



BRAND PERFORMANCE CHECK

ODLO International AG

PUBLICATION DATE: OCTOBER 2014

this report covers the evaluation period 01-07-2013 to 30-06-2014

ABOUT THE BRAND PERFORMANCE CHECK

Fair Wear Foundation believes that improving conditions for apparel factory workers requires change at multiple levels. Traditional efforts to improve conditions focus primarily on the factory. FWF, however, believes that the management decisions of the clothing brands have an enormous influence for good or ill on factory conditions.

FWF's Brand Performance Check is a tool to evaluate and report on the activities of FWF's affiliate members. The Checks examine how affiliate management systems support FWF's Code of Labour Practices.

In most apparel supply chains, clothing brands do not own factories, and most factories work for many different brands. This means that in most cases FWF affiliates have influence, but not direct control, over working conditions. As a result, the Brand Performance Checks focus primarily on verifying the efforts of affiliates. Outcomes at the factory level are assessed via audits and complaint reports, however the complexity of the supply chains means that even the best efforts of FWF affiliates cannot guarantee results.

Even if outcomes at the factory level cannot be guaranteed, the importance of good management practices by affiliates cannot be understated. Even one concerned customer at a factory 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 factory 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.

Improvement of supply chains is a step-by-step process, through which affiliates must address many different issues. FWF affiliates vary greatly in management structures, and have different strengths. The Performance Benchmarking system is designed to reflect these differences, and the many different ways that a company can support better working conditions.

During the Brand Performance Check, FWF staff speak to various employees at the affiliate who have important roles to play in the management of supply chains. FWF verifies the actions of affiliates based on several sources including documentation of activities, financial records, the affiliate's supplier register and staff interviews. Following the Brand Performance Check, FWF summarizes findings in this report, which is made public via www.fairwear.org. The [Brand Performance Check Guide](#) provides more information about the indicators and is available for download.

BRAND PERFORMANCE CHECK OVERVIEW

ODLO International AG

Evaluation Period: 01-07-2013 to 30-06-2014

AFFILIATE INFORMATION	
Headquarters:	Hünenberg, Switzerland
Member since:	18-09-2008
Product types:	Sportswear
Production in countries where FWF is active:	China, India, Italy, Portugal, Romania, Thailand, Viet Nam
Production in other countries:	Germany, Indonesia, Israel, Jordan, Korea, Sri Lanka
BASIC REQUIREMENTS	
Workplan for this evaluation period was submitted?	Yes
Actual supplier register for this evaluation period has been submitted?	Yes
Membership fee has been paid?	Yes
All suppliers have been notified of FWF membership?	No
SCORING OVERVIEW	
% of own production under monitoring	80%
Benchmarking score	60
Category	Needs Improvement

Summary:

ODLO is in the process of implementing FWF's requirements. 80% of the company's total turnover was covered by their monitoring system, which is short of the 90% required for brands at 3+years of membership. ODLO is required to increase its monitoring to cover at least 90% of its total turnover by the 2015 Brand Performance Check. As a consequence, ODLO has received a "Needs Improvement" rating.

While some systems appear to be well-managed, during the performance check, ODLO was unable to document a number of activities which resulted in a lower score than they might have otherwise achieved. ODLO has stated a desire to improve to Leader status; in order to reach that goal FWF encourages ODLO to make additional investments in their documentation systems, monitoring systems, and remediation activities. ODLO has participated in a FWF project together with other outdoor companies to assess the impact of hypothetical increases towards living wage benchmarks.

Due to the change of ending of ODLO's financial year, this Brand Performance Check covers the period 1. January 2013 to 30 July 2014 (18 months).

PERFORMANCE CATEGORY OVERVIEW

Leader: This category is for affiliates who are doing exceptionally well, and are operating at an advanced level.

Good: It is FWF's belief that affiliates who are making a serious effort to implement the Code of Labour Practices—the vast majority of FWF affiliates—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 affiliates will receive a 'Good' rating.

Needs Improvement: Affiliates 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. Affiliates 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: Affiliates 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. Affiliates 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
1.1 Percentage of production volume from suppliers where affiliate buys at least 10% of production capacity	96%	Affiliates with less than 10% of a factories' production capacity generally have limited influence on factory managers to make changes.	Supplier information provided by affiliate.	4	4	0

Comment: At most of its suppliers, ODLO buys at least 10% of production capacity.

1.2 Percentage of production volume from suppliers where a business relationship has existed for at least five years	72%	Stable business relationships support most aspects of the Code of Labour Practices, and give factories a reason to invest in improving working conditions.	Supplier information provided by affiliate.	3	4	0
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Comment: ODLO has long lasting business relationship with many of its suppliers.

1.3 All new suppliers are required to sign and return the Code of Labour Practices before first orders are placed.	Yes	The CoLP is the foundation of all work between factories and brands, and the first step in developing a commitment to improvements.	Signed CoLPs are on file.	2	2	0
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Comment: All new suppliers receive the FWF CoLP. Suppliers sign the CoLP at the start of cooperation after sampling. New suppliers are sourced mostly due to new material which ODLO will use in the coming collections.

1.4 Company conducts human rights due diligence at all new suppliers before placing orders.	No	Due diligence helps to identify, prevent and mitigate potential human rights problems at new suppliers.	Documentation may include pre-audits, existing audits, other types of risk assessments.	0	4	0
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Requirement: A formal process should exist to evaluate the risks of labor violations in the production areas the affiliate is operating. This assessment should influence the decision on whether to place orders, how to prevent and mitigate risks, and what remediation steps may be necessary.

Recommendation: A risk analysis as part of the decision-making process of selecting new suppliers is an important step to mitigate risk and prevent potential problems. FWF recommends ODLO to assess the risks associated with operating in specific production areas. FWF advises to use information from FWF country studies and wage ladders. The affiliate can cooperate with local stakeholders to further investigate the situation in a specific country. FWF can offer information on local stakeholders.

Conducting pre-audits or analysing existing audit reports can be a way to assess the level of working conditions before deciding to continue the business relationship.

Adding the assessment of human rights at the production sites to the evaluation form is recommended.

Comment: The company's Head of Sourcing and Product Development visits all production sites before production starts. An evaluation form is used to assess overall assessment of the production site. This evaluation form does not yet include the assessment of human rights at the production site.

1.5 Supplier compliance with Code of Labour Practices is evaluated in a systematic manner.	Yes	A systemic approach is required to integrate social compliance into normal business processes, and supports good decisionmaking.	Documentation of systemic approach: rating systems, checklists, databases, etc.	1	2	0
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Recommendation: ODLO is encouraged to develop an evaluation/grading system for suppliers where compliance with labor standards is a criterion for future order placement. Part of the system can be to create an incentive for rewarding suppliers for realized improvements in working conditions.

Comment: Supplier compliance with the Code of Labour Practice is not evaluated in a systematic manner. ODLO has a stable and small base of suppliers which are working with ODLO already since many years. When sourcing decisions are made, ODLO decides to place orders with suppliers where they have good experience and the risks of labor right violations are low. A systematic approach is still needed to ensure the link between the decision making process and supplier compliance.

1.6 The affiliate's production planning systems support reasonable working hours.	Strong, integrated systems in place.	Affiliate production planning systems can have a significant impact on the levels of excessive overtime at factories.	Documentation of robust planning systems.	4	4	0
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Comment: ODLO demonstrated strong efforts in supporting suppliers in reducing overtime. The company focused on three strategies to support the suppliers which have been initiated in 2012.

- ODLO recognized that fabric delay could cause overtime at their CMT suppliers. The fabric sourcing department kept the suppliers updated regarding the fabrics. Standard lead time ranged from 105 to 135 days. Standard lead time was applied after the fabrics arrived.
- ODLO used an internet based tool to be transparent on its production planning. ODLO shared periodical demands in its shops with its suppliers. Suppliers could plan their own production based on the needs of the shops of ODLO. This system enables suppliers to distribute production evenly as much as possible during a longer period of time.
- ODLO orders regularly throughout the year to reduce production peaks at the production sites. This causes extra stock cost to ODLO and binds capital but is a step towards reduction of overtime at the production sites. Calculations to support even production throughout the year was shown to FWF.

1.7 Degree to which affiliate mitigates root causes of excessive overtime.	Intermediate efforts	Some production delays are outside of the control of affiliates; however there are a number of steps that can be taken to address production delays without resorting to excessive overtime.	Documentation of root cause analysis and positive steps taken to manage production delays or improve factory processes.	3	6	0
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Requirement: ODLO should investigate to what extent its current buying practices has an effect on the working hours at supplier level. A root cause analysis of excessive overtime should be done to investigate which steps can be most effective to reduce overtime.

Recommendation: Affiliates can develop instruments or policies to deal with possible delays to avoid excessive overtime. Those instruments could include being flexible with delivery dates, prioritizing orders, offer support/flexibility for material delivery, ordering in low season etc. The outcomes of the root cause analysis can be used for identifying strategies that minimize the impact of its sourcing practice on working hours at other factories.

Comment: Eight audits have been conducted by FWF in the time frame of assessment for this Brand Performance Check. At three factories no overtime was found. At the other production sites overtime has been an issue or partly documentation in-transparent. ODLO has informed the suppliers about audit results but has not mitigated root causes of excessive overtime.

1.8 Affiliate'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
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Comment: ODLO knows the wage share per style and for the production sites of own production they also know the production cost per minute. The challenge of ODLO is to get an insight into labour cost per working minute of production sites, which are not owned by the company.

1.9 Affiliate actively responds if suppliers fail to pay legal minimum wages.	No minimum wage problems reported	If a supplier fails to pay minimum wage, FWF affiliates 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
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Comment: FWF audits have taken place at eight production sites from January 2013 to June 2014. None of the audit reports indicated wages lower than minimum wage. A production site in India where wages lower than minimum wage have been found in 2012 has been assessed by FWF again. The verification audit in this year's assessment period showed that wages are now at least at a required minimum level.

1.10 Evidence of late payments to suppliers by affiliate.	No	Late payments to suppliers can 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.	Based on a complaint or audit report; review of factory and affiliate financial documents.	0	0	-1
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Comment: None of the audit reports in the assessment period indicate evidence of late payments to suppliers by ODLO.

1.11 Degree to which affiliate assesses root causes of wages lower than living wages with suppliers and takes steps towards the implementation of living wages.	Factory-level approach	Sustained progress towards living wages requires adjustments to affiliates' policies.	Documentation of policy assessments and/or concrete progress towards living wages.	4	8	0
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Requirement: ODLO is expected to take an active role in discussing living wages with its suppliers. The FWF wage ladder can be used as a tool to implement living wages. Most relevant wage estimates, such as local minimum wage, Asia Floor Wage, collective bargaining wage and industrial best practice wages are provided in the wage ladder. The wage ladder is included in FWF's audit reports. It demonstrates the gaps between workers' wages at a factory and living wages demanded by major stakeholders. The wage ladder can be used to document, monitor, negotiate and evaluate the improvements at its suppliers. In case FWF Affiliate buys exclusively at a supplier or owns a supplier, the affiliate is held more accountable for implementing adequate steps.

Recommendation: FWF encourages ODLO to assess the hypothetical cost effects of increasing wages towards benchmarks that are included in the wage ladder. To support companies in this process FWF has developed a calculation model that estimates the effect on FOB and retail prices under different pricing models.

Comment: Audits revealed that at the suppliers workers were not paid on a level that FWF local stakeholders estimate as a living wage. ODLO participated in FWF's project with various outdoor companies to assess the impact of hypothetical increases towards living wage benchmarks. Through this engagement, the company shows that it is committed to working towards implementation of living wages.

1.12 Affiliate sources from an FWF factory member.	Yes	When possible, FWF encourages affiliates to source from FWF factory members. On account of the small number of factories this is a 'bonus' indicator. Extra points are possible, but the indicator will not negatively affect an affiliate's score.	Supplier information provided by affiliate.	1	1	0
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Comment: ODLO's second highest purchasing volume is produced at a FWF factory member.

1.13 Percentage of production volume from factories owned by the affiliate.	44%	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 affiliate's score.	Supplier information provided by affiliate.	1	2	0
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Comment: ODLO owns one production site in Portugal and Romania. Portugal is classified as a low risk country by FWF. Romania high-risk. Both production sites produce exclusively for ODLO.

PURCHASING PRACTICES

Possible Points: 43

Earned Points: 29

2. MONITORING AND REMEDIATION

BASIC MEASUREMENTS	RESULT	COMMENTS
% of own production under standard monitoring (excluding low-risk countries)	65%	
% of own production in low risk production countries where FWF's Low Risk policy has been implemented	15%	FWF low risk policy should be implemented. 0 = policy is not implemented correctly. N/A = no production in low risk countries.
Total of own production under monitoring	80%	Minimums: 1 year: 40%; 2 years 60%; 3 years+: 90% 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: Staff changes at ODLO head quarter made it partly difficult to follow up on FWF membership requirements. However there has always been a designated person to follow up on problems identified by the monitoring system. ODLO has been in close contact consulting FWF on a regular basis.

2.2 Degree of progress towards resolution of existing Corrective Action Plans	Intermediate	FWF considers efforts to resolve CAPs to be one of the most important things that affiliates can do towards improving working conditions.	Documentation of remediation and followup actions taken by affiliate.	4	8	-2
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Recommendation: To facilitate remediation, ODLO could consider:

- Hire a local consultant to assist factory in developing an action plan and to assist factory management in investigating root causes.
- Organise supplier seminars.
- Provide factory training.
- Share knowledge/material.
- Providing financial support to the supplier for implementing improvements.
- Include traveling staff more explicit to help implement social standards when visiting the production sites.

Comment: The CAP is used as a controlling instrument between ODLO and the manufacturer. The Head of Sourcing discusses the CAP together with the person in charge when visiting the factories. ODLO faces difficulties with some suppliers which do not respond to the implementation status of CAPs.

2.3 Percentage of production volume from suppliers that have been visited by the affiliate in the past financial year	93%	Formal audits should be augmented by annual visits by affiliate staff or local representatives. They reinforce to factory managers that affiliates are serious about implementing the Code of Labour Practices.	Affiliates should document all factory visits with at least the date and name of the visitor.	4	4	0
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Recommendation: FWF suggests ODLO to actively involve traveling staff to follow up on Corrective Action Plans.

Comment: Production sites are visited frequently. Discussing the status of corrective actions is not yet part of every meeting yet.

2.4 Existing audit reports from other sources are collected.	No	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.	0	3	0
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Recommendation: Existing reports form a basis for understanding the issues and strengths of a supplier, and reduces double work. Existing audits can be counted towards the monitoring threshold if the quality of the report is assessed using the FWF audit quality tool and corrective actions are implemented.

Comment: Existing audit reports from other sources are not collected.

2.5 Audit Report and Corrective Action Plan (CAP) findings are shared with factory. Improvement timelines are established in a timely manner	Yes	FWF audit reports should be shared and discussed with suppliers within two months of audit receipt. Timely sharing of information and agreement on corrective actions is essential for improvement. A reasonable time frame should be specified for resolving findings.	Corrective Action Plans, emails; findings of followup audits; brand representative present during audit exit meeting, etc.	2	2	-1
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Comment: Audit Reports and Corrective Action Plans are discussed first internally, timelines fixed and then send to the production sites in a timely manner.

2.6 High risk issues specific to the affiliate's supply chain are identified and addressed by the monitoring system.	Insufficient Capacity	Different countries and products have different risks associated with them; monitoring systems should be adapted to allow appropriate human rights due diligence for the specific risks in each affiliates' supply chain.	Documentation may take many forms; additional research, specific FWF project participation; extra monitoring activities, extra mitigation activities, etc.	0	6	0
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Requirement: ODLO's monitoring system should identify and address high risk issues that are specific to the affiliates' sourcing practices. FWF provides policies and country-specific requirements to affiliates. Priorities in remediation efforts are guided by these policies.

Recommendation: Knowing the country specific risks facilitates the starting point for discussing this with suppliers. Affiliates can agree on additional commitments that are required to mitigate risks. The affiliate can provide additional measures for support and integrate that in the monitoring system. For instance: integrated risk for the textile industry is gender discrimination and violence against women especially in India and Bangladesh. FWF offers training programs which help raise awareness for gender based violence and establish internal complaints committees to for workers to enable workers to address problems.

Comment: ODLO has not identified and addressed high risk issues specific to their supply chain due to insufficient capacity.

2.7 Affiliate cooperates with other customers in resolving corrective actions at shared suppliers	Active cooperation	Cooperation between customers increases leverage and chances of successful outcomes. Cooperation also reduces the changes 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
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Comment: At shared suppliers, ODLO actively cooperates with other FWF affiliates in resolving corrective actions.

2.8 Monitoring requirements are fulfilled for production in low-risk countries	No	Low risk countries are determined by the presence and proper functioning of institutions which can guarantee compliance with basic standards.	Documentation of visits, notification of suppliers of FWF membership; posting of worker information sheets, completed questionnaires.	0	2	0
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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 sites in low-risk countries must:

- Be visited at least annually by affiliate representatives;
- Be informed of FWF membership and return the completed CoLP questionnaire before production orders are placed;
- Post the FWF Worker Information Sheet in local languages.

2.9 External brands resold by the affiliate who have completed and returned the external brand questionnaire. (% of external sales volume)	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	3	0
2.10 External brands resold by affiliates that are members of another credible initiative. (% of external sales volume)	No external brands resold	FWF believes affiliates who resell products should be rewarded for choosing to stock external brands who also take their supply chain responsibilities seriously.	Supplier register; Documentation of sales volumes of products made by FWF or FLA members.	N/A	3	0

MONITORING AND REMEDIATION

Possible Points: 29

Earned Points: 14

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 FWF contact persons are also responsible for complaints handling.

3.2 System exists to check that the Worker Information Sheet is posted in factories	No	The Worker Information Sheet is a key first step in alerting workers to their rights.	Photos by company staff, audit reports, checklists from factory visits, etc.	0	2	0
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Requirement: ODLO must ensure that the Code of Labour Practices, including contact information of the local complaints handler of FWF, is posted in factories in a location that is accessible to workers. Affiliate should check by means of a visit whether the CoLP is posted in the factories.

Recommendation: It is suggested to ask all suppliers to submit a photo of the posted CoLP with the annual questionnaire and to ask staff visiting a supplier to check if the documents are still posted as indicated on the obtained photo.

Comment: At four out of eight production sites, the Worker Information Sheet was not posted and the workers have not been informed about the Code of Labour Practice and the FWF Complaints Handler System. The posting of the CoLP is partly documented with pictures. There is not yet a system to check whether the Worker Information Sheet is indeed posted at each factory.

3.3 Percentage of FWF-audited factories where at least half of workers are aware of the FWF worker helpline.	96%	The FWF complaints procedure is a crucial element of verification. If factory-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. Factory participation in the Workplace Education Programme also count towards this indicator.	Percentage of audited factories where at least 50% of interviewed workers indicate awareness of the FWF complaints mechanism + percentage of factories in WEP programme.	4	4	-2
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Comment: Half of the audit reports indicated that the CoLP was not posted. However this was at smaller production sites of ODLO. Workers at production sites which produce high amounts for ODLO have been aware of the FWF worker helpline.

3.4 All complaints received from factory 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. Affiliate involvement is often essential to resolving issues.	Documentation that affiliate has completed all required steps in the complaints handling process.	3	6	-2
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Comment: ODLO has addressed the complaint with the factory management in accordance with the FWF Complaints Procedure. Due to the fact that ODLO has taken the decision to phase out the supplier, the complaint on living wage and reasonable working hours has been closed without having been solved.

3.5 Cooperation with other customers in addressing worker complaints at shared suppliers	No complaints or cooperation not possible / necessary.	Because most factories supply several customers with products, involvement of other customers by the FWF affiliate 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	-2
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COMPLAINTS HANDLING

Possible Points: 13

Earned Points: 8

4. TRAINING AND CAPACITY BUILDING

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
4.1 All staff is made aware of FWF membership requirements	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: Staff of ODLO is sufficiently informed about FWF membership and the implementation of the Code of Labour Practices.

- Information about FWF is provided through internal meetings.
- New staff is informed by their colleagues and through company meetings.
- Staff is informed via intranet.
- To raise awareness on the FWF membership, ODLO conducted a survey with all staff including questions about FWF. Approx. 60 employees participated in this survey. The three winners with all answers right to all questions received a t-shirt and some chocolate.

4.2 Ongoing training in support of FWF requirements is provided to staff in direct contact with suppliers.	No	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.	0	2	0
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Recommendation: FWF recommends ODLO to participate in Wellmade-Sessions, FWF Seminars, or other training activities. FWF can be of help upon request.

Comment: There has not been ongoing training in support of FWF requirements provided to staff in direct contact with suppliers.

4.3 All sourcing contractors/agents are informed about FWF's Code of Labour Practices.	Yes + actively support COLP	Agents have the potential to either support or disrupt CoLP implementation. It is the responsibility of affiliate to ensure agents actively support the implementation of the CoLP.	Correspondence with agents, trainings for agents, FWF audit findings.	2	2	-2
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Comment: ODLO uses one agent in China with whom ODLO works already since 1998. A second agent is located in the United States, production takes place in China. Although ODLO sources via the agent, the company is still in direct contact with the production site when needed. The agents are informed well, the agent in China participated in an audit and follows up on CAPs together with staff from ODLO.

4.4 Factory participation in Workplace Education Programme (where WEP is offered; by production volume)	58%	Lack of knowledge and skills on best practices related to labour standards is a common issue in factories. 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
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Comment: Two production sites in Romania have participated in the Workplace Education Programme. The WEP in Romania was developed by FWF and was piloted in the ODLO factory in Romania.

4.5 Factory participation in trainings (where WEP is not offered; by production volume)	0%	In areas where the Workplace Education Programme is not yet offered, affiliates 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
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Recommendation: Whenever the FWF affiliate contacts a new supplier, this new supplier must be informed on the implications of FWF membership. All factory workers should be informed about the labour standards and the process of monitoring and remediation. In order to further communication between employers and workers in the workplace FWF recommends affiliates 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 participations should be balanced and representative.

TRAINING AND CAPACITY BUILDING

Possible Points: 15

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 and update supplier information.	Intermediate	Any improvements to supply chains require affiliates to first know all of their suppliers and production locations.	Supplier information provided by affiliate. Financial records of previous financial year. Documented efforts by affiliate to update supplier information from its monitoring activities.	3	6	-2

Recommendation: Affiliates are advised to develop a systematic approach to complete the supplier list. Part of the approach can be:

- 1) Automatically include information from audit reports and complaints
- 2) Business relationships with agents include transparency of production locations.
- 3) Agreements with factories on the use of subcontractors stating clearly that when subcontractors are used, they are included in the monitoring system and information is shared on the subcontracted production process.

Comment: Due to handover and staff changes at ODLO some information on production locations had to be recovered.

5.2 A system exists to allow purchasing, CSR and other relevant staff to share information with each other about working conditions at suppliers	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
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Comment: CSR activities are integrated in the production department.

INFORMATION MANAGEMENT

Possible Points: 7

Earned Points: 4

6. TRANSPARENCY

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
6.1 Communication about FWF membership adheres to the FWF communications policy	No	FWF membership should be communicated in a clear and accurate manner. FWF guidelines are designed to prevent misleading claims.	Logo is placed on website; other communications in line with policy. Affiliates may lose points if there is evidence that they did not comply with the communications policy.	-2	1	-2

Requirement: In accordance with FWF Communications Policy, ODLO has a one year 'grace period' during which they may continue to use on-garment communication. If ODLO does not reach Leader status at the 2015 Brand Performance Check, they will be required to stop communicating about their FWF membership on garments.

Comment: ODLO informs the public about its FWF membership through its website, brochures and catalogs. The logo of FWF is also visible at the head quarter office, ODLO stores and at trade fairs. The website contains information about the FWF membership in correct wording. ODLO has developed a Q&A for stakeholders which includes information about Fair Wear Foundation, not published but used in case of questions raised by stakeholders to ODLO.

ODLO uses on-garment communication on hang-tags and boxes. Under the 2013 FWF communication policy, ODLO was allowed to use on-garment communication (e.g. FWF logo on hang tags). As of 2014 on-garment communications are only available to brands that have received Leader status in the Brand Performance Check. ODLO does has not been awarded Leader status for 2014.

6.2 Affiliate engages in advanced reporting activities	No	Good reporting by members helps to ensure the transparency of FWF's work and shares best practices with the industry.	Affiliate publishes one or more of the following on their website: Brand Performance Check, Audit Reports, Supplier List.	0	1	0
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Recommendation: FWF recommends the affiliate to publish one or more of the following reports on its website: brand performance check, audit reports, supplier information. Good reporting by members helps to ensure the transparency of the affiliate and FWF's work.

6.3 Social Report is submitted to FWF and is published on affiliate's website	Published on affiliate's website	The Social Report is an important tool for brands to transparently share their efforts with stakeholders.	Report adheres to FWF guidelines for Social Report content.	2	2	-2
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Comment: The social report was submitted to FWF in time and also published on ODLO's website.

TRANSPARENCY

Possible Points: 4

Earned Points: 0

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: The CSR Team and Executive Board meet every December for a so called "strategy updating process" meeting. ODLO reports to the Executive Board quarterly which gives the input for the yearly meeting.

7.2 Percentage of required changes from previous Brand Performance Check implemented by affiliate	50%	In each Brand Performance Check report, FWF may include requirements for changes to management practices. Adherence to these requirements is an important part of FWF membership.	Affiliate should show documentation related to the specific requirements made in the previous Brand Performance Check.	6	8	-4
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Comment: Two out of four requirements from the past financial year have been implemented.

EVALUATION

Possible Points: 10

Earned Points: 8

RECOMMENDATIONS TO FWF

ODLO has been leader some years back and hence was allowed to use on-garment communication. ODLO reports that it is tough for companies to remain leader status over time.

SCORING OVERVIEW

CATEGORY	EARNED	POSSIBLE
Purchasing Practices	29	43
Monitoring and Remediation	14	29
Complaints Handling	8	13
Training and Capacity Building	9	15
Information Management	4	7
Transparency	0	4
Evaluation	8	10
Totals:	72	121

BENCHMARKING SCORE (EARNED POINTS ÷ POSSIBLE POINTS)

60

PERFORMANCE BENCHMARKING CATEGORY

Needs Improvement

BRAND PERFORMANCE CHECK DETAILS

Date of Brand Performance Check:

21-10-2014

Conducted by:

Stefanie Santila Karl

Interviews with:

Thomas Spiess, Director Supply Chain Management (one of the four executive managers)

Ramon Kaelin, Procurement & Logistic Manager

Stephanie Seibert, PR Management

Claes Broqvist, Sales Director (one of the four executive managers)

Daniel Mulvie, Sourcing Manager

Audit Summary:

Publication of the audit summary section previously included in Brand Performance Checks has been suspended while Fair Wear Foundation develops a new information system to manage and summarize the data. Future Brand Performance Checks will include improved usability and transparency for audit data.