



## BRAND PERFORMANCE CHECK

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Deuter Sport GmbH

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this report covers the evaluation period 01-07-2018 to 30-06-2019

## ABOUT THE BRAND PERFORMANCE CHECK

Fair Wear Foundation 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. FWF, however, believes that the management decisions of clothing brands have an enormous influence for good or ill on product location conditions.

FWF's Brand Performance Check is a tool to evaluate and report on the activities of FWF's member companies. The Checks examine how member company management systems support FWF'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 FWF 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 FWF 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 FWF'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.

# BRAND PERFORMANCE CHECK OVERVIEW

Deuter Sport GmbH

Evaluation Period: 01-07-2018 to 30-06-2019

MEMBER COMPANY INFORMATION	
Headquarters:	Gersthofen, Germany
Member since:	01-08-2011
Product types:	Outdoor, Promotional, Private label, Bags & Accessories
Production in countries where FWF is active:	China, Myanmar, Viet Nam
Production in other countries:	Republic of Korea
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	97%
Benchmarking score	77
Category	Leader

## Summary:

Deuter has shown advanced results on performance indicators and has made good progress. With a benchmarking score of 77 and a monitoring percentage of 97%, Deuter is awarded the Leader category.

Deuter has a supplier base that consists of 5 main factories and a set of subcontractors. The main Vietnamese supplier consists of 3 factories. This supplier produces Deuter bags. Their main China supplier closely works together with a factory in Myanmar and produces sleeping bags. At all these suppliers, and even at most subcontractors, Deuter has more than 10% leverage. Deuter has a short tail end of 4% however has 24 subcontractors. In the period 2018-19, the brand in discussion with its main supplier took efforts not to add new subcontractors.

However, the sizeable use of subcontractors also poses serious risks as the working conditions at the subcontractors are often not at the same level as the main factories and given their small size they rarely have any audits. Deuter should be acknowledged for its efforts in monitoring working conditions and even conducting an audit at the subcontractors, including a printing subcontractor. At the same time, the audit report showed health and safety violations and non-payment of the legal minimum wage. Deuter discussed the audit findings and the business relationship with the subcontractor. This factory moved to a new location and changed owners. Deuter is aware that due to the change in location and lack of clarity on ownership, the issue pertaining to non-payment of minimum wage could not be addressed, which is also reflected in a FWF audit conducted at the subcontractor in September 2019 (outside the scope of this reporting period).

Therefore, FWF recommends Deuter to consolidate the number of subcontractors, proactively respond to issues pertaining to payment of legal minimum wage and continue to closely monitor working conditions. FWF further recommends Deuter to learn more about standard minutes per style, especially in relation to production planning and pricing, to address issues pertaining to excessive overtime. Deuter's partnership model offers unique opportunities to increase wage levels at its production locations, towards a living wage. Deuter could also consider organizing factory training pertaining to social dialogue and other topics that could further support implementing COLP at production locations.

## 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 FWF's belief that member companies who are making a serious effort to implement the Code of Labour Practices—the vast majority of FWF 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.	99%	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 has a supplier base that consists of 5 main factories and a set of subcontractors. At all these suppliers, and even at most subcontractors, Deuter has more than 10% leverage. Most of these subcontractors are small workshops with less than 15 workers, where Deuter has high leverage (even up to 100%).

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.	4%	FWF 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 FWF.	3	4	0

**Comment:** Deuter has a short tail end of 4% however has 24 subcontractors. In the period 2018-19, the brand in discussion with their supplier took efforts not to add new subcontractors. According to Deuter, their main Vietnamese supplier uses these subcontractors that are specialized in assembling specific components. In case of production pressure, the main Vietnamese supplier can use a subcontractor to place an order.

**Recommendation:** FWF strongly recommends developing a strategy with the Vietnamese supplier towards the use of subcontractors, focused on limiting the number of subcontractors. Criteria to select subcontractors could be based on expertise, leverage, working conditions and possibilities to build long-term relationships.

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.	95%	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 basis of Deuters' supply base is partnership and stability. It has long-term relationships with its Vietnamese and Chinese supplier, and even some of the subcontractors have been used for a long period of time.

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 did not start new business relationships with suppliers directly or with any subcontractors in the year 2018-19.

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
1.4 Member company conducts human rights due diligence at all (new) production locations before placing orders.	Intermediate	Due diligence helps to identify, prevent and mitigate potential human rights problems at suppliers.	Documentation may include pre-audits, existing audits, other types of risk assessments.	2	4	0

**Comment:** In general, Deuter is aware of risks and regularly assesses the situation in its manufacturing countries using websites and reports of relevant NGOs. Deuter has been in long-term relationships with all its suppliers and did not select new suppliers or add any subcontractors in 2018-2019.

In Vietnam, the brand discussed with the supplier on limiting the use of new subcontractors. Subcontractors are visited by the Vietnamese supplier and need to sign the FWF questionnaire and another questionnaire is filled out by the Vietnamese supplier that contains several questions on the FWF CoLP, such as on occupational health and safety. Due to the size of the subcontractors and the fact that they do not supply directly to international brands, most of them have not been audited. Therefore, Deuter cannot collect external audit reports.

For Myanmar, which is a relatively new sourcing location, the brand reviewed the sourcing risks pertaining to Military owned factories and child labour. The suppliers participated in age verification training of FWF in the previous year to build the capacity of the factory staff to address these risks.

**Recommendation:** FWF strongly recommends Deuter to evaluate its efforts to limit the use of subcontractors and develop a strategy towards the use of subcontractors, including the use of new subcontractors. Deuter runs higher risks of severe labour standard violations at these subcontractors than at its main facilities.

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 continuously evaluates the status of CoLP implementation at its main suppliers and actively supports them to improve. The CSR manager regularly visits the suppliers and discusses follow up, also via email and skype calls. Other staff, such as the CEO and designers are also involved in following up. The CEO discusses improvements with the suppliers, while the designers check health and safety issues on-site. Due to the limited amount of suppliers, the brand has all the CAPs of its suppliers in one overview and uses it to follow-up on a day to day basis.

Deuter has worked with its main suppliers for a long period of 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. This is also a reason the brand does not see value in doing a formal evaluation but rather prefers to work closely with suppliers to close issues.

The Vietnamese supplier is responsible for checking the working conditions at the subcontractors. The supplier regularly visits the subcontractors, but no formal system of systematically assessing working conditions and follow up has been agreed yet.

Based on evaluation and discussion through regular meetings with top management, including CSR staff from both supplier and Deuter's side, one supplier location was shut down in the period 2018-19 which also resulted in the termination of working relationships with 5 subcontractors. The production from this location was moved to a more 'modernised' factory.

**Recommendation:** Deuter is encouraged to develop a supplier evaluation process which apart from social compliance could assess and track supplier performance on quality, relationship, price, and planning. FWF recommends the brand use this evaluation to share and discuss areas where the brand and supplier can partner better and support the brand could offer to stimulate progress on social issues, for example by offering price increases, bonuses or financial support to resolve issues.

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:** Deuters' range of products are not seasonal and can be produced without large peaks. The bags and sleeping bags are re-developed once in three years. Deuter has a large warehouse next to its headquarters and a warehouse in Vietnam to store the Never-Out-of-Stock products. Based on its stock level, Deuter orders the production of the items at its suppliers. This additionally allows for the production and storing of products in the low season.

Deuter places the orders for the bags at its main Vietnamese suppliers, who then distributes the orders over the three factories and the subcontractors, if necessary. The order dates are provided by the brand whereas the delivery dates are provided by the supplier, taking into account local festivals and holidays which might impact delivery. Efforts are also made to group similar products in production to achieve higher efficiency.

Deuter is aware of the total production capacity in value at its Vietnamese supplier, but not in pieces and specified per factory. According to Deuter, the Vietnamese supplier has a lot of experience in producing bags and plans based on that experience. Audit reports show that excessive overtime has been significantly reduced, but that it is still taking place, while Deuter is mainly the only customer.

The brand also seeks information from the supplier on the strategic use of subcontractors and has started taking efforts to monitor them. Deuter is not yet involved in the planning of production at the subcontractors, while Deuter has high leverage at some subcontractors which are used on and off. This can possibly lead to excessive overtime and lay-offs at these subcontractors.

**Recommendation:** In order to keep the maximum score in the next performance check, FWF recommends Deuter to use its leverage and partnership approach with its Vietnamese supplier to ensure that no excessive overtime is taking place, by playing a more active role in production planning along with the supplier to take preventive measures. FWF also recommends this for its Chinese and Burmese suppliers. Furthermore, FWF recommends Deuter to become more involved in the planning of production at subcontractors to ensure a steady order flow for subcontractors that are often used to prevent overtime or layoffs.

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:** Deuter continued discussing excessive overtime with its suppliers. A 2018 FWF audit at the brand's Vietnamese supplier location where the brand has almost 100% leverage indicated the presence of excessive overtime. Though excessive overtime has been reduced considerably compared to the years before, based on a review of time records, it is noted that in some cases workers worked overtime in excess of 30 hours/month (from 31 to 37 hours/month). Excessive overtime only occurs in case of production peaks. The brand has been tracking overtime at this factory and was able to identify the cause for one peak linked to material delays. For other points of excessive overtime, the brand is yet to identify the root causes. Challenges that remain are finding a balance between working towards living wages and reducing overtime at the same time.

In the previous year, at its Vietnamese supplier, Deuter had a consultancy bureau assess the efficiency and productivity of its supplier. Insights from this activity also helped the brand to identify production aspects that take-up more effort, for example, special collections have too many items in total, more work for small quantities. Instead, it is better for the brand to start a completely new collection using the same fabrics.

**Recommendation:** FWF recommends Deuter to continue reducing overtime at its main suppliers. Deuter should further analyze the planning system of its Vietnamese supplier. Furthermore, as workers might need the overtime hours to obtain better pay, FWF recommends Deuter to discuss overtime with the trade union and workers, including the topic of living wages.

Deuter should also assess the effect of its production planning on the Vietnamese subcontractors as there is a high risk of excessive overtime and lay-offs.

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 their main Vietnamese supplier when setting prices. After product development, Deuter sets an internal target price that is only used internally. They then ask their supplier for a sample and a price. Deuter knows about material and CMT costs. 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.

The brand is not aware of the labour minute cost per product but has an estimate of the percentage of labour costs in the overall cost based on historic data. Deuter uses audit reports to ensure the legal minimum wage is paid. Prices are discussed twice a year 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. In general, price increases by the supplier are accepted.

Their Chinese and Burmese supplier 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 3% of their FOB. 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.

**Recommendation:** Deuter is recommended to increase transparency in costing and productivity to gain further insight in the labour costs per product for its production locations. This forms the basis for ensuring enough is paid to cover at least minimum wage and for making steps towards living wages. FWF also recommends Deuter to learn more about the prices paid to subcontractors.

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
1.9 Member company actively responds if production locations fail to pay legal minimum wages and/or fail to provide wage data to verify minimum wage is paid.	No	If a supplier fails to pay minimum wage or minimum wage payments cannot be verified, FWF 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, FWF Audit Reports or additional monitoring visits by a FWF auditor, or other documents that show minimum wage issue is reported/resolved.	-2	0	-2

**Comment:** In 2017, Deuter audited a printing subcontractor in Vietnam where the non-payment of legal minimum wage was found. The issue was discussed with the subcontractor. After a period of time, the supplier informed Deuter that it would like to stop the relationship. Deuter re-discussed the audit findings and the business relationship with the subcontractor. The factory moved to a new location and changed owners. The brand agrees that due to the change in location and lack of clarity on ownership, the issue pertaining to non-payment of minimum wage could not be addressed, which is also reflected in FWF audit conducted at the subcontractor in September 2019 (outside the scope of this reporting period).

That apart, a FWF audit in 2018 at the Vietnamese supplier indicated that Workers' wage structure includes piece salary plus a fix salary from 3,110,000VND. Based on a review of payroll of Sewing Line , it was noted that 5 out of 34 reviewed cases workers received lower than the legal minimum wage of 4,471,530VND. (3,980,000 plus an additional 7% for skilled workers and 5% for hazardous job).

While the brand sought feedback from the supplier on this issue, it has not sufficiently followed-up to establish that workers are paid at least the legal minimum wage.

**Requirement:** If a supplier fails to pay minimum wages, members are expected to respond in time, identify root causes with factory management, and resolve that local labour laws are respected. Evidence of remediation must be collected. Factory visits with a documents check or additional verification by FWF may be needed to verify remediation.

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

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 2016, Deuter participated in a research project by the Global Living Wage Coalition. Part of the living wage research was the setting of benchmarks through the Anker-method. In 2017, Deuter followed up with a study that analyzed the efficiency and productivity of the Vietnamese supplier. In 2018-19, the brand focused on steps towards make pricing (in relation to wage costs) more transparent in the future. The brand is considering to use Anker estimates for target wage setting and hopes transparency in pricing and a better understanding of wage costs will support the brand in defining the strategy to raise wage levels at supplier locations.

FWF reports on the topic are read by the CSR-staff and FWF wage ladders are taken into account when discussing price and wage levels.

**Recommendation:** It is advised that the outcomes of the activities pertaining to improving price transparency, wage cost analysis are discussed internally and with top management, to form a basis for an embedded strategy on Living Wages.

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
1.12 Percentage of production volume from factories owned by the member company (bonus indicator).	None	Owning a supplier increases the accountability and reduces the risk of unexpected CoLP violations. Given these advantages, this is a bonus indicator. Extra points are possible, but the indicator will not negatively affect an member company's score.	Supplier information provided by member company.	N/A	2	0

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
1.13 Member company determines and finances wage increases	None	Assessing the root causes for wages lower than living wages will determine what strategies/interventions are needed for increasing wages, which will result in a systemic approach.	Evidence of how payment below living wage was addressed, such as: internal policy and strategy documents, reports, correspondence with factories, etc.	0	4	0

**Comment:** The brand currently does not finance wage increases.

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	41%	FWF 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.	2	3	0

**Comment:** The FWF audit report at one supplier location in Vietnam indicates that the mode regular wage is above the trade union demand.

**Recommendation:** Given that Deuter buys exclusively at its Vietnamese production location, the brand has full influence over the wages and should be able to work towards a living wage. As a next step, Deuter is encouraged to set a target wage (implementing the anker benchmark) and engage in necessary discussions and plans for wage increases that result in the payment of the target wage.

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## PURCHASING PRACTICES

Possible Points: 45

**Earned Points: 30**

## 2. MONITORING AND REMEDIATION

BASIC MEASUREMENTS	RESULT	COMMENTS
% of own production under standard monitoring (excluding low-risk countries)	97%	
% 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.)
Meets monitoring requirements for tail-end production locations.	Yes	
Requirement(s) for next performance check	N/A	
Total of own production under monitoring	97%	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 FWF membership, and cannot be successfully managed on an ad-hoc basis.	Manuals, emails, etc., demonstrating who the designated staff person is.	2	2	-2

Comment: The two member CSR and Quality team is responsible for following up on problems identified by the monitoring system.

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
2.2 Quality of own auditing system meets FWF standards.	Member makes use of FWF audits and/or external audits only	In case FWF teams cannot be used, the member companies' own auditing system must ensure sufficient quality in order for FWF 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: FWF 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: The brand shares the audit report with the supplier and follows-up on the findings.

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	FWF 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 audited its five main suppliers and a printing subcontractor in the last three years. Its suppliers worked on improvements, after which Deuter closed most issues except for living wages. Visible issues were closed upon inspection or after proof (pictures). An October 2018 FWF audit of one of the Vietnamese factories, did show that issues from the 2015 audit were not yet resolved, which is an indication that issues were sometimes closed too fast.

That apart, critical issues pertaining to minimum wage findings have not been followed up sufficiently to ensure that they are addressed in a structured manner and closed in the reporting period.

**Recommendation:** FWF recommends Deuter to only close issues after independent verification. Third parties, such as FWF could assist in providing independent verification and expertise. Furthermore, FWF encourages Deuter not to wait for the three-year audit-cycle, but to plan monitoring visits with independent experts regularly in order to close issues after verification.

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.	97%	Formal audits should be augmented by annual visits by member company staff or local representatives. They reinforce to production location managers that member companies are serious about implementing the Code of Labour Practices.	Member companies should document all production location visits with at least the date and name of the visitor.	4	4	0

**Comment:** The head of CSR and Quality visited Vietnamese suppliers and three subcontractors and other team members visited other suppliers. The staff visiting the supplier documents the meeting notes which includes the status of CAP follow-up and discussion about subcontractors. These notes are used to discuss pending items later over virtual meetings.

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 FWF membership, countries, specific areas within countries or specific product groups may pose specific risks that require additional steps to address and remediate those risks. FWF requires member companies to be aware of those risks and implement policy requirements as prescribed by FWF.	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	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	Intermediate			3	6	-2

**Comment:** Deuter is aware of the risks of sourcing in Myanmar. The brand checked whether its supplier was owned by (former) military officers, which was not the case. Furthermore, Deuter audited its supplier, which indicated several issues that the brand is currently working on. In 2017, Deuter continued to provide guidance on age verification to the supplier. The trade union of the supplier is very active, and regularly informs Deuter on the situation in the factory. Deuter published a 2018/2019 social report that contains information on the supplier, the working conditions, wage levels, and its improvement plan.

Deuter is generally well aware of the situation in Vietnam, China and South Korea, although Deuter does not have a system in place to actively follow (legal) developments that are relevant for the monitoring of labour standards. The brand uses websites of NGOs and stakeholders to stay informed on country-specific risks.

**Recommendation:** FWF recommends Deuter to set up a more systemic way of monitoring relevant developments on a country level.

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 only one tail-end supplier in China with two other FWF members, the brand copies the other members on mail discussions with the supplier pertaining to Audits and CAPs. Moreover, the brand does share a common supplier with two other FWF-members who source from a neighboring factory. Deuter actively shares information and cooperates with these two FWF-members as well.

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. FWF has defined minimum monitoring requirements for production locations in low-risk countries.	Documentation of visits, notification of suppliers of FWF membership; posting of worker information sheets, completed questionnaires.	N/A	3	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	FWF 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 FWF and recent Audit Reports.	2	2	0

Comment: A FWF audit was conducted at a tail end supplier in China.

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	FWF believes it is important for affiliates that have a retail/wholesale arm to at least know if the brands they resell are members of FWF or a similar organisation, and in which countries those brands produce goods.	Questionnaires are on file.	N/A	2	0

Comment: Deuter sells products from Ortovox (not anymore at the shops but sell the last shipment of leftovers) and Maier sports (a small number of shirts for fairs and events). Though the brand has not shared the questionnaire, given that they are all part of the same group company and are all FWF members, they have regular interactions where they exchange information about Fair Wear.

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	FWF 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 FWF's information management system. Documentation of sales volumes of products made by FWF 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	FWF 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: 26

Earned Points: 23

### 3. COMPLAINTS HANDLING

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

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
3.1 A specific employee has been designated to address worker complaints	Yes	Followup is a serious part of FWF 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 and Quality team is responsible to address worker complaints.

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
3.2 Member company has informed factory management and workers about the FWF CoLP and complaints hotline.	Yes	Informing both management and workers about the FWF 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 the subcontractors. The supplier then provides a picture as proof to Deuter.

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.	4%	After informing workers and management of the FWF CoLP and the complaints hotline, additional awareness raising and training is needed to ensure sustainable improvements and structural worker-management dialogue.	Training reports, FWF'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 provided the WEP-basic training to one supplier in China and another supplier in Myanmar in last three financial years.

**Recommendation:** FWF recommends Deuter to actively raise awareness about the FWF Code of Labour Practices and FWF complaint hotline among a larger portion of its suppliers. The member should ensure good quality systematic training of workers and management on these topics. To this end members can either use FWF's Workplace Education Programme (WEP) basic module, or implement training related to the FWF CoLP and complaint hotline through service providers or brand staff. FWF guidance on good quality training is available on the Member Hub.

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:** A complaint was received on the FWF hotline regarding one supplier in Myanmar. A representative of the factory union claimed that the factory management discriminates among workers depending on their positions. The investigation showed that the decisions of the factory management were based on the severity of the offense committed and not based on discrimination due to the position the workers hold. The brand also made efforts to understand the root cause of this issue and after speaking to the union concluded that the communication between the union and the factory management was weak. The brand has planned to conduct a WEP communication programme at this supplier location in 2019.

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 FWF 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: 15

**Earned Points: 13**

## 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 FWF membership requirements helps to support cross-departmental collaboration when needed.	Emails, trainings, presentation, newsletters, etc.	1	1	0

Comment: All new staff members receive an introduction to FWF. That apart, presentations at sales meetings, internal newsletters, monthly meetings with the management are other channels used to make staff aware of FWF membership.

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 FWF requirements and advocate for change within their organisations.	FWF Seminars or equivalent trainings provided; presentations, curricula, etc.	2	2	-1

Comment: All staff in direct contact with suppliers is well aware of FWF membership requirements and is regularly briefed by CSR staff.

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, FWF 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.	0%	Complex human rights issues such as freedom of association or gender-based violence require more in-depth trainings that support factory-level transformative processes. FWF has developed several modules, however, other (member-led) programmes may also count.	Training reports, FWF's data on factories enrolled in training programmes. For alternative training activities: curriculum, training content, participation and outcomes.	0	6	0

Comment: The brand has not yet enrolled suppliers in training programmes that support transformative processes related to human rights.

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
4.5 Degree to which member company follows up after a training programme.	No training programmes have been conducted or member produces solely in low-risk countries	After factory-level training programmes, complementary activities such as remediation and changes on brand level will achieve a lasting impact.	Documentation of discussions with factory management and worker representatives, minutes of regular worker-management dialogue meetings or anti-harassment committees.	N/A	2	0

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## TRAINING AND CAPACITY BUILDING

Possible Points: 9

Earned Points: 3

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## 5. INFORMATION MANAGEMENT

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
5.1 Level of effort to identify all production locations	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, especially its Vietnamese supplier. The supplier shares with Deuter which subcontractors it is using, and the brand has made an agreement with the supplier on limiting the use of new subcontractors and using a pool of existing subcontractors. This has made it possible for Deuter to identify the subcontractors, including the subcontractors for printing and embroidery. Also, the brand knows which printing subcontractor is used by its Burmese supplier.

**Recommendation:** FWF recommends Deuter to continue closely monitoring how this new set-up is helping the brand to remain aware of which subcontractors are used before production is placed.

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:** Staff involved in the production process exchange information regularly and align their follow-up to improve working conditions. CSR participates in monthly meetings of department heads and shares relevant updates. For specific cases, audit reports are also added to the product lifecycle management system for follow-up by other teams.

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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	FWF's communications policy exists to ensure transparency for consumers and stakeholders, and to ensure that member communications about FWF are accurate. Members will be held accountable for their own communications as well as the communications behaviour of 3rd-party retailers, resellers and customers.	FWF membership is communicated on member's website; other communications in line with FWF communications policy.	2	2	-3

Comment: Deuter informs the public about FWF membership through various channels like its website and on online sales stores, the social report, hangtags, catalogue and social media. Moreover, the brand also uses events for communicating about their CSR efforts through the use of props like a CSR booth and pillar (for information sharing). All communication is in line with FWF'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 FWF'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: Deuter discloses its production locations in its annual social report.

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 FWF's communication policy.	Social report that is in line with FWF's communication policy.	2	2	-1

Comment: Deuter has published its 2018-19 social report online.

## 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 FWF 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. The Brand Performance Check is reviewed by a group of staff including top management.

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.	50%	In each Brand Performance Check report, FWF may include requirements for changes to management practices. Progress on achieving these requirements is an important part of FWF 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 guaranteeing the legal minimum wage. The brand has two audit findings pertaining to non-payment of legal minimum wage 1) at a printing subcontractor (FWF audit -2017) and 2) at a supplier where the factory pays piece salary and a fix salary to workers but factory did not top up the salary when workers' piece salary and fix salary falls below the minimum wage (FWF audit -2018)

The issue was discussed with the subcontractor. The factory moved to a new location and changed owners. The brand agrees that due to the change in location and lack of clarity on ownership, the issue pertaining to non-payment of minimum wage could not be addressed, which is also reflected in FWF audit conducted at the subcontractor in September 2019 (outside the scope of this reporting period).

With regard to the finding at the supplier, while the brand sought feedback from the supplier on this issue, it has not sufficiently followed-up to establish that workers are paid at least the legal minimum wage.

**Requirement:** It is required to work towards remediation of previous requirements indicated in the performance check pertaining to guaranteeing the legal minimum wage.

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## EVALUATION

Possible Points: 6

Earned Points: 6

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## RECOMMENDATIONS TO FWF

Deuter has the following feedback and recommendations for FWF:

- 1) Change in logo is an effort in marketing, FWF should not be marketing-driven but invest in its core areas of work
- 2) Having too many activities with a small number of suppliers is challenging, and the suppliers feel overloaded. Hence it also challenging to follow-up on all requirements
- 4) Happy with resources provided by FWF

## SCORING OVERVIEW

CATEGORY	EARNED	POSSIBLE
Purchasing Practices	30	45
Monitoring and Remediation	23	26
Complaints Handling	13	15
Training and Capacity Building	3	9
Information Management	7	7
Transparency	6	6
Evaluation	6	6
Totals:	88	114

BENCHMARKING SCORE (EARNED POINTS DIVIDED BY POSSIBLE POINTS)

77

PERFORMANCE BENCHMARKING CATEGORY

Leader

## BRAND PERFORMANCE CHECK DETAILS

Date of Brand Performance Check:

07-11-2019

Conducted by:

Supraja Suresh

Interviews with:

Martin Riebel - Chief Executive Officer

Sebastian Schmidt - Head of Procurement and Supply Chain

Robert Schieferle - Chief Procurement Officer

Marco Huehn - Head of CSR and Quality

Anna Steffen- Quality & CSR

Christina Völlinger - Communication/Marketing