers are migrants, they live in dormitories at the locations. They could still continue working during the lockdown. The suppliers' management kept the local team of Hama up to date. coocazoo and Step by Step could adjust the planning to handle the lockdown. coocazoo and Step by Step could still organise their own audits at two subcontractors and two Fair Wear audits at two main suppliers.

Also, one of the risks was that the team needed to close the locations on the recommendation of the government. Government representatives visited the suppliers regularly to check if all requirements were in place. All reviews confirmed that the conditions were in place.

Another risk was that materials were delayed because of lockdowns. Step by Step and coocazoo could also react flexibly to these delays.

**Recommendation:** Fair Wear recommends coocazoo and Step by Step to also consult other sources to keep up to date on the local situation. With this double-check, the team in Germany is aware of potential risks that might not be encountered by the local staff. Risk analysis as part of the sourcing strategy is an important step to mitigate risk and prevent potential problems. Fair Wear recommends Step by Step and coocazoo to clearly define preventive actions for identified risks and connect them to sourcing decisions. Fair Wear advises to use information from Fair Wear country studies and wage ladders and use the Fair Wear Health and Safety guidelines.

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:** Due to the little number of suppliers, the member does not evaluate its performance in a systematic way but tracks progress in the different CAPs. The team started an evaluation system but will improve it over the course of next year.

the quality team in China follows up on the CAPs throughout the year together with the suppliers. They update the team in Germany and work closely with the other member brand sourcing from the same suppliers.

**Recommendation:** Despite its clear supply base, Fair Wear encourages coocazoo and Step by Step to develop an integrated evaluation/grading system for suppliers where compliance with labour standards is evaluated. Such a system can show whether and what information is missing per supplier and can include outcomes of audits, training and/or complaints. The system will support the brands to define short and long-term strategies for different areas per supplier.

Performance indicators	Result	Relevance of Indicator	Documentation	Score	Max	Min
1.6 The member company's production planning systems support reasonable working hours.	Strong, integrated systems in place.	Member company production planning systems can have a significant impact on the levels of excessive overtime at production locations.	Documentation of robust planning systems.	4	4	0

**Comment:** Based on the capacities specified by the suppliers, coocazoo and Step by Step distribute the production volume evenly across the various months. The member aims for a sound and balanced order volume throughout the year and avoids fluctuation or part-time employment. Approximately four to six months before the start of production, the respective production month is confirmed again, so there is sufficient time for material procurement and personnel planning. Only in exceptional cases, the brand changes the forecast plan again. In these cases, the member discusses jointly with the suppliers on ways to respond to changing market conditions or customer requirements. Before overtime occurs in these situations, they try together to plan differently and find alternative solutions. The production time from the start of mass production is approximately 90 to 150 days.

The CSR manager joined the go-to-market training of Fair Wear to gain more insights into the standard minute per style. The brand used this information to do the planning even more accurately.

coocazoo and Step by Step work closely together with the suppliers. The brands foresaw an increase in production in 2021 and already communicated this in 2020 with the factory management. The management had enough time to organise this increase without putting more pressure on the workers.

coocazoo and Step by Step have a massive stock in their warehouse in Germany for all backpacks. The sale of backpacks in Europe has peak times, but the production planning in China is equal throughout the year. This way, coocazoo and Step by Step can handle hick-ups in the production like a lockdown and don't need to put pressure on the supply chain.

Due to the lockdown, production was on hold for some weeks. The production demand did not increase after the lockdown, the brand accepted that it received no production for that period. coocazoo and Step by Step could absorb this decrease because of the huge stock.

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:** The risk of excessive overtime remains a challenge for the member. The two audits of 2021 showed issues with excessive overtime again. It is, therefore, a recurrent topic on the agenda of the meetings with suppliers and with the other member brands sourcing from these suppliers.

To solve the CAPs and avoid excessive overtime, the suppliers kept their doors closed on Sundays to at least give all workers one day off per week. The suppliers have also worked on a consistent time recording system. They installed a fingerprint machine to record time accurately, solving another big issue of the CAP. The member follows the production planning closely, with the knowledge of the calculation of minutes per style, to see if it is feasible to produce the order with the number of workers.

coocazoo and Step by Step rescheduled the planning in the same way as before the lockdown. This means that the production planning was normal after the lockdown, hence the order did not cause extra overtime. The supplier communicated about the capacity of the workers during the lockdown, and let the brands know how many backpacks they could produce. The member received less production but could compensate with their own stock in the warehouse in Germany.

**Recommendation:** Fair Wear recommends coocazoo and Step by Step in cooperation with other Fair Wear members to ensure that time recording and excessive overtime are further addressed, to avoid this issue keeps on coming back.

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

**Comment:** One of the basic principles in the sourcing strategy of coocazoo and Step by Step is to avoid negotiating on the wages. The wages are committed to the government wages to ensure minimum wages, and the member pays extra at a piece rate. In 2021, the prices rose due to material costs and more expensive logistics. The suppliers ensured that this increase did not affect the wages. The member absorbed these higher prices by decreasing the margins. Step by Step and coocazoo benefited from the growth of both brands and could handle the reduced margins.

The aim for 2021 was to gain insights into the exact labour minute cost per item. Due to other priorities and the rising prices of logistics and materials, coocazoo and Step by Step decided not to discuss this.

**Requirement:** Step by Step and coocazoo need to demonstrate an understanding of the link between buying prices and wage levels, to ensure their pricing allows for the payment of the legal minimum wage.

Performance indicators	Result	Relevance of Indicator	Documentation	Score	Max	Min
1.9 Member company actively responds if production locations fail to pay legal minimum wages and/or fail to provide wage data to verify minimum wage is paid.	No problems reported/no audits	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.	N/A	0	-2

**Comment:** The suppliers confirmed that they paid the legal minimum wages during the lockdown. The workers who stayed at home received their average salary above minimum wage. The workers that lived in the factory dormitories and agreed to continue working, received average wages and on piece rate. Workers who could work from home received normal wages and on piece rate. There were no findings in the audits that indicated payment below minimum wages.

**Recommendation:** Fair Wear strongly recommends Step by Step and coocazoo to always verify whether legal minimum wage issues have actually been paid, when the local team or factory management claims so.

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:** There was no evidence of late payments to suppliers by coocazoo and Step by Step.

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

**Comment:** coocazoo and Step by Step are aware of the importance of starting the discussion on living wages. The suppliers already pay the workers slightly above the minimum wages. But the debate to move toward the Asia Floor wages is complicated and significantly impacts the product costing.

Materials, as well as transportation, were more expensive in 2021. Due to this reason and the fact that the CSR team in Germany could not travel to China to discuss this in person, coocazoo and Step by Step decided that it was not the right time to start the discussion on living wages.

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

**Recommendation:** Fair Wear encourages Step by Step and coocazoo to discuss with suppliers about different strategies to work towards higher wages.

Performance indicators	Result	Relevance of Indicator	Documentation	Score	Max	Min
1.12 Percentage of production volume from factories owned by the member company (bonus indicator).	None	Owning a supplier increases the accountability and reduces the risk of unexpected CoLP violations. Given these advantages, this is a bonus indicator. Extra points are possible, but the indicator will not negatively affect an member company's score.	Supplier information provided by member company.	N/A	2	0

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

**Comment:** In 2021 coocazoo and Step by Step have not defined a strategy to determine and finance wage increases.

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

**Recommendation:** In case Fair Wear members are interested to develop a joint approach to improve wages at a shared supplier, Fair Wear can give advice on measures that need to be taken by Step by Step and coocazoo to ensure compliance with anti-trust/anti-competition legislation in relevant jurisdictions.

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:** coocazoo and Step by Step have not yet set a target wage.

**Recommendation:** We encourage Step by Step and coocazoo to discuss and plan for wage increases that will result in the payment of a target wage.

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## Purchasing Practices

**Possible Points: 52**

**Earned Points: 24**

## 2. Monitoring and Remediation

Basic measurements	Result	Comments
% of production volume where an audit took place.	100%	
% of production volume where monitoring requirements for low-risk countries are fulfilled.	0%	To be counted towards the monitoring threshold, FWF low-risk policy should be implemented. See indicator 2.9. (N/A = no production in low risk countries.)
Member meets monitoring requirements for tail-end production locations.	N/A	
Requirement(s) for next performance check		
Total monitoring threshold:	100%	Measured as percentage of production volume (Minimums: 1 year: 40%; 2 years 60%; 3 years+: 80-100%)

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

**Comment:** The CSR team of coocazoo and Step by Step is designated to follow up on problems identified by the monitoring system. The capacity of the CSR team at coocazoo and Step by Step grew from 0.5 to 1.0 FTE. The quality team in China had the same capacity. The mother company Hama hired a CSR manager as well.

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:** coocazoo and Step by Step have access to initial audits conducted by their parent company the Hama group and are in the process of being approved by Fair Wear.

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:** cocazoo and Step by Step ensure that audit reports and CAPs are shared with and discussed with factory management on time. The CAPs are discussed during visits of the quality team in China and emails and calls. Timelines are discussed and jointly agreed upon. The subcontractors are small units and don't have worker representation, the main suppliers have worker representatives. The member did not discuss whether the worker representatives are involved in monitoring the CAPs.

**Recommendation:** Before an audit takes place, Step by Step and cocazoo is recommended to check with the supplier whether worker representatives are active. In this way, they can be involved from the start of an audit and be 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.	Intermediate	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.	6	8	-2

**Comment:** The CSR manager is responsible for monitoring the follow-up of the CAPs and keeps track of progress inside the CAP documents. CAP findings are prioritised, and the status of the different findings is discussed with suppliers monthly via email and generally during on-site visits. The local team in China discusses the progress of the CAPs weekly with the suppliers. The brand actively supports remediations and does not only request the status from the suppliers.

In 2021, coocazoo and Step by Step conducted two audits. The findings on issues on working hours from one audit were similar to the findings of a prior audit conducted in 2020. coocazoo and Step by Step are pushing on solving the root causes of these persistent issues, together with the suppliers and other brands sourcing at the same supplier (see indicator 1.7). More severe issues like missing fire extinguishers and emergency exit signs were solved within a few weeks. The issues on health and safety, like hygiene certificates posted in the canteen, distribution of hearing protection and emergency exit signs, were solved. The supplier sent photos as proof.

coocazoo and Step by Step audited a subcontractor as well. The subcontractor has improved health and safety issues like buying emergency exit signs and fire extinguishers. Issues on wages and timekeeping are also in this location persistent and are only partly improved (see Indicators 1.7 and 1.11).

**Recommendation:** Fair Wear encourages coocazoo and Step by Step to put more effort into assessing the root causes of CAP findings to create solutions that help solve problems on an in-depth basis. This requests for the active involvement of employees.

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. The quality team of Hama, located in China, could visit the suppliers weekly.

Performance indicators	Result	Relevance of Indicator	Documentation	Score	Max	Min
2.6 Existing audit reports from other sources are collected.	Yes, quality assessed and corrective actions implemented	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.	3	3	0

**Comment:** The local audit team of the Hama group conducted audits. Hama group's audit methodology is still in the assessment process by Fair Wear. Until it is officially approved as an 'own audit,' it counts as an external audit.

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:** The team in China has its own auditors who keep itself updated on the COVID-19 developments and regulations. The auditors pay particular attention to high risks in China, for example, high risks related to migrants and excessive overtime. The local team is responsible for the progress of sourcing. coocazoo and Step by Step rely heavily on the local team's knowledge and expertise and have put less effort into reading all available materials and information themselves.

coocazoo and Step by Step confirm that excessive overtime and raising wages beyond the minimum wages are the most persistent risks of their sourcing process. The brand has made some progress with excessive overtime but is aware of giving this more priority to improve the issues (see indicators 1.7 and 1.11).

Regarding forced labour, the member requests its suppliers to sign a manufacturer's declaration that commits suppliers to restrain from any forced labour. The declaration states that the work of each individual must be performed voluntarily and that any form of forced labour or any illegal form of employment is prohibited. The suppliers submitted these forms in 2020. The member participated in a screening of a third party to identify potential bonded labour. No risks were found. Audits did not show issues with forced labour.

The government visited the locations regularly to check if all COVID-19 measures were in place. The suppliers and the quality team in China worked on meeting the COVID-19 requirements like testing, distancing and hygiene measures. The outcome of each visit was that the locations could stay open.

**Recommendation:** Fair Wear recommends coocazoo and Step by Step to also gain an understanding of the local situation to double-check the responses to issues.

Performance indicators	Result	Relevance of Indicator	Documentation	Score	Max	Min
2.8 Member company cooperates with other FWF member companies in resolving corrective actions at shared suppliers.	Active cooperation	Cooperation between customers increases leverage and chances of successful outcomes. Cooperation also reduces the chances of a factory having to conduct multiple Corrective Action Plans about the same issue with multiple customers.	Shared CAPs, evidence of cooperation with other customers.	2	2	-1

**Comment:** coocazoo and Step by Step actively cooperate with the other Fair Wear member sourcing from the same suppliers.

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.	No production in low-risk countries	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.	N/A	2	0

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

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

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

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

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## Monitoring and Remediation

**Possible Points: 24**

**Earned Points: 18**

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### 3. Complaints Handling

Basic measurements	Result	Comments
Number of worker complaints received since last check.	0	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.	0	

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

**Comment:** The CSR manager is designated to address any worker complaints that arise in the supply chain.

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:** cocazoo and Step by Step showed pictures of posted Worker Information Sheets at different production locations. The CSR manager of the local team organised a Code of Labour Practices presentation in one of the factories for the workers and discussed it with the factory management. At all locations, information about Fair Wear has been posted on the bulletin board, including regular updates.

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.	21%	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.	4	6	0

**Comment:** Because of COVID-19 restrictions in 2021 that limited the possibility to conduct training, this indicator is considered not applicable in this check. Nevertheless, coocazoo and Step by Step conducted the WEP Basic training at two locations, which count for 21% of the 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.	No complaints received	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.	N/A	6	-2

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

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## Complaints Handling

**Possible Points: 9**

**Earned Points: 7**

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## 4. Training and Capacity Building

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

**Comment:** coocazoo and Step by Step have a small team of approximately 50 people, where information on Fair Wear membership is easily shared. During the monthly departments' meetings, the conditions at the factories and CSR compliances are discussed. The membership is part of all presentations at fairs and events.

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:** coocazoo and Step by Step have a small team and keep each other updated on all progress. The sales, design and product management team have regular contact with the management of the suppliers. The local team of Hama receives regular updates on the Fair Wear membership.

**Recommendation:** Fair Wear recommends coocazoo and Step by Step to update the local team in China regularly about Fair Wear updates.

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:** coocazoo and Step by Step do not work with agents.

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 COVID-19 restrictions in 2021 that limited the possibility to conduct training, this indicator is considered not applicable in this check.

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 transformative training programmes have been conducted (N/A).

## Training and Capacity Building

**Possible Points: 3**

**Earned Points: 3**

## 5. Information Management

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

**Comment:** In 2021, coocazoo and Step by Step were aware of all main suppliers and their subcontractors and had entered them into the database. In its manufacturer's declaration, the member requests from their suppliers to be transparent in case production gets outsourced to a subcontractor. The brands conduct audits at the subcontractors to check on compliance. The local team checks regularly if all production is manufactured at the locations.

**Recommendation:** Fair Wear recommends Step by Step and coocazoo to integrate systematic periodical checks by calculating the labour minutes, the number of workers, and production volume, to double-check if the capacity of the subcontractors could make the number of products.

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:** coocazoo and Step by Step have a monthly meeting across all departments to discuss updates. The CSR manager shares tools, CAPs and other relevant sources to inform the team and the local team. The CSR manager saves all information in the CSR folder on the server, accessible to all staff.

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## Information Management

**Possible Points: 7**

**Earned Points: 7**

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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:** coocazoo and Step by Step both communicate about their Fair Wear membership and adhere to the Fair Wear communication policy. Fair Wear membership is communicated through the company's website and webshop. Since last year, coocazoo and Step by Step started printing hangtags including the Fair Wear information for the on-garment communications. Fair Wear information is added to the material in showrooms and at fairs.

Performance indicators	Result	Relevance of Indicator	Documentation	Score	Max	Min
6.2 Member company engages in advanced reporting activities.	Supplier list is disclosed to the public.	Good reporting by members helps to ensure the transparency of Fair Wear's work and shares best practices with the industry.	Member company publishes one or more of the following on their website: Brand Performance Check, Audit Reports, Supplier List.	2	2	0

**Comment:** coocazoo and Step by Step adhere to Fair Wear's transparency policy and have disclosed production locations. 100% of production volume is disclosed to other members and on the Fair Wear website. Additionally, coocazoo and Step by Step publish the brand performance check report on their websites.

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 submitted to Fair Wear and has been published on both coocazoo and Step by Step's websites.

## Transparency

**Possible Points: 6**

**Earned Points: 6**

## 7. Evaluation

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

**Comment:** The management of coocazoo and Step by Step discusses regularly the importance of the Fair Wear membership to make progress on achieving fairer working conditions. coocazoo and Step by Step have a quarterly meeting with the CEO of Hama to discuss the progress on social conditions. Due to the positive experience, Hama recruited its own CSR manager.

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.	0%	In each Brand Performance Check report, Fair Wear may include requirements for changes to management practices. Progress on achieving these requirements is an important part of Fair Wear membership and its process approach.	Member company should show documentation related to the specific requirements made in the previous Brand Performance Check.	-2	4	-2

**Comment:** coocazoo and Step by Step have two requirements in the last Brand Performance Check, for indicators 1.11 and 1.13. Although the CSR manager did start a discussion on living wages, it was decided to not pursue it due to other factors influencing the prices in 2021 and the CSR manager decided to leave this sensitive topic for 2022.

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

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## Evaluation

**Possible Points: 6**

**Earned Points: 0**

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## Recommendations to Fair Wear

coocazoo and Step by Step have no specific recommendations.

## Scoring Overview

Category	Earned	Possible
Purchasing Practices	24	52
Monitoring and Remediation	18	24
Complaints Handling	7	9
Training and Capacity Building	3	3
Information Management	7	7
Transparency	6	6
Evaluation	0	6
Totals:	65	107

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

61

### Performance Benchmarking Category

Good

## Brand Performance Check details

Date of Brand Performance Check:

20-06-2022

Conducted by:

Femke Blickman

Interviews with:

Olbrich Ann-Kathrin - CSR Manager

Jerome Herdramm-Schroeder - Brand Manager