



## **Brand Performance Check**

### **Deuter Sport GmbH**

This report covers the evaluation period 01-07-2020 to 30-06-2021

## 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 years' 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 outbreak of 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

## Deuter Sport GmbH

Evaluation Period: 01-07-2020 to 30-06-2021

Member company information	
Headquarters:	Gersthofen , Germany
Member since:	2011-07-31
Product types:	Outdoor products; Promotional wear and accessories; Bags; Luggage & other travel accessories
Production in countries where Fair Wear is active:	China, Myanmar, Viet Nam
Production in other countries:	
Basic requirements	
Scoring overview	
% of own production under monitoring	92%
Benchmarking score	95
Category	Leader

## Summary:

Deuter has made progress and shown advanced results on performance indicators. With a benchmarking score of 95 and a monitoring percentage of 92%, Deuter is awarded the 'Leader' category again.

## Corona Addendum:

During the COVID-19 pandemic, Deuter showed responsibility, taking its role in monitoring risks and providing support very seriously. After strict control and approval for production, the suppliers were allowed to continue production given by local authorities. As a result of the COVID-19 pandemic, outdoor articles were highly requested by the member's customers, which has led to an increase in turnover compared to the previous financial year.

No orders were cancelled or order quantities reduced in the past financial year. The member's purchase and planning staff, CSR staff, and CEO exchanged information frequently and kept close contact with the suppliers. They discussed all order adjustments with the member brands suppliers. The member brands main supplier agreed to later deliveries for some orders due to shop closure of the European retail sector because of COVID-19.

Deuter managed to rely on its strong planning system and stable relationship with its suppliers. All raw materials are pre-nominated by the member brand. As re-development of styles only takes place every three years, and the forecast/style is known at least 12 months in advance, raw materials are ordered at an early stage. Therefore, suppliers did not face many late deliveries of raw materials in the past financial year. In case it happened, it did not lead to any late deliveries or overtime due to the maximum production flexibility given to the suppliers. Suppliers that were struggling to meet the delivery dates were not pressured. Instead, Deuter agreed to postpone shipping dates as much as possible.

Deuter was in close contact with its supplier throughout the year, ensuring and checking safe and healthy working conditions. The member has informed itself about the costs incurred by its producers to prevent COVID infections. No supplier has requested support to cover the extra costs. The member brand took the effort to follow up on the payment of wages, provided additional orders to keep the factory in Myanmar running, and provided financial support to its Vietnamese supplier to ensure enough financial liquidity for wage payments.

Fair Wear encourages Deuter to resume its efforts on paying living wages and prevention of overtime while keeping a close look at the lasting impact of COVID-19 within the financial year of 2021/2022.

## 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:** Deuter's supplier base consists of four main factories and several subcontractors. More than 88% of Deuter Sport GmbH's FOB is bought from production locations with very high leverage, between 80% and 100%. Almost 11% of Deuter's production volume is bought from productions locations with leverage between 12% and 65%.

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

**Comment:** Less than 6% of Deuter's total production volume comes from locations where it bought less than 2% of its total production volume. In this number, the subcontracting partners are included, counting for 4% of the production volume. Over the past years, the brand's main production partner in Viet Nam consolidated the number of subcontracting partners from more than thirty to eight. These subcontracting partners are specialized in assembling specific components. Also, there are five printing or embroidery 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.	99%	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:** Deuter is committed to long term, trustful and respectful cooperation with its suppliers. 99% of the member brands production volume comes from suppliers with a business relationship for at least five years. This includes also the subcontracting partners.

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.	2nd years + member and no new production locations selected	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.	N/A	2	0

**Comment:** Deuter has not added a new production location in the past financial year.

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:** Deuter is well aware of the specific risks in its production countries China, Myanmar and Viet Nam. In the past financial year, the member brand has conducted an extensive risk assessment for its supply chain, including prioritizing the highest risks like freedom of association, discrimination, living wages and overtime. For the highest risks, the member brand has a clear roadmap to mitigate and remediate the assessed risks using SMART tasks. Deuter chooses to work only with its current suppliers as the risks are well-known there. In case a new sourcing country is needed, a thorough risk assessment will be conducted, in which several sources will be consulted, such as Fair Wear country studies, MVO risk checker, Better Work and Partnership for Sustainable Textiles (PST) sources, but also local trade unions' input.

Deuter sources from one supplier in Myanmar, where it has high leverage. The cooperation started six years ago and Deuter has put much effort to set up both a high-quality production and sustainable working conditions at this supplier. Besides the COVID-19 pandemic, the military coup in Myanmar was quite a shock for the brand and the supplier. The risk assessment was updated and evaluated with the CEO and all related teams at the member brand. Also, immediate contact was taken with the supplier's management.

During the COVID-19 pandemic, the member brand has regularly informed itself about the situation in its production countries, using Fair Wear Webinars and Webinars of PST. Deuter could show close contact with various other Fair Wear member brands, sharing information on COVID-19 related risks per country on a regular basis. All information provided valuable input to stay up to date on the constant developments in COVID-19 measures and the risks for workers.

Besides the health and safety risks, payment of at least legal minimum wage and working hours, another big risk identified by Deuter was to keep the production locations running. Therefore, the brand worked closely together with its suppliers during COVID-19, informing itself about the healthy and safe working environment, payment of at least legal minimum wages and working hours at the production facilities. Deuter had frequent meetings with its suppliers, at least once a month, but often more bi-weekly. Regulations per country were frequently monitored and suppliers were asked to share main obstacles. Several surveys have been sent out to the suppliers with a systemic follow-up by the member brand. Suppliers have sent photos of safe working conditions as proof documentation, as visits were not possible. All suppliers were allowed to continue production, after strict control and approval for production given by local authorities. Deuter has informed itself about the costs incurred by its producers to prevent COVID-19 infections. No supplier has requested support to cover the extra costs. The member brand has provided additional orders to keep the factory in Myanmar running and additionally provided financial support to its Vietnamese supplier to ensure enough financial liquidity for wage payments. In addition, two production sites in Viet Nam and China were audited in September and November 2020.

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:** Deuter has worked with its main suppliers for a long time, based on trust and partnership. The suppliers make specific products that are not interchangeable, hence also do not see a need to add new suppliers. An extensive performance evaluation of all suppliers is done bi-annually by the whole Deuter team. The outcomes are discussed with the suppliers. Deuter does not have a "reward"-system for suppliers with top evaluation, as this does not make sense for their supply chain structure. The member prefers to work closely with suppliers to close issues. It has proven to be working throughout the years of partnership. Thanks to the close relationship with its suppliers and the small base, Deuter is able to be on top of compliance.

No orders were cancelled or order quantities reduced in the past financial year. Member's purchase and planning staff, CSR staff and CEO exchanged information frequently and close contact was held with the suppliers. All order adjustments were discussed with the member brands suppliers. The member brands main supplier agreed to later deliveries for some orders, due to shop closure of the European retail sector because of COVID-19. The member brand took the effort to follow up on payment of at least legal minimum wages and has provided additional orders to keep the factory in Myanmar running and additionally provided financial support to its Vietnamese supplier to ensure enough financial liquidity for wage payments.

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:** Deuter has a strong, integrated system in place, that supports reasonable working hours. The brand does not work with seasonal collections and in this way can avoid adding production pressure during peak season. Deuter has a large warehouse next to its headquarter and a warehouse in Viet Nam to store the Never-Out-of-Stock products. Based on its stock level, the member brand places orders at its suppliers. This additionally allows for the production and storing of products during the low season. The long and stable business relationship with its main Vietnamese and Chinese suppliers enables smooth, coherent planning, insight into supplier capacity and long-term forecasting. During the performance check, Deuter has shown its advanced forecasting system with precise forecasting up to 12 months. Deuter has a clear overview of capacity, shown by the planning coordinator. This overview is regularly shared with the relevant supplier.

The Chinese supplier receives orders two times per season and the supplier has long lead times.

The Vietnamese supplier receives orders at least once a month, sometimes even more often, depending on the sales planning. Deuter conducts a monthly evaluation of the production planning in which adjustments can be made for long-term planning at style level. For this reason, last-minute changes do not happen. An extensive order overview, including each and every step starting from a forecast of material until final product assembling, is sent to the supplier who will do its product planning based on all information given in the file. Public holidays and suppliers holiday closure are taken into account. The completed file is sent back with the estimated departure of the orders (ETD's). This ensures maximal flexibility for production at the suppliers level as Deuter accepts the delivery times given by the supplier. In case needed, the delivery date of urgent orders will be discussed between the planning and purchase department and the supplier.

Deuter has a no air-freight policy for its orders, but in case needed, the member brand will cover the costs. Suppliers never have to pay penalties for late orders and do have maximum flexibility, which means that in case production is finished earlier than the agreed delivery dates, the orders can be shipped and will be paid by the brand immediately.

During the COVID-19 pandemic, all suppliers were allowed to continue production, after strict control and approval for production given by local authorities. Deuter managed to rely on its strong planning system and stable relationship with its suppliers. All raw- materials are pre-nominated by the member brand. As re-development of styles only takes place every three years and the forecast/style is known at least 12 months in advance, raw materials are ordered at an early stage. Therefore suppliers did not face many late deliveries of raw materials in the past financial year. In case it happened, it did not lead to any late deliveries or overtime due to the maximum production flexibility given to the suppliers. Suppliers that were struggling to meet the delivery dates were not pressured. Rather, Deuter agreed to postpone shipping dates as much as possible.

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

**Comment:** In the past financial year, excessive overtime was found during an audit at the Chinese supplier. Workers do not regularly receive one day off per seven days of work and the total working time per week are regularly above 60 hours. The audit conducted in Viet Nam this financial year did not reveal any overtime issues.

The recommendations given in the previous performance check report were taken up by Deuter. For their Vietnamese production locations, Deuter has shown an extensive analysis of working hours over the course of three years, in order to monitor progress and understand root causes. Therefore in the past financial year, Deuter took great effort in root cause analysing of overtime by implementing a 5-step plan:

Step 1: root cause analysis

Step 2: a collection of feedback of internal and external stakeholders

Step 3: setting up action

Step 4: implementation of measures, including timeline

Step 5: progress measure and adaptation/improvement where needed

The current phase of this project is step 3: setting up action. The root cause analysis revealed several different reasons for overtime, like for example increasing order volume, more single items or fewer subcontracting partners. But moreover, the analyses revealed a lack of overall knowledge within the member brand about the duration of each phase of the production, starting from design until final production assembling. Also, stakeholder interviews made clear, that for example, the sample phase of articles was not clear to the supplier. Learning from all the feedback, the member brand has set up an action plan and implemented a project calendar for every single item, including a calendar for each phase of production. Via regular meetings, all involved staff gives updates about each production step and the current phase, including shifting of dates. By doing so, all staff is up to date about the current phase and possible delays of the production phase/article. The process of lab-dip and sampling has been improved and set up more efficiently, in close cooperation with the supplier. Overall, internal and external communication flow has been improved, taking advantage out of the new implemented Product Lifecycle Management (PLM) system at Deuter. The CSR team has established a comprehensive overtime analysis based on the working hours given by the supplier. Overtime is assessed monthly and first evaluation shows that no excessive overtime has occurred in the last months of the financial year. The brand will keep a strong eye on further development as it's not completely clear how COVID-19 has influenced the results.

Efforts to mitigate overtime risks on the subcontractor level were shown by the setup of subcontractor rules in writing for all suppliers. The goal is to work towards a subcontractor pool with a maximum of five subcontractors that can be better included in the production planning.

Deuter continued discussing excessive overtime with its other suppliers in China and Myanmar. But here the process is more difficult. Efforts were shown to understand root causes through dialogue with suppliers; peak seasons and efficiency on the work floor for example. Discussion on these topics is ongoing and the focus of Deuter is to understand how the brand can support the suppliers to reduce overtime.

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.	Advanced	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.	4	4	0

**Comment:** Deuter works in close cooperation with its main Vietnamese supplier when setting prices. After product development, sample pricing is implemented in Deuter's PLM system including information on material cost, labour costs and overhead costs. Deuter sets an internal target price that is only used internally. Next, a sample and a price are requested from the supplier. In case the supplier provides a price that does not meet the brand's internal price target, then Deuter takes the product back into development to reduce material costs or workmanship, but will not negotiate the price with the supplier.

Together, Deuter and the Vietnamese supplier (counting for 89% of the brand's production volume) have completed Fair Wear's Labour Minute Costing Calculator for one item. FWF's Labour Minute Costing Calculators allow brands and factories to ring-fence the labour cost based on a transparent methodology for costing/pricing of goods. The outcome of this evaluation gave insight into the labour costs for this item. As Deuter buys 99%-100% of the suppliers capacity, the brand decided to set an average labour costs percentages for all its items of this supplier. This allows Deuter to address and monitor the wages more efficiently on the basis of a whole buying price. The labour costs percentages per item are included in Deuter's PLM system. The PLM system displays a good overview of the material costs, the labour- and overhead costs. Buyers are not allowed to agree on a price without taking these costs into account. In addition, the Vietnamese supplier has a WPA (Working Process Analysts) Team to make progress in more efficient workmanship. This process is accompanied by time measurement and benchmarking certain workmanship.

Prices are discussed twice a year by the CEO and developments such as wage increases, currency changes and increase in material costs are included. As the supplier is the only supplier for backpacks, there is no competition on price resulting in price pressure. Deuter monitors actual wage levels and increases in legal minimum wage rates. In addition, the member brand uses audit reports to ensure the legal minimum wage is paid. Due to the close relationship, wage increases are always clearly explained by the supplier and generally accepted by the member brand.

In China and Myanmar, suppliers follow a similar model, with the difference that Deuter is not the only customer.

Deuter does not have direct contact with the Vietnamese subcontractors, which only contributes to less than 4% of its total production volume. Price negotiations go through the main supplier which offers piece prices to the subcontractors. Deuter does not have insight into the relation between the prices and wages with these subcontractors.

During the past financial year, Deuter asked its suppliers about additional costs due to COVID-19. Financial support was offered to the suppliers to cover these additional costs but was not claimed by the suppliers.

**Recommendation:** Fair Wear recommends Deuter to continue exploring the link between its buying prices and wage levels at production locations in China and Myanmar. In addition, the brand is recommended to gain more insight into the prices and wages of the subcontracting partners of its main supplier in Viet Nam, as these partners are specialized to assemble specific components.

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:** None of the two conducted audits in China and Vietnam showed findings of payment below legal minimum wages.

None of the member brands suppliers had to close its production sites to the COVID-19 pandemic or military coup (Myanmar). Deuter has not cancelled any orders and has assessed whether suppliers were struggling financially. Deuter took the effort to follow up payment of at least legal minimum wage and has provided additional orders to keep the factory in Myanmar running and additionally provided financial support to its Vietnamese supplier to ensure enough financial liquidity for wage payments.

There is a very high level of transparency between the member brand's long-lasting Vietnamese supplier. Wage overviews have been shared and the member brand has checked if no payment below legal minimum wages has happened. The audit reports of both production sides of this main supplier did not reveal any findings.

Wage verification with the Chinese supplier is more difficult as there is no transparent wage overview provided by the suppliers. The member brand took care to request wage information and confirmation of payment above legal minimum wage. The audit report confirmed no findings to this matter.

For the supplier in Myanmar, the situation is the most difficult, as official wage verification by a third party is not possible at the moment. Therefore the brand can only rely on its long-lasting and trustful relationship with its supplier. The supplier confirmed that all wages are above the legal minimum wage. Pay-slip verification by the member brand is not possible. Also, the CSR team of Deuter is not able to get in touch with representatives of the trade union for several reasons, e.g. language barrier, lack of email access and sensitivity due to the military regime in the country. For the next financial year, the CSR team hopes to be able to conduct an online audit at this supplier.

**Recommendation:** For the following financial year, the member brand is highly encouraged to verify payment of legal minimum wages at its suppliers in Vietnam and Myanmar, due to the severe COVID-19 development of the pandemic in the second half of 2021.

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

**Comment:** No evidence was found of late payments to suppliers by Deuter. The member brand pre-pays the orders of its suppliers and all invoices are paid within 14 days latest. During the past financial Deuter took care to pay all invoices as fast as possible, some even within the same day of arrival ensuring enough cash flow at its suppliers.

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.	Advanced	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	6	6	0



**Comment:** Deuter showed progress by the extensive analysis of wages at its main supplier in Viet Nam, counting for 89% of the brand's production volume and ongoing dialogue with all suppliers on wages. Graphics are created to better understand the development of wages. Through the evaluation of the wage situation at its suppliers in China and Viet Nam, Deuter could show good insight into the root causes for wages lower than living wages like for example internal inefficiencies at Deuter and product prices. The brand has discussed the root causes with its suppliers and in cooperation defined target wages (see 1.13). Deuter has agreed with its supplier that it will increase its pricing to make the payment of these target wages possible and has adjusted its pricing policy to ensure all prices paid to these suppliers can cover the agreed target wages.

For Myanmar, an audit was planned to gain new data and continue the dialogue with the supplier, however, COVID-19 stalled this.

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.	Advanced	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.	6	6	0

**Comment:** Deuter and its Vietnamese supplier agreed on a target wage for both production sites, using the Global Living Wage Coalition (Anker benchmark) for Vietnam of 2016. The documentation presented during the Brand Performance Check showed an agreement of the Anker benchmark, yet without mentioning concrete numbers. The audit report shows, that the Anker benchmark of 2016 was paid to workers for one production site, counting for 52% of the brand's production volume. In 2020 the Anker benchmark for Vietnam increased by almost 16%. The brand and its supplier will agree on a new target wage in 2022 with a two-step implementation plan for both production sites. The aim is to gradually increase the wages so that finally at least 70% of the workers earn living wages (according to the Anker benchmark of March 2020).

Deuter and its Chinese supplier agreed on a target wage according to the Global Living Wage Coalition (Anker benchmark).

The member brand evaluated its own pricing system, how much money is needed to increase the wages at suppliers level and how this at the same time influences the sales prices of its articles. Deuter has agreed with the suppliers that it will increase its pricing to make the payment of the agreed target wages possible and has adjusted its pricing policy to ensure all prices paid to these suppliers can cover these target wages. The brand and its supplier do take wage increases into account when negotiating prices.

To support the overall aim of payment of living wages the member brand takes part in the Living Wage Initiative of the German Partnership for Sustainable Textiles, where in cooperation with other brands, sustainable ways for payment of living wages are explored.

**Recommendation:** Deuter is recommended to thoroughly document the agreed target wages with concrete numbers, to avoid misunderstandings in case benchmarks are increased (like the increase of the Anker benchmark for Vietnam in 2020). Deuter is encouraged to evaluate the reason for the wage difference between both production sites of its Vietnamese supplier (almost 11%).

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.	54%	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.	4	6	0

**Comment:** Fair Wear audit reports of the Chinese supplier and one production site of the Vietnamese supplier showed that the mode regular wage is above the agreed target wage (Anker benchmark).

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## **Purchasing Practices**

**Possible Points: 50**

**Earned Points: 47**

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## 2. Monitoring and Remediation

Basic measurements	Result	Comments
% of production volume where an audit took place.	92%	
% 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.	Yes	
Requirement(s) for next performance check		
Total monitoring threshold:	92%	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:** Deuter has two CSR team members working very closely together and both are responsible for following up on identified issues. The CSR teams at Deuter's two main suppliers are highly involved in follow-up and have contact with Deuter's CSR staff on a regular basis.

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:** Audit reports and Corrective Action Plans (CAP) are shared in a timely manner with suppliers. Local CSR teams on supplier level are involved in the follow up of corrective actions. One member of the CSR staff at the main supplier in Viet Nam is also a member of the trade union and discusses findings and follow up with the labour committee. CSR staff of member brand and main suppliers have discussed the audit reports, CAP findings and follow up in digital meetings and via emails throughout the past financial year.

**Recommendation:** Deuter is recommended to include more often worker representatives in CAP follow up. By doing so, worker representatives have 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:** Deuter has a strong monitoring system in place to identify and follow up on problems. Besides on-site visits and meetings at trade fairs, emails and Skype calls are used to discuss remediation. During the COVID-19 crisis, online communication tools were used extensively to compensate for visit restrictions. CSR staff members in charge of CAP follow-up always request documents or other evidence to validate improvements and the filing of this evidence was shown during the Performance Check. Other departments such as CEO, production and design are updated about progress and involved when needed. This includes checking improvements during visits.

Deuter audited two production locations of which meaningful follow-up was shown. For both audits, the member brand could show that follow up was done in close cooperation with the CSR responsible staff of both main suppliers. Each of the resolved issues was supported by photographic evidence or other documentation shown during the performance check. The member brand could show proof of thorough CAP follow up with the Chinese supplier on topics like working hours to ensure that workers have a least one day off a week. Deuter and the CSR staff of the supplier in Viet Nam have worked thoroughly on CAP findings, for example, overtime. To tackle the overtime findings, the member brand has conducted an intensive root cause analysis at its own company. For more information, see indicator 1.7.

Before the outbreak of the COVID-19 pandemic, the CSR manager regularly visited the suppliers and discussed follow up, also via email and Skype calls. As visits were not possible in the last financial year, the brand worked with other monitoring tools like frequent digital meetings with its suppliers, photo- and video proof and audits, where possible. The supplier survey has been a helpful tool for Deuter to enable systemic follow-up, therefore several surveys have been sent out to the member brands suppliers. Reporting back by suppliers was supported by sending files, pictures and videos of the situation and necessary follow-up. Furthermore, all COVID-19 issues were discussed during regular digital meetings, such as ensuring healthy and safe working conditions, payment of at least legal minimum wage and working hours. Regulations per country were frequently monitored and suppliers were asked to share main obstacles. Deuter has informed itself about the costs incurred by its producers to prevent COVID-19 infections. The member brand has provided additional orders to keep the factory in Myanmar running and additionally provided financial support to its Vietnamese supplier to ensure enough financial liquidity for wage payments. One point of concern for Deuter was how its main supplier in Viet Nam would get in touch with its workers in case of a lockdown. The supplier has set up a communication channel for its workers, called Zalo, which is now used during the lockdown in fall 2021. The effectiveness of this communication tool will be assessed in the next brand performance check.

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

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.	Advanced result on all relevant policies	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.	6	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	Advanced			6	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	Advanced			6	6	-2



**Comment: Myanmar:**

Deuter sources at one supplier in Myanmar, where the member brand has high leverage. After the military coup immediate contact was taken with the supplier's management. The decision was made not to leave this supplier and the country, but keep production going and very closely monitor the working conditions. Factory management has sent an official letter to Deuter stating not being linked to the military regime. Also, the member brand evaluates frequently the situation and informs itself via different information channels like updates by Fair Wear, Partnership for Sustainable Textile in Germany as well as with other Fair Wear member brands sourcing from the same country. One of the biggest problems is the lack of possible visits and third-party verification of the working conditions. CSR staff of Deuter was not able to get in touch with members of the trade union, representing the workers of its supplier, because of the language barrier, lack of e-mail access and the current difficult situation in this country.

The member brand follows Fair Wear's enhanced monitoring programme for Myanmar to address and mitigate risks:

- 1.) The production location is published.
- 2.) Thorough due diligence is in place and conducted, risks assessed and addressed.
- 3.) The last audit took place in 2016 and a new audit was requested for 2019. Unfortunately, until now no audit could be conducted for several reasons like COVID-19 and the military coup.
- 4.) Deuter's supplier in Myanmar participated in Fair Wear's Communication training to promote social dialogue. The training is not finished yet and is currently on hold.
- 5.) The member brand has checked the payment of legal minimum wages. The member brand was not able to check payslips, but overviews handed in by the supplier showed no issues of payments below legal minimum wage. However, third-party verification like an audit is needed, which is currently not possible. For the next financial year, the member brand is planning to start with online checks at this supplier.
- 6.) The supplier took part in age verification training. In addition, a hiring policy is in place at this factory, describing correct age verification.

**Compliance with COVID-19 guidance:**

Deuter has a strong system to assess and mitigate risks related to COVID-19, as already described in chapters 1 and 2 of this performance check report. The CSR team collaborated closely with the CEO and other departments to find solutions in dialogue with suppliers. Safe transportation of workers was discussed as well as safety measures in the factories. Suppliers have sent photos of safe working conditions as proof documentation, as visits were not possible. Fortunately, no COVID-19 infections have been reported. Deuter has informed itself about the costs incurred by its producers to prevent COVID-19 infections. No supplier has requested support to cover the extra costs. The member brand took the effort to follow up on payment of at least legal minimum wage and has provided additional orders to keep the factory in Myanmar running and additionally provided financial support to its Vietnamese supplier to ensure enough financial liquidity for wage payments.

Viet Nam and China:

In Viet Nam, the member brand focuses on promoting social dialogue for which a Workplace Education Programme (WEP) training Communication was organised. The training is not finalized yet and active follow up by the CSR staff will take place once the final report with the training outcome is available. In addition, Deuter took great effort in root cause analysing of overtime by analysing and adapting its own internal processes.

In China, the brand focused its past financial year on risks for forced labour at its supplier and sub-contracting partner.

**Recommendation:** As the COVID-19 situation is worsened in the second half of 2021 in both Viet Nam and Myanmar, Deuter is recommended to closely follow up on payment of wages below legal minimum wages as well as on overtime.

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:** Deuter shares one tail-end supplier in China with other Fair Wear members and together they are in regular e-mail discussions with the supplier pertaining to audits and CAPs. Furthermore, Deuter shares one main supplier in Myanmar with two other Fair Wear members who purchase from a sister factory. The member brand actively shares information and cooperates with these two Fair Wear members as well. The lead in a mediation meeting regarding this sister factory was even taken up by Deuter, which shows the level of commitment and collaboration of the company.

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).	Yes	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.	2	2	0

**Comment:** Deuter has audited one production site, counting as tail-end.

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: 21**

**Earned Points: 20**

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### 3. Complaints Handling

Basic measurements	Result	Comments
Number of worker complaints received since last check.	4	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.	2	
Number of worker complaints resolved since last check.	3	

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 two CSR managers at Deuter's headquarter are responsible to address worker complaints. They work closely together with the responsible team at the main supplier level.

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:** Deuter regularly checks at its suppliers whether the Worker Information Sheet is posted. The Vietnamese supplier is responsible for checking whether the sheet is also posted at its subcontractors. The supplier then provides a picture as proof to Deuter. As visits were still not possible in the past financial year, Deuter has asked for videos and photos to show proper posting. Prior to one of the audits, the member brand has shared worker information cards among workers. However, most of the worker information sheets shown to Fair Wear during the Brand Performance Check were not up to date, e.g. with an old Fair Wear logo or even only in written format.

**Recommendation:** Deuter is recommended to check annually whether the posted Worker Information Sheets are up to date (Logo Fair Wear, Complaints hotline number).

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.	2%	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:** Deuter has actively raised awareness of the Fair Wear Code of Labour Practices and complaints hotline by providing a WEP Basic training to one supplier in China in July 2018. This WEP training counts for three years.

Prior to one audit in Viet Nam, the member brand has handed out worker information cards to raise awareness of the Code among workers. This is a good effort to raise awareness among workers. The audit report shows that interviewed workers were well aware of the FWF CoLP and complaint mechanism.

Performance indicators	Result	Relevance of Indicator	Documentation	Score	Max	Min
3.4 All complaints received from production location workers are addressed in accordance with the FWF Complaints Procedure.	Yes + Preventive steps taken	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.	6	6	-2

**Comment:** In the past financial year, Deuter has received four complaints from its supplier in Myanmar via the Fair Wear complaint hotline. The issues of the complaints were about lack of transportation for workers, unfair demotion and unfair termination. Deuter showed follow up in accordance with Fair Wear's procedure. Two complaints are resolved. Two complaints are still in process as further follow up is due to the critical situation in Myanmar currently not possible. Detailed information about the complaints can be read in the published complaints report on Fair Wear's website.

Root-cause analysis of the complaints showed a lack of social dialogue between management, trade union and workers. To improve the situation, a WEP Communication training has started at this supplier but is because of COVID-19 and the military coup, currently on hold. In the meantime the factory management has been changed, a new female manager is now in charge. The member brand has not met the new manager in person yet, but first digital meetings showed already improvements regarding understanding the need for good social dialogue.

Performance indicators	Result	Relevance of Indicator	Documentation	Score	Max	Min
3.5 Cooperation with other customers in addressing worker complaints at shared suppliers.	Active cooperation	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.	2	2	0

**Comment:** Deuter did show active cooperation in the follow up of one complaint coming from a production site where Deuter does not source from but is located at the same place and run by the same factory management. Deuter has shown active cooperation and effort in order to support two other Fair Wear members that source from this location. The benefit of this close cooperation was a joint bearing of the member brands toward the factory management and, on the other hand, it also serves to prevent further problems in Deuter's factory site.

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## Complaints Handling

**Possible Points: 17**

**Earned Points: 15**

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## **Additional comments on Complaints Handling :**

In the past financial year, Deuter and a German Start-up company developed a specific app to file complaints. The aim of the app is to provide a functioning complaints mechanism specifically for the workers of the subcontracting partners of the main supplier in Viet Nam and at a later stage for tier 2-4 of the member brand. Fair Wear worker information sheets are posted at the subcontracting partners, however, workers don't use the Fair Wear complaints hotline. This app provides low-level access to file a complaint, which will be directed to the CSR staff of the main supplier and Deuter. In case of a filed complaint, both staff will work together on follow-up. The first pilot phase will start in early 2022.



## 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:** New employees receive specific CSR training, of which Fair Wear membership is an important part. This training is usually offered twice a year and is also open for existing staff to learn more. Other ways to make staff aware of Fair Wear membership: presentations at sales meetings, particular updates when relevant and regular meetings with the management level of each department.

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:** All staff in direct contact with suppliers is well aware of Fair Wear membership requirements and is regularly briefed by CSR staff. During the COVID-19 crisis, the daily work of CSR and sourcing/production has been very closely linked. Regular meetings were held with CEO and sourcing/production to share information and monitor social conditions.

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.	94%	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:** Deuter enrolled three of its suppliers in the WEP Communication module that supports transformative processes related to human rights. These suppliers cover more than 90% of Deuter's production volume.

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:** Due to the COVID-19 pandemic and the military coup in Myanmar, all three WEP-Communication trainings in Viet Nam and Myanmar are on hold and not finished yet. The member brand could show follow up of the first training sessions.

**Recommendation:** Fair Wear recommends Deuter to discuss outcomes of dialogue sessions with their supplier and what steps management is planning to further strengthen dialogue between workers and management.

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## **Training and Capacity Building**

**Possible Points: 11**

**Earned Points: 11**

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## 5. Information Management

Performance indicators	Result	Relevance of Indicator	Documentation	Score	Max	Min
5.1 Level of effort to identify all production locations.	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:** Deuter has a very open relationship with its suppliers and especially its Vietnamese supplier. The supplier shares with Deuter which subcontractors will be used well in advance. For Viet Nam, where several subcontractors are used, the member brand has created a comprehensive subcontractor policy in writing. This file clearly defines the onboarding process for subcontractors and is shared with the suppliers.

Limiting the use of subcontractors is important to Deuter and monitored constantly. Subcontractors, including those for printing and embroidery, are identified and visited frequently. During the COVID-19 crisis, where visits by the member brand were not possible, Deuter was in close exchange by e-mails and (digital) call with its main suppliers. Subcontracting was discussed as shown in meeting minutes.

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:** CSR staff and staff involved in the production process align their follow-up to improve working conditions. Deuter uses a PLM system to document and exchange information, in specific cases including audit findings for follow-up by other teams. The CSR team is involved in all sourcing decisions. Furthermore, CSR managers schedule monthly meetings with the heads of each department to ensure updates are shared on a regular basis. During COVID-19, this collaboration is further strengthened, as additional COVID-19 related risks had to be monitored and addressed in this crisis.

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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:** Deuter informs the public about Fair Wear membership through various channels like its hangtags, ACC header cards and catalogues, online sales stores, social report, website and through social media as well as through press releases and clippings. In addition, the member brand provides for its employees and customers (e-learning) training tools like "Get the facts", where the Fair membership is actively promoted. All communication is in line with Fair Wear's communication policy.

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:** Overall, raising consumer awareness is an important topic of Deuter's overall communication strategy. This is amongst other ways reflected in the detailed social report, in which Deuter discloses its production locations. The Member brand has disclosed production locations. 96% of production volume is disclosed to other members in its internal system 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:** Deuter has published its 2020-2021 social report online on its website.

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## Transparency

**Possible Points: 6**

**Earned Points: 6**

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## 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:** CSR staff meets with the CEO once a month to discuss current developments. In addition, whenever needed CSR team will have additional meetings with CEO, as both offices are located next door. The CSR team reports directly to CEO and the Brand Performance Check is annually reviewed by a group of staff including top management. In the past financial year, Deuter has set up a new internal strategy, including goal setting and evaluation. Within this strategy, Fair Wear membership has a high prioritisation.

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.	100%	In each Brand Performance Check report, Fair Wear may include requirements for changes to management practices. Progress on achieving these requirements is an important part of Fair Wear membership and its process approach.	Member company should show documentation related to the specific requirements made in the previous Brand Performance Check.	4	4	-2

**Comment:** Deuter was given one requirement in the previous Brand Performance Check report related to monitoring its tailend suppliers. Fair Wear required that all factories must be visited by Deuter at least once every three years. Document review during this year's Brand Performance Check revealed that the member brand could show proof of visiting almost all of its tail end suppliers the last three years (before the outbreak of the pandemic). This requirement was not correct and therefore the brand is rewarded with 4 points (100 % fulfilment).



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## Evaluation

**Possible Points: 6**

**Earned Points: 6**

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## Recommendations to Fair Wear

- > More flexibility with the due date of the social report/sustainability report to avoid late Brand Performance Checks
- > Guidance on how to incorporate the requirements on the social report into a sustainability report
- > Suggestion BPC bi-annually
- > Too many FWF projects/topics for our small supplier base

## Scoring Overview

Category	Earned	Possible
Purchasing Practices	47	50
Monitoring and Remediation	20	21
Complaints Handling	15	17
Training and Capacity Building	11	11
Information Management	7	7
Transparency	6	6
Evaluation	6	6
Totals:	112	118

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

95

### Performance Benchmarking Category

Leader

## Brand Performance Check details

Date of Brand Performance Check:

11-11-2021

Conducted by:

Annet Baldus

Interviews with:

Mr. Robert Schieferle, CEO

Mr. Marco Hühn, CSR

Mrs. Josefine Berlink, CSR

Mr. Sebastian Schmidt, Head of Planning and Purchase

Mrs. Christina Völlinger, Head of Marketing

Mrs. Johanna Keinath, PML