



Brand Performance Check

Madness-The Nature Textile Company GmbH

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. 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

Madness-The Nature Textile Company GmbH

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

Member company information	
Headquarters:	Welle-Kampen , Germany
Member since:	2014-08-01
Product types:	Garments, clothing, fashion apparel
Production in countries where Fair Wear is active:	India, Turkey
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	86
Category	Leader

Summary:

MADNESS THE NATURE TEXTILE COMPANY GmbH (MADNESS) has shown advanced results on performance indicators and has made exceptional progress despite the challenges COVID-19 brought upon the company. With a benchmarking score of 86, MADNESS is again placed in the Leader category. Although the monitoring threshold does not determine the category this year, MADNESS has fulfilled the monitoring requirements at suppliers providing 100% of its production volume.

Corona Addendum:

The second year of COVID-19 was a better year for MADNESS. Staff members were not on furlough. The turnover went up, even though shops were closed, and clients wanted to cancel orders to 50%. The mail orders went up to 10%, which ensured a balance.

Nonetheless, those reductions caused a severe threat to the survival of MADNESS' supplier in India, which highly depends on the brand. The entire team took a lot of effort to enter dialogue with its clients and appealed to the shared responsibility everyone has within the supply chain. Therefore most clients reduced the orders a little (from 50% to 10%). As a result, MADNESS could keep orders in place as planned and only facilitated some stock items from the orders. As MADNESS is working with pre-payments, all orders were paid fully and in advance, avoiding any risk of late payments.

Both suppliers in India and Turkey had no lockdown in 2021 and could pay regular wages to all workers. Workers did not have to face job losses.

MADNESS was in constant dialogue with its Indian supplier regarding the current situation. The supplier shared pictures and videos about the implemented measures. The local consultant of MADNESS was also able to visit the factory regularly, verify improvement measures, and support the factory hands-on. For instance, the local consultant ensured the risk assessment of COVID-19 included workers.

MADNESS continued its monitoring and exchange with another Fair Wear member at a joint supplier in Turkey. The first order took place at the end of 2021.

Overall, MADNESS was well-informed of the COVID-19-related risk and Fair Wear guidance. The brand focused on monitoring its supply chain. The partnership and the trust built with its long-term partner in India helped the brand manoeuvre through the pandemic.

MADNESS visited and conducted OHS audits at the subcontractor and upstream suppliers in India in 2021. Besides, the company gave the supplier in India more ideas to expand the factories turnover, e.g. with an extra collection. Another good practice from the supplier was collecting the cutting waste and donating it to poor people in the community.

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.	84%	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: MADNESS continued to source from one factory in India, where it buys 90% of production capacity, producing 84% of members' total order volume. Production processes such as garment dyeing, washing, and printing take place at a subcontractor from this CMT unit. MADNESS started a new cooperation with a factory in Turkey in 2021. Since the sales went down, it has been challenging for MADNESS to increase its leverage in Turkey.

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: MADNESS sources from two suppliers for the cut-make-trim production process throughout 2021. It does not buy less than 2% of production capacity at both suppliers.

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.	84%	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: The relationship of MADNESS with its main supplier in India has existed since 2010, with 84% of members' total order volume. The relationship with the new supplier in Turkey started in 2021.

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: The new supplier in Turkey returned the signed questionnaire and posted the WIS in 2020 before MADNESS placed the first order. The subcontractor and upstream suppliers of its Indian supplier also returned the signed questionnaires and posted the WIS.

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 looking for a new supplier in 2020, MADNESS put effort into integrating due diligence in its sourcing decision, by following the Fair Wear requirement and writing down a sourcing strategy. The brand was only looking at suppliers that both were Fair Wear audited and GOTS certified.

MADNESS requested the existing Fair Wear audit report, conducted desk research about country-specific risks, talked to other Fair Wear brands sourcing in Turkey and discussed with the supplier its due diligence requirements. For instance, the country-specific risk regarding Syrian refugees was identified through the research, so MADNESS discussed this with the supplier and verified its answers with the audit report and in communication with the other Fair Wear client. Eventually, MADNESS placed its first order after the receipt of the signed questionnaire and once the WIS was posted.

MADNESS is well aware of the main risks in its two production countries, Turkey and India. Through the long-lasting relationship with its Indian supplier and through its local consultant, updates on developments in the relevant region are shared immediately. The brand developed a risk analysis, as an important step to mitigate risk and prevent potential problems and keeps track of risk findings in a to-do list.

COVID-19

Visiting suppliers is normally a crucial part of the MADNESS due diligence procedure, to identify issues and build strong long-term partnerships. Due to COVID-19, MADNESS could not visit its new supplier in Turkey. The Indian supplier was visited regularly by MADNESS. With both suppliers, the brand was in regular exchange about the situation of COVID-19, with its Indian supplier even on a daily basis. Both suppliers filled out the COVID-19 questionnaire. MADNESS could show good insight into the main risks its Indian and Turkish supplier was facing in 2021 of COVID-19 and made use of Fair Wear's country-specific guidance where possible. The main risks at the suppliers were less order volume due to smaller orders from retailers, realising health and safety measures at the production floor and the risk of job and wage loss. Full salaries were paid in both factories in 2021.

MADNESS supported the Indian factory by organising vaccination for the workers. None of the employees was fired, but some decided not to return back after the holidays. MADNESS thought of alternative ways to assess the risks, as the next Fair Wear audit at the Indian supplier was planned for the end of 2021, after the factory had moved to a new location. Its local consultant conducted unannounced health and safety checks at its Indian supplier, its subcontractor and upstream suppliers. The local consultant also engaged workers when visiting the factory and integrated them into the risk assessment of COVID-19. A virtual documentation check was conducted by Sumations GmbH in 2020, followed by a detailed report and a Corrective Action Plan (CAP), which was also 2021 the base for working on improvements. And finally, MADNESS requested and documented pictures of implemented safety measures.

For its supplier in Turkey MADNESS also identified the risk of high inflation when looking at the wage levels. A Fair Wear audit was conducted with another brand end of 2021, MADNESS is in regular exchange with the other brand regarding the CAP follow-up.

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

Comment: MADNESS does not have a formalized system to evaluate its suppliers. Suppliers only received corrective actions. However, in 2021 MADNESS continuously monitored its supplier's production, delivery, quality, and social compliance performance. Moreover, MADNESS wrote a risk policy for both suppliers.

The brand is in contact with its Indian supplier daily, and the supplier follows up on social compliance issues and integrates them into the to-do list. MADNESS documented the exchange and was able to show e-mails about the conversations. The local consultant also sought information from workers during her on-site visits. The Indian factory already provides a significant percentage of MADNESS' products and cannot be rewarded with additional items. However, the local consultant of MADNESS conducts training for capacity development, which can be considered an indirect reward.

During the pandemic, MADNESS did not cancel orders and reduced only stock items. MADNESS was in regular communication with its supplier about this. To avoid order reductions, MADNESS entered into dialogue with its clients after drastically reducing their orders at the beginning of COVID-19. MADNESS appealed to the shared responsibility everyone has within the supply chain and could convince most clients to reduce orders only a little bit. Therefore, MADNESS could keep orders in place as planned and only reduce some stock items from the orders. Besides, MADNESS discussed the factory's different marketing and advertising strategies to improve their output and attract new customers, to minimize the risk of being dependent on a small number of brands.

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: The company focuses on two collections per year Spring/Summer and Autumn/Winter. This business model leads to peak and low seasons at its production location in India. As the production site produces around 84% of its total production volume for MADNESS, the peak and low seasons impact the capacity planning and thereby play a role when looking at working hours. For Turkey, Madness only plans one collection per season.

In the last years, MADNESS has already taken a couple of initiatives to support reasonable working hours, such as stretching production time, learning more about the minute per style, checking the efficiency of the factory and keeping fabrics in stock for regular items. The order for organic wool is eight months prior.

COVID-19

The company has 30% carry-over styles, 50% carry-over fabrics and reduced styles and colours, which supports better production planning and improved issues with late fabrics. The order numbers were minor, but the quantities per style were generally higher. There were no lockdowns and, therefore, no understaffing.

There is a transparent dialogue between both suppliers and MADNESS to share the working times of workers. The brand does not push its suppliers when they cannot meet the production deadline, does not impose penalties, and does not impose pressure to do overtime. If the suppliers asked for longer lead times, MADNESS talked with its customers to accept a later delivery, which around 90% of the shops did. The company tried following Fair Wear's recommendation to develop never-out-of-stock styles, but it was impossible. Due to its business structure, there is no B2C, only a small collection, no storage, and stock remained without expected sales.

Recommendation: Fair Wear recommends MADNESS discussing with both factories sufficient production planning by including a buffer for unforeseeable occurrences. Besides, Fair Wear encourages MADNESS to keep working with carry-over styles.

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: Audits at both suppliers show excessive overtime. MADNESS developed a tool in 2021 to collect and check the timeslips and wages of the factory in India every month to analyse deeper the root cause of excessive overtime. It was possible to improve the data, which is now more precise and aggregated. This data supports the company in finding exceptional cases of excessive overtime and discussing improvements with the factory. A new planning tool is in the pipeline to support the factory in this process.

The virtual document check showed that overtime hours differ significantly between workers. While some workers did not work overtime, others worked excessive hours and partly did not have one day off per week. The check also shows that some overtime hours were above the legal limit. In response to that, the supplier reviewed in which departments overtime occurs and in which months to implement reduction measures more effectively. Based on that, the factory could decrease the overtime immediately.

MADNESS also shared that the cultural differences make it challenging to reduce overtime entirely or even avoid it. Workers might leave the factory as they want to work overtime to earn more money. This challenge shows again how interlinked the issues of overtime and wage levels are.

COVID-19

In 2021 MADNESS did a root cause analysis with its Indian supplier and worked on the two findings, which directly led to the brand's practices.

Besides, MADNESS noticed that excessive overtime has reduced during COVID-19 due to smaller order quantities.

The late delivery of raw materials contributes enormously to excessive overtime. MADNESS partially tries to mitigate this risk by involving material suppliers in its production planning and having fabrics for regular items in stock. 50% of the fabrics are carry-overs. MADNESS is a small company with low orders; therefore, it is not a priority client to fabric suppliers, which makes it difficult to mitigate the risk of late materials entirely.

Recommendation: Fair Wear recommends MADNESS to take Turkey also in the root cause analysis for overtime and discuss possible improvements with the other active member and the factory.

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: The production locations provide MADNESS with a quote when they finalize the samples. During the price negotiations, the minimum wage rise and target wage play a role. MADNESS discusses this quote with its clients and usually does not negotiate further. If sizes are added later by the clients of MADNESS, the company adjusts the prices with the factory accordingly. MADNESS does not push suppliers during price negotiations.

The quote by the Indian supplier integrates cost breakdowns and overhead costs for some styles since 2020. MADNESS will take further steps together with the factory to include all styles. The supplier had difficulties using the Fair Price app and is contacting Fair Wear for clarification. MADNESS discussed its advanced tool for listing all the workers' costs with the factory. The company could show the wage levels of the factory in relation to the minimum wage and the target wage.

Besides, MADNESS also plans to discuss its tool for listing all the workers' costs with the supplier in Turkey. MADNESS is facing challenges due to the fast-rising inflation; therefore, figures change quickly.

During COVID-19, all fabrics and fibres' prices increased by 10%. The Indian supplier already gave prices for subsequent seasons, but prices rose again. MADNESS accepted these risen prices. The company notices the difference in price rises within the seasons; the factories also mention the reason for the price rise. MADNESS did not pass on claims from customers to support its supplier financially.

Recommendation: Fair Wear recommends MADNESS to continually expand its knowledge of cost breakdowns of all product groups. Based on that an overview can be created, including the FOB price increases needed in the coming years to contribute to a gradual wage increase at its suppliers. This also makes it transparent in case there is a need to include additional costs (e.g. Covid-19 measures) in the minute prices.

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: No findings of non-payment of legal minimum wage occurred in both factories based on the conducted audits in 2021. MADNESS is well aware of the wage levels in both factories.

The factories in India and Turkey were not affected by a lockdown in 2021 and could pay regular wages.

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: MADNESS makes in advance payments to its supplier, even before the production starts, to mitigate the risk of delayed payments and financially support the factory. The supplier pays orders for raw materials and produced items from these payments. Having those systems in place already before COVID-19 helped avoid this risk.

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: In 2021 MADNESS continued with its efforts to discuss wage levels with its suppliers in India and Turkey.

In India, the factory started using the Fair Price App for some of its styles to get more transparency about the costs but had some technical issues. The company checked external data and also improved a living wage survey for the factory and asked workers directly about their costs. MADNESS informed the workers about the aim and included the worker committee. Linked to that, the company also worked on an overview to see what the wage differences are between different departments. MADNESS has defined a target wage of 20% above the minimum wage.

In Turkey, the first discussion took place in 2021. For 2022 MADNESS is planning to conduct its living wage survey to determine the costs of the workers. The company also asked other Fair Wear members who are active at the factory to join.

COVID-19 did not impact the wages in both factories.

Recommendation: Fair Wear encourages Madness to discuss with its suppliers different strategies to work towards higher wages. It is advised to start with the Indian supplier, as it has a large percentage of production and long-term business relationship.

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.	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.	2	6	0

Comment: MADNESS has internally decided on a target wage of +20% above the legal minimum wage for its main supplier. The brand could not show a target wage strategy yet but showed how it started calculating some styles with the Fair Price App. Once the company completes the calculation for all styles, the outcome will be the base for developing a strategy. MADNESS started internal discussions on how to finance wage increases through improved marketing campaigns, the possibility of a webshop and thinking about how to involve consumers to give a "tip" after the order process.

At the end of 2021, MADNESS started discussing living wages with other Fair Wear members at the joint factory in Turkey.

Recommendation: Fair Wear recommends MADNESS to analyse sustainable ways how to increase and finance the self-set target wage of +20% towards living wages. As the brand has very high leverage at its Indian supplier, MADNESS plays a huge role in increasing the wage levels.

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 MADNESS 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.	84%	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.	6	6	0

Comment: MADNESS defined a target wage of +20% above the legal minimum wage for its main supplier in India. In 2021 all workers in the factory earned at least the target wage. The Fair Wear audit in 2021 could verify the wage data.

Recommendation: Fair Wear encourages MADNESS to continue its discussion and plans for wage increases with its supplier in Turkey.

Purchasing Practices

Possible Points: 52

Earned Points: 39

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: MADNESS has a CSR manager who follows up on problems. The CSR manager has extra support from its local consultant in India, who visits the factory at least every month and knows in-depth about local circumstances.

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

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

Comment: MADNESS shared the audit report for 2021 with the Indian supplier immediately after receipt, and the company specified a time frame to address the CAP issues. The supplier also posted the audit report and CAP in the production, which means all workers have access to it. The local consultant informed the worker committee about the CAP.

The audit report for 2021 was shared with the supplier in Turkey by another Fair Wear member; MADNESS is in regular exchange with the member.

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: Due to COVID-19, the factory had to postpone the Fair Wear audit in India from 2020 to 2021. MADNESS could already close all findings from the former Fair Wear audit. MADNESS addressed the risk of having no up-to-date information available by hiring a company to conduct a virtual documentation check.

The hired company completed the report from the virtual check end of 2020. It highlighted a few findings at its Indian supplier, its subcontractor and upstream suppliers, like overtime and wage issues in the old location of the factory until autumn. This company created a CAP in 2021; MADNESS worked with its local consultant and the factory to improve the findings. Besides, the company instructed its local CSR manager to conduct unannounced health and safety checks at its main supplier, its upstream suppliers and its subcontractor. The local CSR manager follows up every three months with the upstream suppliers and its subcontractor (virtually or in person) about the remediation of the findings and collects proof. Findings included empty first aid boxes, missing fire extinguishers and a malfunctioning grievance mechanism. MADNESS was able to remediate most of the findings already.

MADNESS identified several pandemic-related risks through regular communication with its supplier and local consultant (see indicator 1.4). The local CSR person conducts regular unannounced audits and training. A part of the training is the Code of Labour Practices and the grievance mechanism. Besides, the consultant does the CAP follow-up and visits the factory, monthly. MADNESS supported the factory in arranging the vaccination for the factory in India.

The audit in India took place in November 2021 and in Turkey in December 2021; therefore, Fair Wear will check the CAP follow-up during the performance check in 2023. The former CAP in Turkey was already closed.

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.	84%	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.	4	4	0

Comment: The local consultant visited the factory in India every month in 2021. The factory is responsible for 84% of FOB.

Performance indicators	Result	Relevance of Indicator	Documentation	Score	Max	Min
2.6 Existing audit reports from other sources are collected.	No existing reports/all audits by FWF or FWF member company	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.	N/A	3	0

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.	5	6	-2
Compliance with FWF enhanced monitoring programme Bangladesh	Policies are not relevant to the company's supply chain			N/A	6	-2
Compliance with FWF Myanmar policy	Policies are not relevant to the company's supply chain			N/A	6	-2
Compliance with FWF guidance on abrasive blasting	Policies are not relevant to the company's supply chain			N/A	6	-2
Compliance with FWF guidance on risks related to Turkish garment factories employing Syrian refugees	Intermediate			3	6	-2
Other risks specific to the member's supply chain are addressed by its monitoring system	Advanced			6	6	-2

Comment: MADNESS has collected country information and conducted a risk analysis of both production locations. The company has defined a procedure for risk assessment and monitoring at suppliers. The risk matrix is divided into sectors like country risks, product risks, Code of Labour Practices, and environmental issues and will improve further. Besides, the company included in its contractual agreement that the factories must inform MADNESS before changing subcontractors.

TURKEY

MADNESS did a risk analysis and collected information like country studies, the Fair Wear guidance on risks related to Turkish garment factories, existing audit reports and CAPs. The company was only looking at Fair Wear audited suppliers and GOTS certified. After deciding on one suitable factory, MADNESS contacted the factory to discuss if Syrian refugees were employed, which the factory denied. The company planned a Work Education Programme training with another Fair Wear member.

OTHER

COVID-19

MADNESS used the Covid-19 Factory Health and Safety Discussion Sheet and the Covid-19 Health and Safety Measures Checklist and adjusted them further. The guideline was beneficial for them to manoeuvre through the pandemic. The member continued monitoring the health and safety measures implemented in 2020.

INDIA

MADNESS and its local consultant thoroughly understand risks in its production country India. Its supplier participated in Fair Wear's Workplace Education Programme Training on Violence and Harassment Prevention in 2021. MADNESS is in daily exchange with the factory. The local consultant has supported the production site in setting up an anti-harassment committee election and following up with the supplier.

Recommendation: Fair Wear advises MADNESS to conduct training at its supplier in Turkey according to Fair Wear's enhanced monitoring requirements for Turkey.

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: MADNESS has the lead in the India factory and cooperated with a customer who is also a Fair Wear member and shared the CAP follow-up.

Another Fair Wear member has the lead in the factory in Turkey, and MADNESS is in exchange regarding updates on the CAP. MADNESS is discussing with other Fair Wear members to conduct a follow-up visit and a living wage survey in 2022. The survey asks for the cost of the workers to define a living wage benchmark.

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

Member undertakes additional activities to monitor suppliers.: N/A (N/A)

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: 21

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 responsible handles complaints in cooperation with the entire team and its local consultant in India.

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: WIS posters are available in the factories and the subcontractor and are demonstrated by picture proof.

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.	84%	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.	6	6	0

Comment: The production site in India participated in Fair Wear's Workplace Education Programme Training on Violence and Harassment Prevention in 2021. The consultant MADNESS works with also participated in the training. The factory is responsible for 84% of FOB.

Since the local consultant also specialised in training, training for management, workers and committees was started in 2019 and continued throughout 2021. These training modules address topics such as COVID-19 awareness, health and safety, fire fighting, awareness of local laws and complaints handling.

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

Complaints Handling

Possible Points: 9

Earned Points: 9

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: MADNESS is a small family-run business, and all staff members are aware of Fair Wear membership. The brand is proactively communicating social standards to its employees and customers.

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 CEO and the design/production team are in constant contact with its local consultant and the suppliers and inform them about the Fair Wear requirements. During COVID-19, MADNESS told the suppliers about the heightened due diligence.

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

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.	84%	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.	6	6	0

Comment: The factory in India participated in a Workplace Education Programme Training by Fair Wear that supports transformative processes related to human rights in 2021. The factory is responsible for 84% of FOB. For details, see indicator 3.3.

Performance indicators	Result	Relevance of Indicator	Documentation	Score	Max	Min
4.5 Degree to which member company follows up after a training programme.	Active follow-up	After factory-level training programmes, complementary activities such as remediation and changes on brand level will achieve a lasting impact.	Documentation of discussions with factory management and worker representatives, minutes of regular worker-management dialogue meetings or anti-harassment committees.	2	2	0

Comment: MADNESS continued its exchange with the worker committee in 2021 and included it in the follow-up on the training mentioned in 4.4 and check that the supplier in India holds regular anti-harassment committee meetings. Besides, MADNESS made sure that the committee reported complaints and followed up accordingly. The local consultant interviews female workers regularly.

Training and Capacity Building

Possible Points: 11

Earned Points: 11

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: Following the last performance check requirements, MADNESS took additional efforts to ensure the brand is always informed beforehand about production placement at production locations. Therefore, MADNESS included a policy regarding subcontracting in its contracts. The company requested from its Indian supplier an annual plan for its subcontractors. The supplier created a list of all subcontractors and suppliers before the CMT process and their relevant details, such as contact details and leverages. MADNESS updated this information in the Fair Wear database.

Moreover, MADNESS discussed integrating the subcontractors and upstream suppliers into its monitoring system. The local consultant in India monitors all subcontractors regarding OHS and raises awareness about the Fair Wear membership and requirements. That also applies to the upstream suppliers. Besides, MADNESS will ask both suppliers for a production status report and check if there is a difference in quality which is also a valuable indicator of the use of subcontractors.

MADNESS improved the finding in the audit at the Indian factory regarding subcontracting. Unannounced visits are conducted regularly by the local consultant in India. MADNESS plans the same for the factory in Turkey in 2022. Due to the GOTS requirements, MADNESS must update upstream suppliers' and subcontractors' details yearly.

Recommendation: Fair Wear recommends MADNESS take additional efforts to verify that the supplier in Turkey does not use subcontractors.

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

Comment: The general management and the responsible employees for CSR and design are directly participating in the CSR proceedings at MADNESS. All others are informed regularly.

Information Management

Possible Points: 7

Earned Points: 7

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: MADNESS is aware of and adheres to all minimum communication requirements. The company communicates its Fair Wear membership at fashion shows (fairs), its catalogue, website, and sales meetings. Besides, MADNESS planned the on-garment communication for the following collection. Fair Wear identified wrong communication from both factories regarding the Fair Wear membership of MADNESS.

Recommendation: Fair Wear recommends using the on-garment communication and discussing the Fair Wear communication requirements with both factories.

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: MADNESS has disclosed its production locations and 100% of its production volume to other members in FairForce and on the Fair Wear 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: MADNESS submitted the social report to Fair Wear and published it on the members' website.

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 MADNESS regularly discusses the importance of the Fair Wear membership to achieve step-by-step fairer working conditions.

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.	No requirements were included in previous Check	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.	N/A	4	-2

Evaluation

Possible Points: 2

Earned Points: 2

Recommendations to Fair Wear

MADNESS would like more equality within Fair Wear brands and asks if smaller brands couldn't be assessed differently by Fair Wear. The effort for a small brand is as high as for bigger brands (e.g. bureaucracy in creating a policy for only one responsible person).

Scoring Overview

Category	Earned	Possible
Purchasing Practices	39	52
Monitoring and Remediation	21	24
Complaints Handling	9	9
Training and Capacity Building	11	11
Information Management	7	7
Transparency	6	6
Evaluation	2	2
Totals:	95	111

Benchmarking Score (earned points divided by possible points)

86

Performance Benchmarking Category

Leader

Brand Performance Check details

Date of Brand Performance Check:

30-06-2022

Conducted by:

Adele Kolos

Interviews with:

Matthias Warnke (CEO)

Sabine Hoenicke (CSR consultant - Sumations)

Ina Berroth (Design)