



BRAND PERFORMANCE CHECK

LK International AG (Kjus)

PUBLICATION DATE: JULY 2019

this report covers the evaluation period 01-01-2018 to 31-12-2018

ABOUT THE BRAND PERFORMANCE CHECK

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

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

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

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

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

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

BRAND PERFORMANCE CHECK OVERVIEW

LK International AG (Kjus)

Evaluation Period: 01-01-2018 to 31-12-2018

MEMBER COMPANY INFORMATION	
Headquarters:	Hünenberg, Switzerland
Member since:	18-04-2012
Product types:	Outdoor, Sportswear
Production in countries where FWF is active:	China, India, Indonesia, Romania, Turkey, Viet Nam
Production in other countries:	Italy, Korea, Republic of, Lao People's Democratic Republic, Latvia, Lithuania, 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	92%
Benchmarking score	75
Category	Leader

Summary:

Kjus has shown progress and met most of FWFs' performance requirements. Kjus has a stable supplier base and enjoys a long-term business relation with most. Kjus monitors 93% of its purchasing volume, which, in combination with a benchmarking score of 75, means that Kjus just maintains its Leader status. FWF strongly encourages Kjus to improve its benchmarking score in order to maintain its Leader status in the future.

As Kjus' supplier factories tend to be relatively big, Kjus does not have high leverage at its suppliers. FWF recommends Kjus to consolidate its supplier base where possible, and increase leverage at main supplier(s) to effectively request improvements of working conditions.

Kjus needs to ensure it has sufficient capacity to follow up diligently towards resolution of corrective actions with all of its suppliers. It also needs to monitor all factories which account for more than 2% of its total purchasing volume. FWF furthermore recommends Kjus to only close issues when verification can be provided by showing proof (pictures, documentation) or by on-site visits of Kjus, by including worker representation, or an independent third party.

Kjus is implementing a living wage project as a shared supplier in Vietnam. After a promising start during which the brands calculated a target wage, progress slowed down a bit in 2018. Kjus is advised to work with the other FWF brands and take the next steps to ensure that all workers at the pilot factory receive the target wage.

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.	3%	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.	1	4	0

Comment: The number of suppliers used by Kjus has stayed stable in 2018. Kjus' supply chain has focused on relatively large suppliers, making it very difficult to be responsible for at least 10% of production capacity. For this reason, Kjus currently sources only 3% of its total production volume from 1 supplier where it is responsible for at least 10% of production capacity.

Recommendation: FWF recommends Kjus to consolidate its supplier base where possible, and increase leverage at main supplier(s) to effectively request improvements of working conditions. It is advised to describe the process of consolidation in a sourcing strategy that is agreed upon with top management/sourcing staff.

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.	8%	FWF provides incentives to clothing brands to consolidate their supplier base, especially at the tail end, as much as possible, and rewards those members who have a small tail end. Shortening the tail end reduces social compliance risks and enhances the impact of efficient use of capital and remediation efforts.	Production location information as provided to FWF.	3	4	0

Comment: The number of suppliers in the tail of Kjus supplier base has remained stable in 2018.

Recommendation: FWF recommends Kjus to consolidate its supply base by limiting the number of suppliers in its 'tail end'. To achieve this, Kjus should determine whether suppliers where it buys less than 2% of its 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.	87%	Stable business relationships support most aspects of the Code of Labour Practices, and give production locations a reason to invest in improving working conditions.	Supplier information provided by member company.	4	4	0

Comment: Kjus has worked hard to maintain long-term relationships with its supplier base. This is reflected in the fact that 87% of Kjus' suppliers have been working with it for five years or more which is significantly higher compared to last year.

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: Kjus was able to show that new suppliers in 2018 had signed and returned the questionnaire.

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

Comment: Whenever a new supplier is sought, e.g. because of a new product, Kjus first identifies from experience which factories could be of interest. It also ascertains which other brands are sourcing there. It then establishes contact and suppliers are asked to complete an evaluation form and provide supporting documentation, such as existing audit reports, certificates, its own code of conduct (if available). Next step is visiting the supplier where it will try to get a sense of the commitment of the top management to improve and work together for the longer term.

In 2018 Kjus started production in 3 new factories, one in Italy and 2 in China. At the factory in Italy Kjus was not able to conduct proper due diligence. Kjus bought products via another company, which did not want Kjust to visit the factory. Kjus indicated that this was temporary and one-off. However, it should be noted that Kjus also relaxed its due diligence for a factory the year before because it was a one-off solution.

Requirement: A formal process should exist to evaluate the risks of labour violations in the production areas the member is operating. This evaluation should influence the decision on whether to place orders, how to prevent and mitigate risks, and what remediation steps may be necessary. This process should be applied at all of Kjus's (new) production locations.

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: Kjus uses a supplier rating system that takes into account the quality of the product, production, logistics, communication, reliability of the supplier and compliance with the Code of Labour Practices, as well as improvements made after audits. In terms of social compliance, the assessed factors include general communication, CAP follow-up, overtime, wages, transparency and cooperation leading to a rating of Good, Okay or To Be Improved. These scores are shared with all suppliers and discussed to achieve better performance. All departments that are in contact with suppliers are included in the rating process. Suppliers who achieve overall good results are favoured when placing orders. The supplier with the highest score in this rating gets the 'Supplier of the Year' Award from Kjus. The evaluation system helped to decide to move production out of the peak season for a certain supplier.

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: Kjus has a strong production planning system in place. Two years before products are planned to be sold, Kjus starts developing the product together with the supplier who will get the final order. Final orders and timetables for production are communicated to the factory six months before the start of production to give suppliers the opportunity to spread production over multiple batches to avoid the peak season.

Furthermore, Kjus often orders fabrics and materials directly and well in advance to support a smooth production process. Fabric suppliers are held accountable for delays in fabric delivery.

Recommendation: FWF recommends Kjus to analyse whether its production planning positively impacts production in terms of reduced production delays and excessive overtime hours.

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
1.7 Degree to which member company mitigates root causes of excessive overtime.	Intermediate efforts	Some production delays are outside of the control of member companies; however there are a number of steps that can be taken to address production delays without resorting to excessive overtime.	Evidence of how member responds to excessive overtime and strategies that help reduce the risk of excessive overtime, such as: root cause analysis, reports, correspondence with factories, etc.	3	6	0

Comment: FWF audits conducted in 2018 at Kjus suppliers revealed excessive overtime. According to Kjus, overtime is mostly caused because Kjus factories specialize in products that depend on the seasons (e.g. skiwear). As a result, overtime is higher during peak production period and lower in other months. Kjus tries to address production pressure during the peak seasons with summer orders for golf wear, long-term forecast and spreading orders releases.

Recommendation: Besides discussing it with the supplier and assessing root causes, FWF recommends Kjus to actively take measures when excessive overtime is found. Taking measures to ensure that the brand knows and shows whether excessive overtime takes place at a supplier is key in resolving the issue. Measures such as regular checks by the local technician, documents checking and interviewing workers help assess whether excessive overtime takes place.

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
1.8 Member company can demonstrate the link between its buying prices and wage levels in production locations.	Intermediate	Understanding the labour component of buying prices is an essential first step for member companies towards ensuring the payment of minimum wages – and towards the implementation of living wages.	Interviews with production staff, documents related to member's pricing policy and system, buying contracts.	2	4	0

Comment: Kjus claims to have a general understanding of the number of minutes for the more simpler products. However, for the more technical products (which could entail hundreds of working minutes) it does not have this insight. Kjust uses a costing sheet, which requires some degree of transparency by the suppliers. However, labour costs are generally not isolated, nor does it request insight into the working minutes. As a result, Kjus is not able to demonstrate a link between buying prices and wage levels.

Recommendation: FWF recommends Kjus to expand their knowledge of cost break downs of all product groups. A next step would be to calculate the labour minute costs of its more straightforward products to be able to calculate the exact costs of labour and link this to their own buying prices. First priority would be to make sure this level of transparency can be achieved with their trusted long-term suppliers.

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
1.9 Member company actively responds if production locations fail to pay legal minimum wages and/or fail to provide wage data to verify minimum wage is paid.	No problems reported/no audits	If a supplier fails to pay minimum wage or minimum wage payments cannot be verified, FWF member companies are expected to hold management of the supplier accountable for respecting local labour law. Payment below minimum wage must be remediated urgently.	Complaint reports, CAPs, additional emails, FWF Audit Reports or additional monitoring visits by a FWF auditor, or other documents that show minimum wage issue is reported/resolved.	N/A	0	-2

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
1.10 Evidence of late payments to suppliers by member company.	No	Late payments to suppliers can have a negative impact on production locations and their ability to pay workers on time. Most garment workers have minimal savings, and even a brief delay in payments can cause serious problems.	Based on a complaint or audit report; review of production location and member company financial documents.	0	0	-1

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
1.11 Degree to which member company assesses and responds to root causes for wages that are lower than living wages in production locations.	Intermediate	Assessing the root causes for wages lower than living wages will determine what strategies/interventions are needed for increasing wages, which will result in a systemic approach	Evidence of how payment below living wage was addressed, such as: Internal policy and strategy documents, reports, correspondence with factories, etc	4	6	0

Comment: Kjus is cooperating with two other FWF members on a living wage project at a shared suppliers in Vietnam. A wage structure analysis accounting for the different types of wages and benefits and deductions was completed.

The calculation showed that only 6% of the workers are below the living wage benchmark that was calculated in cooperation with worker representatives. Kjus has yet to agree with the other members how to implement the wage increase in a way that respects the wage differentiation between the skill levels of workers.

Recommendation: After a promising start during which the calculations of the target wage and an analysis of workers' wages vis-a-vis the target wage was done, progress seemed to have slowed down. FWF recommends Kjus to now agree with the other two members on how to internalise the costs. Based on this experience, the member is encouraged to create an action plan that includes more production locations in its supply chain.

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

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
1.13 Member company determines and finances wage increases	Intermediate	Assessing the root causes for wages lower than living wages will determine what strategies/interventions are needed for increasing wages, which will result in a systemic approach.	Evidence of how payment below living wage was addressed, such as: internal policy and strategy documents, reports, correspondence with factories, etc.	2	4	0

Comment: In Vietnam, Kjus and the two other FWF members conducted a study to estimate living costs for the Thai Binh region in order to define a living wage benchmark, in consultation with local staff, experts and selected workers. When the minimum wage in the region was raised, the target wage level was re-evaluated. The member company already calculated the costs to increase the prices to reach the living wage benchmark and is thinking of strategies on how to finance this.

Recommendation: We strongly recommend members to integrate the financing of wage increases it in its own systems, herewith committing to a long term process that leads to sustainable implementation of living wages.

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
1.14 Percentage of production volume where the member company pays its share of the target wage	28%	FWF member companies are challenged to adopt approaches that absorb the extra costs of increasing wages.	Member company's own documentation, evidence of target wage implementation, such as wage reports, factory documentation, communication with factories, etc.	2	3	0

Comment: Within the joint living wage project, Kjus has set the target wage for its main factory in Vietnam and 94% of the factory workers are receiving this target wage. FWF considers that Kjus has contributed to payment of the target wage at this factory through the prices it pays for the products concerned.

Recommendation: Kjus is advised to work with the other FWF brands and ensure that all workers at the pilot factories receive the target wage. Next step is to expand the approach also to other strategic supplier factories.

PURCHASING PRACTICES

Possible Points: 47

Earned Points: 31

2. MONITORING AND REMEDIATION

BASIC MEASUREMENTS	RESULT	COMMENTS
% of own production under standard monitoring (excluding low-risk countries)	89%	
% of production volume where monitoring requirements for low-risk countries are fulfilled	3%	To be counted towards the monitoring threshold. FWF low-risk policy should be implemented. See indicator 2.9. (N/A = no production in low risk countries.)
Meets monitoring requirements for tail-end production locations.	No	FWF members must meet tail-end monitoring requirements. Implementation will be assessed during next Brand Performance check.
Requirement(s) for next performance check	In the tail end of Kjus's supplier base, FWF requires Kjus to ensure it audits all production locations that are responsible for over 2% of production and production locations where Kjus is responsible for over 10% of the location's production capacity.	
Total of own production under monitoring	92%	Measured as percentage of production volume (Minimums: 1 year: 40%; 2 years 60%; 3 years+: 80-100%)

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
2.1 Specific staff person is designated to follow up on problems identified by monitoring system	Yes	Followup is a serious part of 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: Last year, two staff members of Kjus followed up on any problems identified by its monitoring system. However, one of the two fell ill which affected Kjus capacity to carefully follow up on all the issues.

Requirement: Kjus should designate sufficient capacity and resources to follow up on problems identified by the monitoring system.

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
2.2 Quality of own auditing system meets FWF standards.	Member makes use of FWF audits and/or external audits only	In case FWF teams cannot be used, the member companies' own auditing system must ensure sufficient quality in order for FWF to approve the auditing system.	Information on audit methodology.	N/A	0	-1

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
2.3 Audit Report and Corrective Action Plan (CAP) findings are shared with factory and worker representation where applicable. Improvement timelines are established in a timely manner.	Yes	2 part indicator: FWF audit reports were shared and discussed with suppliers within two months of audit receipt AND a reasonable time frame was specified for resolving findings.	Corrective Action Plans, emails; findings of followup audits; brand representative present during audit exit meeting, etc.	2	2	-1

Comment: Before Kjus shares audit reports with factories, the company scans for unclarities in the audit and Corrective Action Plan (CAP). Then the company approaches factories for a discussion concerning remediation of the issues at hand and establishes improvement timelines in a timely manner.

Kjus always indicates that the CAP needs to be shared with the worker representatives. The factory management of Kjus main supplier in Vietnam indicated that they did so and shared some pictures as supporting evidence as well. In other cases this proved more difficult.

Recommendation: Before an audit takes place, Kjus is recommended to check with the supplier whether worker representatives are active. In this way, they can be involved from the start of an audit and be invited for the audit opening and exit meeting. Including workers when following up on audit reports gives them the opportunity to be informed of issues in the factory and have a voice in the prioritization of issues.

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
2.4 Degree of progress towards resolution of existing Corrective Action Plans and remediation of identified problems.	Basic	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.	4	8	-2

Comment: Kjus' CSR staff follows up from the headquarter on Corrective Action Plans (CAPs). In addition, staff in charge of sourcing regularly checks remediation during visits. However, a random check of the status of the some CAP findings revealed that Kjus often omits to request evidence that remediation has effectively taken place. Some CAPs were considered closed based on feedback provided by the factory without any supporting documentation.

Recommendation: FWF recommends Kjus to only close issues when verification can be provided by showing proof (pictures, documentation) or by on-site visits of Kjus, by including worker representation, or an independent third party.

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.	93%	Formal audits should be augmented by annual visits by member company staff or local representatives. They reinforce to production location managers that member companies are serious about implementing the Code of Labour Practices.	Member companies should document all production location visits with at least the date and name of the visitor.	4	4	0

Comment: Kjus visited the vast majority of its suppliers during the past year, ensuring regular contact, also related to social compliance issues.

Recommendation: FWF recommends to document the outcome of visits and ensure checking whether the CoLP is posted is part of every visit. Reporting back to the whole team on the discussions and follow up of CAPs with the supplier will help towards setting up an integrated system for improving working conditions. FWF has developed a Health & Safety Guide that can be used during these visits.

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
2.6 Existing audit reports from other sources are collected.	No existing reports/all audits by FWF or FWF member company	Existing reports form a basis for understanding the issues and strengths of a supplier, and reduces duplicative work.	Audit reports are on file; evidence of followup on prior CAPs. Reports of quality assessments.	N/A	3	0

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
2.7 Compliance with FWF risk policies.	Average score depending on the number of applicable policies and results	Aside from regular monitoring and remediation requirements under FWF membership, countries, specific areas within countries or specific product groups may pose specific risks that require additional steps to address and remediate those risks. FWF requires member companies to be aware of those risks and implement policy requirements as prescribed by FWF.	Policy documents, inspection reports, evidence of cooperation with other customers sourcing at the same factories, reports of meetings with suppliers, reports of additional activities and/or attendance lists as mentioned in policy documents.	5	6	-2
Compliance with FWF enhanced monitoring programme Bangladesh	Policies are not relevant to the company's supply chain			N/A	6	-2
Compliance with FWF Myanmar policy	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
Compliance with FWF guidance on risks related to Turkish garment factories employing Syrian refugees	Advanced			6	6	-2
Other risks specific to the member's supply chain are addressed by its monitoring system	Intermediate			3	6	-2

Comment: Kjus does not produce in Bangladesh or Myanmar. The company also does not produce denim products, therefore the policy on abrasive blasting does not apply to Kjus.

Turkey:

Kjus uses one supplier in Turkey. It addressed the risk of syrian refugees working at Kjus by first studying relevant FWF documentation such as the country study and guidance documents. Based on this Kjus made a questionnaire, which addressed the risk of Surian refugees. Based on this questionnaire Kjus discussed in detail with the supplier. The supplier confirmed that it had one Syrian refugee worker at the factory, who could show a residence permit. Kjust recognizes that it does not have 100 % guarantee that no subcontracting takes place, but Kjus suppliers are required to sign a document confirming that they do not outsource work for Kjus.

Italy

One production site of Kjus is in Italy. Kjus placed a one-off order via another company, which did not want Kjus to visit. The risk of migrant workers employed at this production site was therefore not checked.

India

Kjus demonstrated a relatively good understanding of the various risk areas in the country. It feels that especially the management style in Indian factories causes problems. Shouting is common, especially when people are seen as being inferior. Kjus was not familiar with the Sumangali scheme in India.

Vietnam

The company is aware of the specific country risks, e.g. related to excessive overtime, Freedom of Association, abuse by foreign staff and wages. Realizing that FOA is an issue, Kjus is actively promoting the worker committees in order to promote better worker-management communication.

Thailand

Kjus is aware of the prevalence of migrant workers from Myanmar, which could lead to discrimination and translation problems. Kjus make sure they get fair contracts and pay slips are translated into their local language.

China

Kjus demonstrated a relatively good understanding of the various risk areas in the country related to Freedom of Association and double bookkeeping. It felt that the problem of migrant workers has improved, as many factories moved in-land.

Recommendation: Knowing the country specific risks facilitates the starting point for discussing this with suppliers. Member companies can agree on additional commitments that are required to mitigate risks. Kjus can provide additional measures for support and integrate that in the monitoring system.

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: Kjus sources from 6 factories that are shared with other FWF member brands. Brands always share the audit and follow-up amongst each other. Whenever a brand visit the factory, relevant information and CAP status updates are shared. Brands always define which brand takes the lead (sometimes this is on a rotating basis). Kjus is in the lead for one shared factory.

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.	0-49%	Low-risk countries are determined by the presence and proper functioning of institutions which can guarantee compliance with national and international standards and laws. FWF has defined minimum monitoring requirements for production locations in low-risk countries.	Documentation of visits, notification of suppliers of FWF membership; posting of worker information sheets, completed questionnaires.	1	3	0

Comment: Kjus was able to show that it met the monitoring requirements of its low-risk suppliers. Questionnaire was always returned and it was checked that the COLP was posted. Kjus also visited suppliers in low-risk countries except for one supplier in Italy, which concerned a on-off order bought via another company. Kjus conducted the Health and Safety Checklist at factories in Lithuania.

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
2.10 Extra bonus indicator: in case FWF member company conducts full audits at tail-end production locations (when the minimum required monitoring threshold is met).	Yes	FWF encourages its members to monitor 100% of its production locations and rewards those members who conduct full audits above the minimum required monitoring threshold.	Production location information as provided to FWF and recent Audit Reports.	2	2	0

Comment: Kjus monitored 93% of its total purchasing volume (including 4 % from low risk countries). This included some factories that account for less than 2% of Kjus total FOB and at which Kjus has less than 10 leverage.

However, one production location in a high risk country that produces more than 2% of Kjus' total FOB in 2018 was not monitored.

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

MONITORING AND REMEDIATION

Possible Points: 29

Earned Points: 22

3. COMPLAINTS HANDLING

BASIC MEASUREMENTS	RESULT	COMMENTS
Number of worker complaints received since last check	2	At this point, FWF considers a high number of complaints as a positive indicator, as it shows that workers are aware of and making use of the complaints system.
Number of worker complaints in process of being resolved		
Number of worker complaints resolved since last check	2	

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
3.1 A specific employee has been designated to address worker complaints	Yes	Followup is a serious part of FWF membership, and cannot be successfully managed on an ad-hoc basis.	Manuals, emails, etc., demonstrating who the designated staff person is.	1	1	-1

Comment: The CSR team of Kjus is in the lead to address worker complaints.

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
3.2 Member company has informed factory management and workers about the FWF CoLP and complaints hotline.	Yes	Informing both management and workers about the FWF Code of Labour Practices and complaints hotline is a first step in alerting workers to their rights. The Worker Information Sheet is a tool to do this and should be visibly posted at all production locations.	Photos by company staff, audit reports, checklists from production location visits, etc.	2	2	-2

Comment: The staff actively followed up on checking the Worker Information Sheets in factories. During visits to factories, Kjus staff checks if the Worker Information Sheet are posted. The evidence is than shared with the CSR team.

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
3.3 Degree to which member company has actively raised awareness of the FWF CoLP and complaints hotline.	81%	After informing workers and management of the FWF CoLP and the complaints hotline, additional awareness raising and training is needed to ensure sustainable improvements and structural worker-management dialogue.	Training reports, FWF's data on factories enrolled in the WEP basic module. For alternative training activities: curriculum, training content, participation and outcomes.	6	6	0

Comment: Workers at FWF-audited factories were generally not aware of the FWF worker helpline. Kjus did, however, organise 6 WEP training sessions in the past three years at Kjus' main suppliers, leading to a score 81%. Kjus has also encouraged its main suppliers to distribute worker information cards to the workers.

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: Two complaints were lodged from workers of the same supplier in India. The complaints entailed various issues including overtime, food, shouting and wages. The factory management first denied some issues. Factory denied first some issues when the Head of Supply Chain Management discussed it at the factory. In the end the factory agreed to remediate. A verification audit is planned for October 2019.

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
3.5 Cooperation with other customers in addressing worker complaints at shared suppliers	No complaints or cooperation not possible / necessary	Because most production locations supply several customers with products, involvement of other customers by the FWF member company can be critical in resolving a complaint at a supplier.	Documentation of joint efforts, e.g. emails, sharing of complaint data, etc.	N/A	2	0

COMPLAINTS HANDLING

Possible Points: 15

Earned Points: 12

4. TRAINING AND CAPACITY BUILDING

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
4.1 All staff at member company are made aware of FWF membership.	Yes	Preventing and remediating problems often requires the involvement of many different departments; making all staff aware of FWF membership requirements helps to support cross-departmental collaboration when needed.	Emails, trainings, presentation, newsletters, etc.	1	1	0

Comment: All new employees are informed about social compliance and FWF membership by CSR staff during onboarding of staff which specifically focuses on Code of Labour Practices and the monitoring system. In addition, CSR staff updates employees regularly about relevant developments during so-called 'Café and Learn' meetings, staff update meetings and newsletters.

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
4.2 All staff in direct contact with suppliers are informed of FWF requirements.	Yes	Sourcing, purchasing and CSR staff at a minimum should possess the knowledge necessary to implement FWF requirements and advocate for change within their organisations.	FWF Seminars or equivalent trainings provided; presentations, curricula, etc.	2	2	-1

Comment: All staff that is in contact with suppliers, including CSR, sourcing (products and materials), QC and Innovation regularly come together to discuss new developments, including audits and complaints (when needed). In addition, all staff that visit factories have a responsibility to follow up on specific CAP findings.

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
4.3 All sourcing contractors/agents are informed about FWF's Code of Labour Practices.	Member does not use agents/contractors	Agents have the potential to either support or disrupt CoLP implementation. It is the responsibility of member company to ensure agents actively support the implementation of the CoLP.	Correspondence with agents, trainings for agents, FWF audit findings.	N/A	2	0

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
4.4 Factory participation in training programmes that support transformative processes related to human rights.	34%	Complex human rights issues such as freedom of association or gender-based violence require more in-depth trainings that support factory-level transformative processes. FWF has developed several modules, however, other (member-led) programmes may also count.	Training reports, FWF's data on factories enrolled in training programmes. For alternative training activities: curriculum, training content, participation and outcomes.	4	6	0

Comment: Kjus' main supplier based in Indonesia participates in ILO's Better Work programme.

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

TRAINING AND CAPACITY BUILDING

Possible Points: 9

Earned Points: 7

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: Kjus is very Very confident that it knows where its production takes place. This is based on the long-term relationship it has with most suppliers. Kjus does in-line and end-line quality control twice per production run. Also other Kjus staff from Sourcing and Development visit the suppliers. The risk for subcontracting is considered as very small as most products are very technical and cannot be easily outsourced.

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: The CSR team and sourcing meet regularly. Every second week the staff of Kjus based in Vietnam also joins in.

INFORMATION MANAGEMENT

Possible Points: 7

Earned Points: 7

6. TRANSPARENCY

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

Comment: Communication about FWF membership and the leader status adheres to the FWF communication policy. FWF membership is communicated through on-garment communication, the company's website, on catalogs, on social media and through company presentations.

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
6.2 Member company engages in advanced reporting activities	Published Brand Performance Checks, audit reports, and/or other efforts lead to increased transparency.	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.	1	2	0

Comment: The Brand Performance Check report is published on Kjus' website.

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
6.3 Social Report is submitted to FWF and is published on member company's website	Complete and accurate report submitted to FWF AND published on member's website.	The social report is an important tool for members to transparently share their efforts with stakeholders. Member companies should not make any claims in their social report that do not correspond with FWF's communication policy.	Social report that is in line with FWF's communication policy.	2	2	-1

Comment: The social report of Kjus is submitted to FWF and published on Kjus' website.

TRANSPARENCY

Possible Points: 6

Earned Points: 5

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 Head of Supply Chain Management addresses relevant issues pertaining to FWF membership within Kjus' Board. Most recently the discussion focused on the living wage pilot and environmental sustainability. The brand performance check is also discussed within the Board last year.

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.	No requirements were included in previous Check	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.	N/A	4	-2

EVALUATION

Possible Points: 2

Earned Points: 2

RECOMMENDATIONS TO FWF

N/A

SCORING OVERVIEW

CATEGORY	EARNED	POSSIBLE
Purchasing Practices	31	47
Monitoring and Remediation	22	29
Complaints Handling	12	15
Training and Capacity Building	7	9
Information Management	7	7
Transparency	5	6
Evaluation	2	2
Totals:	86	115

BENCHMARKING SCORE (EARNED POINTS DIVIDED BY POSSIBLE POINTS)

75

PERFORMANCE BENCHMARKING CATEGORY

Leader

BRAND PERFORMANCE CHECK DETAILS

Date of Brand Performance Check:

07-06-2019

Conducted by:

Koen Oosterom

Interviews with:

Sven Serena, Head of Supply Chain Management / Board of Management Sourcing and pricing

Tanja Catenazzi, CSR Manager, Audits / WEP Trainings / Data Base

Sandro Zimmermann, Production and CSR Manager, Sourcing and pricing