



BRAND PERFORMANCE CHECK

ODLO International AG

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this report covers the evaluation period 01-07-2017 to 30-06-2018

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. The online [Brand Performance Check Guide](#) provides more information about the indicators.

BRAND PERFORMANCE CHECK OVERVIEW

ODLO International AG

Evaluation Period: 01-07-2017 to 30-06-2018

MEMBER COMPANY INFORMATION	
Headquarters:	Hunenberg, Switzerland
Member since:	18-09-2008
Product types:	Sportswear
Production in countries where FWF is active:	China, India, Indonesia, Myanmar, Romania, Turkey, Viet Nam
Production in other countries:	Cambodia, Croatia, Georgia, Germany, Hungary, Israel, Italy, Poland, Portugal, Sri Lanka, Thailand
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	93%
Benchmarking score	79
Category	Leader

Summary:

ODLO has shown advanced results on performance indicators. With 93% of its own production under monitoring ODLO meets the monitoring threshold required for members beyond their third year of membership. With a benchmarking score of 79, ODLO has again achieved leader status.

While ODLO strives to maintain long-term business relationships with suppliers, this year ODLO saw a decrease in suppliers where the brand has a business relationship for over 5 years (from 64% to 47%).

ODLO owns two production locations in Romania and Portugal. This, as well as a high leverage at most suppliers, allows effective work on implementing FWF's Code of Labour Practices.

During ODLO's last financial year the company further built on existing initiatives to strengthen its monitoring system and due diligence process. ODLO identified some issues with the forecasting system, where the brand faced higher demand than forecasted, which mainly impacted ODLO's suppliers in the EU, increasing the load on suppliers than estimated. To solve this problem, the brand pulled forward around 20% more production into earlier months to increase flexibility in case the demand grew later in the season, trying to effectively flatten-out the production over the year. The brand continues to try to work out approaches to achieve the right balance in placing orders.

Challenges remain for ODLO on specific issues for example excessive overtime as well as aspects pertaining to independent worker representation. FWF recommends ODLO to ensure that process/ system related issues raised in the complaints are improved to prevent future complaints. Worker representatives should be involved in the development of remediation approaches and the workforce should be informed about the same. Complaints involving overtime tracking and associated payments needs to be remediated with payouts made to workers more speedily.

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.	74%	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.	3	4	0

Comment: Similar to the previous year, ODLO sources 33% of its production from its own factories in Romania and Portugal, which manufacture exclusively for ODLO. Another 41% of ODLO's production volume is produced at suppliers where ODLO buys at least 10% of production capacity.

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
1.1b Percentage of production volume from production locations where member company buys less than 2% of its total FOB.	13%	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.	2	4	0

Comment: ODLO has a 'tail end' of manufacturers where it accounts for a smaller percentage of production capacity. These suppliers mostly produce accessories or other specialized products with limited order volumes. There has been a decrease in 'tail end' from the previous year due to multiple reasons including, moving production of some accessories to own production, some suppliers closing down, consolidation of production of certain categories (e.g. shirts, pull overs etc.), product strategy to focus on key areas and increase in product volumes at certain suppliers.

Recommendation: FWF recommends ODLO to continue its efforts to consolidate its supply base by limiting the number of suppliers in its 'tail end'. An important step could be to review the progress made so far and incorporate learnings into its strategy to limit 'tail end'.

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.	47%	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.	2	4	0

Comment: Long-term supplier relationships are an important part of ODLO's sourcing strategy. This year ODLO saw a decrease in suppliers where the brand has a business relationship over 5 years. Some of reasons for this include - supplier stopping production in Jordan, phasing out certain suppliers due to long lead times and their increased movement and sub contracting in China increasing the risk for ODLO, moving production from Slovenia to Italy.

Recommendation: Stable business relationships encourage and support production locations in investing in improving working conditions. FWF recommends that ODLO review and prioritise establishing long-term supplier relationships in it's growth and product strategy.

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
1.3 All new production locations are required to sign and return the questionnaire with the Code of Labour Practices before first bulk orders are placed.	Yes	The CoLP is the foundation of all work between production locations and brands, and the first step in developing a commitment to improvements.	Signed CoLPs are on file.	2	2	0

Comment: ODLO placed orders at sixteen new production locations during its last financial year, to be able to meet purchase and sales orders. The brand could show signed FWF questionnaires including the CoLP for thirteen suppliers. The three suppliers where ODLO missed to get the signed FWF questionnaires were sub contractor locations.

In general, ODLO's FWF membership is always discussed with potential suppliers during initial meetings. Endorsement of the CoLP is required before orders can be placed. But including subcontractors in the process is new for ODLO and generally done after the brand becomes aware of subcontractor locations from the questionnaires filled in by subcontracting factories.

Requirement: ODLO needs to ensure that new suppliers, including subcontractors sign and return the questionnaire before first orders are placed.

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: ODLO has a strong due diligence process in place. When planning to select a new supplier in a new production country, a factsheet is produced assessing possible risks using FWF country studies as well as information by ILO and NGOs.

ODLO staff visits potential new production location, conducts an internal assessment to check FWF CoLP compliance, collects existing audit reports and discusses FWF requirements already during the first visit.

Recommendation: FWF recommends that ODLO

- 1) Engage suppliers to support mitigation of identified risks
- 2) Review the existing audit reports (collected) and agree with the supplier on the corrective action plans, before placing orders.

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: ODLO is systematically monitoring the social performance of its suppliers, especially the follow-up on Corrective Action Plans (CAP). Dialogue with factories and results of visits are documented. ODLO has a formal supplier evaluation process where social performance has been integrated as a category in this assessment accounting for 10% of the overall score. The category considers audit results, implemented improvements and responsiveness of the supplier. The overall performance of the supplier in the evaluation informs sourcing decisions.

As ODLO has consolidated its supply chain, the suppliers are hardly ever in direct competition with each other. This makes it difficult for ODLO to reward positive performance with higher order volumes. But suppliers with better overall performance are invited to participate in a supplier platform to discuss technology advancements and availability before the concept workshop which is a technology and production matching platform.

The supplier evaluation is also used by ODLO during supplier summits to discuss and provide feedback to suppliers and to set Key Performance Indicators (KPI's) with timelines for under performing suppliers to provide an opportunity for them to improve, before an exit decision.

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: ODLO has strong systems in place to plan production in a way that supports reasonable working hours. The brand has a system to place and track orders (including material tracking). This allows ODLO to detect possible problems and set production priorities with the supplier. In 2017-18 ODLO has further improved insights on order priorities - which orders need to be produced with priority, which orders can be postponed. For most suppliers, ODLO has a good understanding of the general production capacity.

During its last financial year, starting from July 2017, ODLO identified some issues with the forecasting system, because the brand faced higher demand than forecasted. In order to address this issue and even out production, the brand pulled forward around 20% more production into earlier months to allow more flexibility in case the demand grew later in the season. This issue mainly impacted ODLO's suppliers in the EU focused on producing Never Out of Stock items. The brand continues to try to work out approaches to achieve the right balance in placing orders and improvements.

Recommendation: FWF recommends that ODLO work more closely with suppliers, seek ideas, feedback and involve them in identifying approaches to achieve the right balance in placing and distributing orders through different seasons.

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: Two out of six FWF audits conducted at ODLO's production locations during its last financial year showed excessive overtime hours taking place. In addition a complaint at ODLO's own Romanian production in April 2017 highlighted issues concerning work load.

At the same time one audit at a Chinese supplier confirmed that the factory had implemented improvements since the last audit leading to overtime hours remaining within legal limits and also addressing issue of consecutive work days exceeding 6 days.

ODLO always discusses excessive overtime findings with suppliers. Of the two findings, one supplier in Vietnam has tried to address the issue, by adjusting production planning while also working on hiring more workers, to support the production requirements. The second finding was shared at the end of the performance check period and the progress will be reviewed in the next performance check.

For its own production location in Romania, ODLO did a detailed analysis of overtime for the entire year to be able to work on the compliant and responded to Clean Clothes Campaigns findings and report on working conditions (including overtime).

Recommendation: The efforts of ODLO to analyse and address overtime issues, deliver valuable learning and can to be further channelised to ensure prevention and mitigation. FWF recommends that ODLO actively capture and document learning, in a manner to support holistic remediation and prevention.

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
1.8 Member company's pricing policy allows for payment of at least the legal minimum wages in production countries.	Style-level policy	The first step towards ensuring the payment of minimum wages - and towards implementation of living wages - is to know the labour costs of garments.	Formal systems to calculate labour costs on per-product or country/city level.	4	4	0

Comment: ODLO uses detailed costing sheets for all suppliers. For its own production location, ODLO knows the exact wage share per style. For production location which are not owned by the company ODLO has insight into labour costs. ODLO does not yet cross-check systematically whether these labour costs are sufficient to guarantee legal minimum wage. Audit data as well as superficial calculations confirm that legal minimum wage is met or exceeded at all production locations.

Recommendation: FWF recommends ODLO to systematically analyse whether labour costs per product are enough to cover at least minimum wage and for making steps towards living wages. ODLO can make use of FWF's living wage portal and recent publications and tools to support this process.

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
1.9 Member company actively responds if suppliers fail to pay legal minimum wages.	No minimum wage problems reported	If a supplier fails to pay minimum wage, FWF member companies are expected to hold management of the supplier accountable for respecting local labour law.	Complaint reports, CAPs, additional emails, FWF audit reports or other documents that show minimum wage issue is reported/resolved.	2	2	-2

Comment: None of the six audits conducted by FWF in ODLO's last financial year found that workers were paid below legal minimum wage

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: ODLO faced some cash flow issues due to higher inventory booking and experienced cash shortfall over a 30 day period. The brand engaged with suppliers who were affected, agreed on a mutually acceptable payment extension, and tried to make payouts earlier in the next payment cycle.

A situation requiring delay in payment to suppliers is a second in three years for the brand. In the performance check period 2015-16, ODLO had requested and delayed payments to suppliers (by one month) to be able to fulfill urgent, short-term financial responsibilities.

Requirement: ODLO should pay its suppliers on time as late payments to suppliers have a negative impact on factories 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.

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
1.11 Degree to which member company assesses root causes of wages lower than living wages with suppliers and takes steps towards the implementation of living wages.	Production location level approach	Sustained progress towards living wages requires adjustments to member companies' policies.	Documentation of policy assessments and/or concrete progress towards living wages.	4	8	0

Comment: In 2016-17, ODLO started a living wage project at its own production location in Romania. A partner organisation analysed the wage situation at the supplier, including a survey of 100 workers. Based on the analysis, three different scenarios to increase wage levels has been defined. In the performance check period, ODLO continued its efforts, made a decision on the approach the brand would like to implement, tracked wage developments and joined the FWF living wage incubator in July 2018. ODLO is yet to involve worker representatives to get their feedback before implementation, which is planned for October 2018.

With production locations that are not owned by ODLO, the company discusses the topic during supplier visits and is able to estimate the amount needed to raise wage levels to living wage benchmarks. ODLO has not yet started to systematically agree with suppliers to work towards higher wage benchmarks.

Recommendation: FWF encourages ODLO to implement meaningful steps to increase wage levels at its own production location in Romania and update the implementation approach based on feedback received from worker representatives. In addition, FWF encourages ODLO to discuss with other suppliers about possibilities to work towards higher wage benchmarks. ODLO can make use of FWF's living wage portal and recent publications and tools to support this process.

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).	33%	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.	1	2	0

Comment: ODLO owns one production location in Portugal and one in Romania. Both produce exclusively for ODLO.

PURCHASING PRACTICES

Possible Points: 46

Earned Points: 33

2. MONITORING AND REMEDIATION

BASIC MEASUREMENTS	RESULT	COMMENTS
% of own production under standard monitoring (excluding low-risk countries)	80%	
% of production volume where monitoring requirements for low-risk countries are fulfilled	13%	FWF low risk policy should be implemented. 0 = policy is not implemented correctly, N/A = no production in low risk countries.
Meets monitoring requirements for tail-end production locations.	No	FWF members must meet tail-end monitoring requirements. Implementation will be assessed during next Brand Performance check.
Total of own production under monitoring	93%	Minimums: 1 year: 40%; 2 years 60%; 3 years+: 80-100% Measured as a percentage of turnover.

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 Sustainability Manager reports to Head of Sourcing & Development.

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: Audit Reports are shared in a timely manner with the supplier. The CAPs are shared with the worker representatives, who also review and sign the CAPs which is published on the information boards. In some cases, where the CAPs are not in the local language (in Myanmar) it has not been possible to actively share the CAPs with the worker representative.

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: ODLO has dedicated resources and process to systematically follow up on audit findings. At its own production location, designated ODLO staff is responsible for monitoring and remediation, including subcontractors. For other suppliers ODLO follows up through emails and phone calls and at times on-site visits.

Seven FWF audits were conducted during ODLO's past financial year. One audit had been a re-audit and the supplier could demonstrate improvements. During the Brand Performance Check, ODLO also could show active follow-up on corrective actions and status of remediation for the other suppliers. Challenges remain on specific issues for example excessive overtime as well as aspects pertaining to independent worker representation.

Recommendation: To facilitate remediation, ODLO could consider hiring a local consultant to assist suppliers in investigating root causes and developing an action plan. Additionally, ODLO could also plan more opportunities for in-person follow-up at with each supplier.

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.	95%	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

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
2.6 Existing audit reports from other sources are collected.	Yes, quality assessed and corrective actions implemented	Existing reports form a basis for understanding the issues and strengths of a supplier, and reduces duplicative work.	Audit reports are on file; evidence of followup on prior CAPs. Reports of quality assessments.	3	3	0

Comment: ODLO collected existing audit reports from its production locations which are mostly tail end suppliers in India, Georgia, Cambodia, China and suppliers in low risk countries. ODLO assessed the quality of those audits with FWF's audit quality assessment tool. During the performance check the brand was able to show active follow-up on corrective actions.

At one production location accounting for 2.5% of ODLO's FOB, another FWF member had conducted audits with a team trained by FWF. ODLO has collected these audit reports and offered support in follow-up. These audits are hence counted towards FWF's monitoring threshold. Additionally, external audits at suppliers in Cambodia, Israel and India also accounting for 0.8% of FOB was also counted towards FWF's monitoring threshold.

Recommendation: Currently, ODLO uses emails, social compliance excel sheets and word documents to work on audit findings from external audits. FWF recommends that ODLO develop a standard system to document, review and track audit findings (from both FWF and external audits) to ensure a coherent monitoring system and sustainability of the process.

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	Intermediate			3	6	-2
Other risks specific to the member's supply chain are addressed by its monitoring system	Policies are not relevant to the company's supply chain			N/A	6	-2

Comment: ODLO has a thorough understanding of common risks in its supply chain. The company uses detailed country factsheets assessing risks and opportunities based on extensive research taking into account information by FWF, ILO and other international and local stakeholders.

For Turkey ODLO is aware of the risks related to working conditions of Syrian refugees and has informed their suppliers accordingly. Two of the three production locations have been audited. The risk for subcontracting has been determined as low since the production process is mostly automated.

For Myanmar where ODLO has one production location, the brand conducted an extensive due diligence and risk assessment process well before production started. Based on the assessment ODLO conducted an audit. The location had already participated in a WEP Basic training and an audit (organised by another FWF brand sourcing from the location). ODLO visited the supplier in April 2018. The brand in collaboration with another FWF affiliate worked closely with the supplier to install a functioning union and the supplier took proactive steps to raise the wages to the new minimum wage, before the law was enforced. The wage ladder of the production location has been included in ODLO's social report.

Recommendation: FWF continues to strongly encourage members to schedule visits to Turkish suppliers and their known subcontractors at least annually. Suppliers who appear to be at particular risk of violations related to Syrian refugees – or at risk of using unauthorised subcontractors – should be scheduled for a high-quality audit focused on these risks. Members should also investigate whether other audits have recently been conducted, and whether they identify risks. As many Syrian refugees are working in subcontractor factories, FWF encourages members to ensure they are included whenever main suppliers are audited.

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: Other FWF members source at a number of suppliers used by ODLO. At seven supplier locations ODLO was able to demonstrate active collaboration, sometimes taking the lead in CAP follow-up.

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.	50-100%	Low-risk countries are determined by the presence and proper functioning of institutions which can guarantee compliance with national and international standards and laws.	Documentation of visits, notification of suppliers of FWF membership; posting of worker information sheets, completed questionnaires.	1	2	0

Comment: ODLO could show signed CoLPs and pictures of the CoLP on display for all production locations in low risk countries. Except 2 locations, ODLO has visited all other production locations atleast once in the last 3 years and have completed the Health and Safety checklists

Requirement: Monitoring requirements need to be fulfilled for production in low-risk countries in order for it to be counted towards the monitoring threshold. All production locations in low-risk countries must be visited regularly by ODLO representatives.

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
2.10 Extra bonus indicator: in case FWF member company conducts full audits above the minimum required monitoring threshold.	90%+	FWF encourages all of its members to audit/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.	3	3	0

Comment: The brand has achieved a monitoring threshold of 93% and has conducted full audits/ collected audit reports and actively followed up on corrective action plans at some of the tail - end suppliers.

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

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.	Yes, and member has information of production locations	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.	1	1	0

Comment: ODLO has one licensee with whom ODLO produces for the Japanese market. The brand has sent the FWF questionnaire and collected information on the production location. A FWF audit was conducted at the location before placing orders.

MONITORING AND REMEDIATION

Possible Points: 33

Earned Points: 29

3. COMPLAINTS HANDLING

BASIC MEASUREMENTS	RESULT	COMMENTS
Number of worker complaints received since last check	2	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	2	

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: ODLO has designated staff resources and defined clear responsibilities to handle complaints.

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
3.2 System is in place to check that the Worker Information Sheet is posted in factories.	Yes	The Worker Information Sheet is a key first step in alerting workers to their rights.	Photos by company staff, audit reports, checklists from production location visits, etc.	2	2	0

Comment: ODLO asks its travelling staff to check whether the Worker Information Sheet has been posted and collects pictures for evidence. At a factory in Turkey, the worker information sheet posted was not in the local language and did not have the complaint handler's contact information.

Requirement: ODLO should also ensure that the most current version of the Worker Information Sheet has been posted, is in the correct local language and has the complaint handlers contact information.

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
3.3 Percentage of FWF-audited production locations where at least half of workers are aware of the FWF worker helpline.	83%	The FWF complaints procedure is a crucial element of verification. If production location based complaint systems do not exist or do not work, the FWF worker helpline allows workers to ask questions about their rights and file complaints. Production location participation in the Workplace Education Programme also count towards this indicator.	Percentage of audited production locations where at least 50% of interviewed workers indicate awareness of the FWF complaints mechanism + percentage of production locations in WEP programme.	4	4	0

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
3.4 All complaints received from production location workers are addressed in accordance with the FWF Complaints Procedure	Yes	Providing access to remedy when problems arise is a key element of responsible supply chain management. Member company involvement is often essential to resolving issues.	Documentation that member company has completed all required steps in the complaints handling process.	3	6	-2

Comment: FWF received two complaints of workers employed at production locations producing for ODLO. Both complaints received (in April and May 2018) concerned ODLO's production unit in Vietnam and focused on overtime hours, associated payments and social benefits. Both of these complaints are currently under investigation.

In the performance check period, two complaints, one in Myanmar and China respectively were remediated.

A complaint received at the brand's own production in Romania in February 2017, is still pending remediation. The brand has taken immediate prevention measures and is making progress in understanding, defining steps to address the issue concerning recording and tracking overtime pertaining to repair work and corresponding payments.

Requirement: Complaints involving overtime tracking and associated payments needs to be remediated, and payouts made to workers more speedily. Worker representatives should be involved in the development of remediation approach and the workforce should be informed about the same.

Recommendation: FWF recommends ODLO to ensure that process/ system related issues raised in the complaints are improved to prevent future complaints.

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 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.	2	2	0

Comment: Wherever possible ODLO has actively cooperated with other FWF members sourcing from the same production location. Currently, ODLO is working closely with two other FWF members to address the worker complaints in the investigation and remediation stage.

COMPLAINTS HANDLING

Possible Points: 15

Earned Points: 12

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	-1

Comment: Information about FWF membership is shared regularly on ODLO's intranet. New staff receive an introduction by the CSR manager. The result of the last Brand Performance Check was shared with all employees. In October 2016, the brand invited FWF to its headquarters to present FWF and its approach to all staff members. A refresher of a similar format is being planned for 2018-19.

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: The CSR manager meets regularly with colleagues that are in direct contact with suppliers and shares updates on audits and complaints. The development, quality control and sourcing teams support with Health and Safety checks, social compliance checks for factories where there are no initial audit reports and are now more involved in CAP follow-up.

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 Production location participation in Workplace Education Programme (where WEP is offered; by production volume)	77%	Lack of knowledge and skills on best practices related to labour standards is a common issue in production locations. Good quality training of workers and managers is a key step towards sustainable improvements.	Documentation of relevant trainings; participation in Workplace Education Programme.	6	6	0

Comment: During ODLO's last financial year two more production locations participated in FWF's Workplace Education Programme. Over the last three years 77% of ODLOs production locations (per production volume) in countries where the WEP is offered have received training.

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
4.5 Production location participation in trainings (where WEP is not offered; by production volume)	0%	In areas where the Workplace Education Programme is not yet offered, member companies may arrange trainings on their own or work with other training-partners. Trainings must meet FWF quality standards to receive credit for this indicator.	Curricula, other documentation of training content, participation and outcomes.	0	4	0

Recommendation: All factory workers and management should be informed about FWF, labour standards and grievance mechanisms. In order to further communication between employers and workers in the workplace, FWF recommends ODLO to ensure suppliers participate in trainings.

Trainings must meet FWF quality standards to receive credit for this indicator: top management, supervisors and workers should be included in the trainings, separately. Workplace standards and dispute handling should be included in the training. At least 10-20% of the workforce must be trained, depending on the size of the factory. Worker participation should be balanced and representative.

FWF has developed the Factory Guide, an innovative and comprehensive e-learning tool to increase awareness of factory managers on FWF requirements and labour standards. This tool specifically provides FWF member companies the opportunity to increase awareness of managers in countries where FWF does not offer the WEP modules. FWF recommends ODLO to ensure suppliers actively use the Factory Guide.

TRAINING AND CAPACITY BUILDING

Possible Points: 13

Earned Points: 9

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: ODLO has a strong system in place to identify all production locations. For their own production locations, they are aware which subcontractors are being used. Those are also visited by ODLO staff. With production locations that are not owned by ODLO, the brand has made agreements whether, and if so, which subcontractors can be used. Local ODLO staff visits production locations regularly and also checks for subcontracting.

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 from both sourcing and product development is involved in CSR activities and have bi-weekly meetings. Supplier visits are documented and shared. ODLO staff and suppliers have access to a joint database with relevant information and updates are shared at supply chain meetings and sustainability panel events.

INFORMATION MANAGEMENT

Possible Points: 7

Earned Points: 7

6. TRANSPARENCY

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
6.1 Degree of member company compliance with FWF Communications Policy.	Minimum communications requirements are met AND no significant problems found	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: ODLO informs the public about its FWF membership through its website, brochures, press releases and catalogues. All communication materials and channels contain information about the FWF membership in correct wording. As a FWF leader company, ODLO uses on-garment communication on hang-tags and product boxes.

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
6.2 Member company engages in advanced reporting activities	Production locations are 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: The most recent Brand Performance Check report has been published on ODLO's website and production locations are disclosed in ODLO's sustainability 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 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: The most recent Sustainability report has been published on ODLO's website.

TRANSPARENCY

Possible Points: 6

Earned Points: 6

7. EVALUATION

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
7.1 Systemic annual evaluation of FWF membership is conducted with involvement of top management	Yes	An annual evaluation involving top management ensures that FWF policies are integrated into the structure of the company.	Meeting minutes, verbal reporting, Powerpoints, etc.	2	2	0

Comment: FWF membership has been evaluated at top management level during ODLO's last financial year. Membership is integrated in ODLO's sustainability strategy for 2020 and the management team is kept updated about recent developments.

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.	49%	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.	2	4	-2

Comment: The brand received a requirement pertaining to monitoring of production in low-risk countries. The brand was able to address this requirement at one location. But again, in the current performance check the brand has the same requirement for different production locations.

Recommendation: FWF recommends that the brand review and address requirements in a holistic sustainable manner and ensure that the system integrates and responds to such requirements, so that they do not repeat year after year.

EVALUATION

Possible Points: 6

Earned Points: 4

RECOMMENDATIONS TO FWF

ODLO recommends that FWF address delays in sharing of audit reports, ensure CAPs are made available in local language for Myanmar and improve the database (making it a better working tool).

SCORING OVERVIEW

CATEGORY	EARNED	POSSIBLE
Purchasing Practices	33	46
Monitoring and Remediation	29	33
Complaints Handling	12	15
Training and Capacity Building	9	13
Information Management	7	7
Transparency	6	6
Evaluation	4	6
Totals:	100	126

BENCHMARKING SCORE (EARNED POINTS DIVIDED BY POSSIBLE POINTS)

79

PERFORMANCE BENCHMARKING CATEGORY

Leader

BRAND PERFORMANCE CHECK DETAILS

Date of Brand Performance Check:

25-09-2018

Conducted by:

Supraja Suresh

Interviews with:

Knut Are Hogberg - CEO

Daniel Mulvie - Director Supply Chain

Mattia Aldeghi - Senior Sourcing and Quality Manager

Julia Krämer -Sustainability Manager

Tina Eichenberger - Finance Team