



## BRAND PERFORMANCE CHECK

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ODLO International AG

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this report covers the evaluation period 01-07-2016 to 30-06-2017

## ABOUT THE BRAND PERFORMANCE CHECK

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

FWF's Brand Performance Check is a tool to evaluate and report on the activities of FWF's member companies. The Checks examine how member company management systems support FWF's Code of Labour Practices. They evaluate the parts of member company supply chains where clothing is assembled. This is the most labour intensive part of garment supply chains, and where brands can have the most influence over working conditions.

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

Even if outcomes at the product location level cannot be guaranteed, the importance of good management practices by member companies cannot be understated. Even one concerned customer at a product location can have significant positive impacts on a range of issues like health and safety conditions or freedom of association. And if one customer at a product location can demonstrate that improvements are possible, other customers no longer have an excuse not to act. The development and sharing of these types of best practices has long been a core part of FWF's work.

The Brand Performance Check system is designed to accommodate the range of structures and strengths that different companies have, and reflects the different ways that brands can support better working conditions.

This report is based on interviews with member company employees who play important roles in the management of supply chains, and a variety of documentation sources, financial records, supplier data. The findings from the Brand Performance Check are summarized and published at [www.fairwear.org](http://www.fairwear.org). The online [Brand Performance Check Guide](#) provides more information about the indicators.

# BRAND PERFORMANCE CHECK OVERVIEW

ODLO International AG

Evaluation Period: 01-07-2016 to 30-06-2017

MEMBER COMPANY INFORMATION	
Headquarters:	Hünenberg, Switzerland
Member since:	18-09-2008
Product types:	Sportswear
Production in countries where FWF is active:	China, India, Indonesia, Romania, Turkey, Viet Nam
Production in other countries:	Cambodia, Croatia, Ethiopia, Georgia, Germany, Hungary, Israel, Italy, Jordan, Poland, Portugal, Slovenia, 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	90%
Benchmarking score	82
Category	Leader

## Summary:

ODLO has shown advanced results on performance indicators and has made exceptional progress. With 90% 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 82 ODLO has again achieved leader status.

FWF audit teams have monitored 65% of production while external parties or audit teams from other FWF member that meet quality standards monitored 14%. Another 11% is sourced from low risk countries where ODLO fulfilled monitoring requirements although monitoring requirements for some smaller low-risk suppliers, accounting for 2% of overall FOB, were not met.

ODLO has long-term relationships with most suppliers and owns two production sites 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 strengthened its monitoring system and due diligence process. Country risk assessment sheets were improved and include preventive actions. Development staff now conducts social standards assessments of suppliers during factory visits. ODLO's production planning system supports reasonable hours of work. Several suppliers presented root cause analysis of excessive overtime hours and are implementing steps to gradually reduce excessive hours.

At its Romanian production site ODLO commissioned a report including a worker survey to define a living wage benchmark. FWF encourages ODLO to implement recommendations of the report to raise wage levels. With production sites that are not owned by ODLO, the company has not yet started to systematically agree with suppliers to work towards higher wage benchmarks.

ODLO received four worker complaints during its last financial year and worked actively on remediation. FWF recommends ODLO to ensure that structural issues raised in the complaints are improved to prevent future complaints.

## 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.	73%	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:** ODLO sources 32% 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. High leverage at its suppliers allow ODLO to work effectively on the implementation of FWF's Code of Labour Practices (CoLP).

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.	18%	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. In some cases, ODLO had just started a supplier relationship in recent seasons and plans to increase order volume gradually.

**Recommendation:** FWF recommends ODLO to consolidate its supply base by limiting the number of suppliers in its 'tail end'. To achieve this, members should determine whether suppliers where they buy less than 2% of their FOB are of strategic relevance. Shortening the tail will reduce the social compliance risks the member is exposed to and will allow the member to improve working conditions in a more efficient and effective way.

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.	64%	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.	3	4	0

**Comment:** Long-term supplier relationships are an important part of ODLO's sourcing strategy. The company has not ended any key relationships in the past financial year. Several key suppliers have opened new production locations and shifted ODLO's production (partly) to these new sites. ODLO remains committed to the overall relationship with its key suppliers.

With one relevant long-term supplier, ODLO completed the process of gradually phasing out production for reasons that are not related to social compliance during its last financial year. The factory has been informed several seasons ahead and production from this supplier will be moved to an existing supplier of ODLO.

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 three new production sites during its last financial year and could show signed FWF questionnaires including the CoLP for all three suppliers. ODLO's FWF membership is always discussed with potential suppliers during initial meetings. Endorsement of the CoLP is required before orders can be placed. In addition ODLO has been working on an integrated supplier agreement that will include CSR considerations which will be implemented in 2017/18.

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 new 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 has further refined this process during its last financial year and produced a factsheet for Cambodia, a new sourcing country. The Cambodian factory ODLO selected during its last financial year is enrolled in ILO's Better Work Factories programme.

ODLO staff visits every potential new production site, conducts an internal assessment to check FWF CoLP compliance, collects existing audit reports and discusses FWF requirements already during the first visit. FWF audits are commissioned at the beginning of the business relationship, sometimes before first orders are placed.

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 implemented a formal supplier evaluation in 2016/17. 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 a consolidated, limited supply chain suppliers are hardly ever in direct competition with each other. This makes it difficult for ODLO to reward positive performance with higher order volumes.

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.

An online database allows both suppliers and ODLO to access a shared transparent production planning system. This allows ODLO to detect possible problems and set production priorities with the supplier. For its own production locations in Romania and Portugal ODLO has worked on spreading out orders throughout the year to allow reasonable hours of work. Monthly production updates are shared. Greige fabric is kept on stock constantly to allow on-demand production.

With other suppliers, ODLO and the supplier agree on a delivery date together. ODLO informs the suppliers about expected order volumes in the coming seasons and places actual orders as soon as possible. The majority of orders promised to by ODLO to the supplier are executed unchanged. For most suppliers, ODLO has a good understanding of the general production capacity.

As ODLO has identified delayed material deliveries as a key risk factory for production delays and overtime hours, they have worked on consolidating their material supplier base. Production flows are monitored more closely and actively addressed with material suppliers. A supplier summit in January 2016 brought together material and CMT suppliers of ODLO to facilitate better dialogue and smoother work flows.

Indicators related to more predictable and even production planning have been implemented for the development team and design/category management team.

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
1.7 Degree to which member company mitigates root causes of excessive overtime.	Advanced efforts	Some production delays are outside of the control of member companies; however there are a number of steps that can be taken to address production delays without resorting to excessive overtime.	Evidence of how member responds to excessive overtime and strategies that help reduce the risk of excessive overtime, such as: root cause analysis, reports, correspondence with factories, etc.	6	6	0

**Comment:** Six out of ten 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 highlighted issues concerning work load (see indicator 3.4).

At the same time one audit at a Vietnamese supplier confirmed that the factory had implemented improvements since the last audit leading to overtime hours remaining within legal limits. Another supplier, while still conducting excessive working hours, had increased transparency on actual working hours compared to the last audit.

ODLO always discusses excessive overtime findings with suppliers and addressed extreme or repetitive cases with suppliers during visits or the supplier summit in January 2016 including top management.

A Thai supplier had conducted a root analysis and improved internal tools to manage production based on it. Regular updates on actual working hours are shared with ODLO.

A Vietnamese supplier also conducted a root cause analysis, created additional capacity and linked key performance indicators of top management to overtime control. While overtime hours have been reduced, excessive overtime remains a challenge. The supplier shared that one incident was caused by another large client overbooking their capacity.

A Turkish supplier presented a long-term plan to reduce overtime hours and has worked steadily on controlling excessive overtime.

In general, if suppliers announce possible problems with meeting the agreed shipping deadline, ODLO tries to split orders and staggers delivery dates. Airfreight is accepted and paid by the party that caused the delay.

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 sites, ODLO knows the exact wage share per style.

For production sites which are not owned by the company ODLO has increased insight into labour costs during its last financial year. Several suppliers have started to be transparent about these costs in their calculation. 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 ten 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:** None of the ten audits conducted by FWF in ODLO's last financial year found evidence of late payment to suppliers.

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:** ODLO has started a living wage project at its own production site in Romania. A partner organisation has analysed the current wage situation at the supplier including a survey of 100 workers at the end of the last financial year. Based on the analysis a report with different scenarios to increase wage levels has been produced. ODLO is currently discussing possible next steps internally.

With production sites that are not owned by ODLO, the company discusses the topic regularly during supplier visits and is able to estimate the amount needed to raise wage levels to living wage benchmarks. Wages have also been integrated as a topic when selecting new suppliers.

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 site in Romania based on the analysis conducted. FWF also recommends ODLO to involve worker representatives in this process.

In addition, FWF encourages ODLO to discuss with suppliers about possibilities to work towards higher 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).	32%	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 site in Portugal and one in Romania. Both production sites produce exclusively for ODLO.

## PURCHASING PRACTICES

Possible Points: 46

Earned Points: 37

## 2. MONITORING AND REMEDIATION

BASIC MEASUREMENTS	RESULT	COMMENTS
% of own production under standard monitoring (excluding low-risk countries)	79%	
% of production volume where monitoring requirements for low-risk countries are fulfilled	11%	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	Implementation will be assessed next Brand Performance Check
Total of own production under monitoring	90%	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:** While audit reports are shared in a timely manner, ODLO does not systematically check whether worker representatives receive the report as well. During audits where ODLO staff attended, worker representatives were included in the exit meetings.

**Recommendation:** FWF recommends ODLO to ensure that the CAP is shared with worker representatives (where applicable) and that these are involved in setting the timeframe for realising improvements.

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 a robust system in place to systematically follow up on audit findings. All findings are registered and classified in an overview document. Staff from product development and local quality control staff in China support remediation when visiting suppliers. Structural issues are discussed during visits by management and the Head of Sourcing. At its own production sites, designated ODLO staff is responsible for monitoring and remediation, including subcontractors.

During its last financial year ODLO further strengthened their monitoring system. An extensive assessment has been developed based on FWF's Health&Safety checklist and product developers visiting production sites were trained on its implementation. The Sustainability Manager attended four audits during ODLO's last financial year.

The ten FWF audits conducted during ODLO's last financial year concluded some non-compliance with the FWF CoLP. At the same time several suppliers that had been re-audited could demonstrate improvements. During the Brand Performance Check, ODLO could show active follow-up on corrective actions and implemented improvements. Challenges remain for example regarding excessive overtime and functional internal grievance mechanisms as well as independent worker representation.

**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.
- Provide factory training.

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.	96%	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 in Israel and Jordan, where FWF is not conducting audits. ODLO assessed the quality of those audits with FWF's audit quality assessment tool. ODLO could demonstrate a dialogue with the factory on findings as well as missing information. As the Israeli site closed down in July 2017 and the production from Jordan was shifted to Vietnam, follow-up beyond a certain point had been challenging.

Both audits are counted towards FWF's monitoring threshold.

ODLO also regularly collects existing audit report from sites that have already been audited by FWF to learn more about the compliance status of the production location.

At two production sites accounting for 3% 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 also counted towards FWF's monitoring threshold.

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
2.7 Compliance with FWF risk policies.	None of the specific risk policies apply	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.	N/A	6	-2
Compliance with FWF enhanced monitoring programme Bangladesh	Policies are not relevant to the company's supply chain			N/A	6	-2
Compliance with FWF Myanmar policy	Policies are not relevant to the company's supply chain			N/A	6	-2
Compliance with FWF guidance on abrasive blasting	Policies are not relevant to the company's supply chain			N/A	6	-2

**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, IWF 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. Both production sites have been audited. The risk for subcontracting has been determined as low since the production process is mostly automated. One of the production sites has participated in a pilot project on employing Syrian refugees initiated by FLA.

For Myanmar ODLO had conducted an extensive due diligence and risk assessment process well before production started. Based on the assessment ODLO concluded that it plans to audit the production site annually and look for additional training opportunities. The site had already participated in a WEP Basic training and an audit (organised by another FWF brand sourcing from the site). ODLO actively supported follow-up. The wage ladder of the production site has been included in ODLO's social report. As orders for ODLO at the Myanmar site only started during ODLO's current financial year, these activities are not assessed for this performance check, but will be assessed in the next performance check.

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. Wherever possible 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 for three production sites where ODLO sources in total 2% of its FOB, all production sites were visited in the last three years or are owned by ODLO

**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 regularly by ODLO representatives;

Be informed of FWF membership and return the completed CoLP questionnaire before production orders are placed;

Be aware of specific risks identified by FWF;

Have the FWF Worker Information Sheet posted in local languages.

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.	None	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.	N/A	3	0

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
2.11 Questionnaire is sent and information is collected from external brands resold by the member company.	No external brands resold	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.	No licensees	FWF believes it is important for member companies to know if the licensee is committed to the implementation of the same labour standards and has a monitoring system in place.	Questionnaires are on file. Contracts with licensees.	N/A	1	0

Comment: ODLO will start a license model in its current financial year and is aware of FWF requirements.

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## MONITORING AND REMEDIATION

Possible Points: 23

Earned Points: 20

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### Additional comments on Monitoring and Remediation:

ODLO has included all active printing subcontractors in the FWF database and ensured that the Worker Information Sheet has been posted. The FWF CoLP had not been signed. ODLO lacks information on FOB and leverage per printing subcontractor.

For suppliers using several production sites including CMT subcontractors ODLO was able to demonstrate how FOB and leverage is calculated per site.

### 3. COMPLAINTS HANDLING

BASIC MEASUREMENTS	RESULT	COMMENTS
Number of worker complaints received since last check	4	At this point, FWF considers a high number of complaints as a positive indicator, as it shows that workers are aware of and making use of the complaints system.
Number of worker complaints in process of being resolved	3	
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: 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 traveling staff to check whether the Worker Information Sheet has been posted and collects pictures for proof. In some audits the old version of the Worker Information Sheet had still been posted.



**Recommendation:** It is suggested to ask production locations to submit a photo of the posted Worker Information Sheet 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. ODLO should also ensure that the most current version of the Worker Information Sheet has been posted.

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.	50%	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.	3	4	0

**Comment:** At eight out of ten FWF audited sites, the majority of interviewed workers was not aware of FWF or the worker helpline. At the same time six sites participated in FWF's Workplace Education Programme basic module which introduces the FWF CoLP and the complaint hotline to workers and management.

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 four complaints of workers employed at production locations producing for ODLO. One complaint received in February 2017 concerned ODLO's own production unit in Romania and focused among other things on increased work load, high stress levels of production workers and lack of internal communication. FWF conducted an in-depth investigation and produced a corrective action plan for the case. ODLO has started active follow-up which will continue during the current financial year. The Sustainability Manager visited the site shortly after the investigation to discuss next steps and top management has been involved during the process.

In September 2016 a complaint was received by the Myanmar production site. ODLO had not yet started production at this point, but still participated actively in the complaint process together with another FWF member. The complaint concerned among other things the dismissal of two workers who had formed a union. FWF facilitated an investigation as well as a mediation process. While not all points have been resolved, significant process has been made.

Another complaint was received from a Vietnamese production location shared with two other FWF members. ODLO only started production when the complaint had been almost resolved. ODLO offered support to the brand leading the remediation process.

The fourth complaint concerned a Chinese production location. On-going issues regarding excessive overtime had been reported in previous complaints and audits. The production location is shared by several FWF members, but the combined leverage remains below 6%, which makes effective remediation challenging. FWF and its members have tried to involve other larger non-FWF clients, but so far with limited success.

**Recommendation:** FWF recommends ODLO to ensure that structural issues raised in the complaints are improved to prevent future complaints. Worker representatives should be involved in the implementation of corrective action plans wherever possible and the workforce should be informed about the same.

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 brands sourcing from the same site.

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## COMPLAINTS HANDLING

Possible Points: 15

Earned Points: 11

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## 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 and during sales conferences. New staff receives an introduction by the CSR manager. The result of the last Brand Performance Check was shared with all employees. In October 2016 invited FWF to its headquarters to present FWF and its approach to all staff members.

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 development team has been trained on FWF membership and implements a CSR self-assessment during factory visits. The CSR manager meets regularly with colleagues that are in direct contact with suppliers and shares updates on audits and complaints. In October 2016 FWF conducted an internal training for ODLO's development, product and design team.

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.	Yes	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.	1	2	0

Comment: ODLO works with one agent 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 agent has been informed about the FWF Code of Labour Practices.

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)	61%	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 six more production locations participated in FWF's Workplace Education Programme. Over the last three years 61% 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.

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## TRAINING AND CAPACITY BUILDING

Possible Points: 15

Earned Points: 10

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## 5. INFORMATION MANAGEMENT

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
5.1 Level of effort to identify all production locations	Advanced	Any improvements to supply chains require member companies to first know all of their production locations.	Supplier information provided by member company. Financial records of previous financial year. Documented efforts by member company to update supplier information from its monitoring activities.	6	6	-2

**Comment:** ODLO has a strong system in place to identify all production locations. For their own production sites, they are aware which subcontractors are being used. Those are also visited by ODLO staff. With production sites that are not owned by ODLO, ODLO has made agreements whether, and if so, which subcontractors can be used. Local ODLO staff visits production sites 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. Information is shared in regular meetings, especially before and after supplier visits. ODLO staff and suppliers have access to a joint database with relevant information.

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## INFORMATION MANAGEMENT

Possible Points: 7

Earned Points: 7

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## 6. TRANSPARENCY

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
6.1 Degree of member company compliance with FWF Communications Policy.	Minimum communications requirements are met AND no significant problems found	FWF's communications policy exists to ensure transparency for consumers and stakeholders, and to ensure that member communications about FWF are accurate. Members will be held accountable for their own communications as well as the communications behaviour of 3rd-party retailers, resellers and customers.	FWF membership is communicated on member's website; other communications in line with FWF communications policy.	2	2	-3

Comment: ODLO informs the public about its FWF membership through its website, brochures, press releases and catalogs. 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 social report.

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
6.3 Social Report is submitted to FWF and is published on member company's website	Complete and accurate report 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

## 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 and the Executive Team receives regular updates 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.	80%	In each Brand Performance Check report, FWF may include requirements for changes to management practices. Progress on achieving these requirements is an important part of FWF membership and its process approach.	Member company should show documentation related to the specific requirements made in the previous Brand Performance Check.	4	4	-2

Comment: During the last performance check ODLO received a requirement to ensure payments to suppliers are not delayed. All FWF audits conducted during ODLO's last financial year confirmed that ODLO had been paying suppliers on time. At the same time ODLO shared that - while the company tries hard to avoid incidents - there is a possibility that payments could be delayed again in the future. However ODLO also at times grants advance payments to suppliers when requested.

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## EVALUATION

Possible Points: 6

Earned Points: 6

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## RECOMMENDATIONS TO FWF

ODLO asks FWF to ensure that audit reports are submitted in a timely manner. They would prefer it if the reports included an overview and a categorization of findings. ODLO also shared that the database is difficult to handle and cannot be used as a working tool. A space to store and manage (shared) documents such as audit reports and CAPs would be appreciated.

ODLO would be interested to participate in a seminar for communication staff.

At the same time ODLO reported that they felt well supported by the FWF teams in India, Myanmar and Romania.

## SCORING OVERVIEW

CATEGORY	EARNED	POSSIBLE
Purchasing Practices	37	46
Monitoring and Remediation	20	23
Complaints Handling	11	15
Training and Capacity Building	10	15
Information Management	7	7
Transparency	6	6
Evaluation	6	6
Totals:	97	118

### BENCHMARKING SCORE (EARNED POINTS DIVIDED BY POSSIBLE POINTS)

82

### PERFORMANCE BENCHMARKING CATEGORY

Leader

## BRAND PERFORMANCE CHECK DETAILS

Date of Brand Performance Check:

05-09-2017

Conducted by:

Lisa Suess

Interviews with:

Christophe Jean Bezu, CEO

Knut Are Høgberg, COO

Andrea Gerber and Julia Krämer, Sustainability Managers

Daniel Mulvie, Head of Sourcing & Product Development

Bruno Joly, Communication