



Brand Performance Check

ODLO International AG

Publication date: February 2021

This report covers the evaluation period 01-07-2019 to 30-06-2020

About the Brand Performance Check

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

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

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

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

Brand Performance Check Overview

ODLO International AG

Evaluation Period: 01-07-2019 to 30-06-2020

| Member company information | |
|--|---|
| Headquarters: | Hunenberg , Switzerland |
| Member since: | 2008-09-17 |
| Product types: | Sports & activewear |
| Production in countries where Fair Wear is active: | China, India, Indonesia, Myanmar, Romania, Turkey, Viet Nam |
| Production in other countries: | Albania, Cambodia, Germany, Hungary, Israel, Italy, 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 | 87% |
| Benchmarking score | 90 |
| Category | Leader |

Disclaimer

This performance check was conducted amidst the COVID-19 outbreak in 2020. Due to travel restrictions in 2020, the assessment methodology for this check was modified to adapt to an online version.

While the performance check does cover all indicators, Fair Wear was not able to cross-check information with the member company's other departments to the extent it would normally do. This may have led to shorter descriptions/comments in the report. We have taken additional measures to ensure the scores are still inclusive and representative of the performance/progress made: more documentation was requested from the member during the preparation phase and other staff members were interviewed to score a specific indicator, where necessary. Furthermore, due to our improved data management system, Fair Wear was able to better track and document progress, mitigating much of the disadvantage of a remote performance check.

This modified version was applied consistently to all members' performance checks starting their financial year in 2019 in order to maintain fair and comparable data.

Fair Wear will evaluate the members' response to the Corona-crisis in the performance check about the financial year starting in 2020. For members having financial years starting in April or later, parts of their response can already be reflected in the current performance check report, although their overall response will be evaluated in the next performance check.

Summary:

ODLO has shown advanced results on performance indicators, resulting in a benchmarking score of 90. With 87% of its own production under monitoring, ODLO meets the monitoring threshold required for members beyond the third year of membership. However, this is below the required 90% to maintain 'Leader' status. That being said, due to Covid-19 restrictions not all planned audits could take place. Therefore, Fair Wear has used its discretionary power to maintain ODLO's 'Leader' status.

The past financial year was a difficult one for ODLO. The company was for sale, which posed additional challenges in securing a government Covid-19 loan. In addition, wholesale customers sent letters informing they would not be able to pay on time and the company still had outstanding debts. All in all, there was not enough cashflow to pay suppliers on time. Therefore, the company picked up the phone, explained the situation and set up a payment plan with all suppliers. Each of them required from ODLO a week to week update on the situation and the payment plan. In the end, all suppliers were paid in full without any discounts. ODLO is still working with the same production locations and actually feels this process has strengthened the business relationship.

To manage any risks related to Covid-19 ODLO kept in regular contact with all production locations. The brand used a standard format for these interactions, based on information from Fair Wear and other sources that identified main risks. Each call and email exchange covered an update on the health and safety issues, proof that the Worker Information Sheet was still visible and whether the factory experienced any problems regarding wages and freedom of association. When problems were identified, ODLO helped remediate through sharing information on possible government support and by aligning internal processes to reduce pressure.

ODLO was able to raise the wages in its own facility in Romania to meet its target wage. As this wage has been under discussion, the brand also used the past financial year to find out costs related to raising the wages further.

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 Fair Wear's belief that member companies who are making a serious effort to implement the Code of Labour Practices—the vast majority of Fair Wear 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. | 70% | 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 42% of its production from its own factories in Romania and Portugal, which manufacture exclusively for ODLO. In total, 70% of ODLO's production volume is produced at suppliers where ODLO buys at least 10% of production capacity.

| Performance indicators | Result | Relevance of Indicator | Documentation | Score | Max | Min |
|---|--------|---|---|-------|-----|-----|
| 1.1b Percentage of production volume from production locations where member company buys less than 2% of its total FOB. | 19% | Fair Wear 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 Fair Wear. | 2 | 4 | 0 |

Comment: With 19% of the production volume from production locations where ODLO buys less than 2% of its total FOB, the brand has a relatively long 'tail end' for production. These suppliers mostly produce accessories or other specialized products with limited order volumes. Although the manufacturing structure, including a decrease of production partners and reduction of the tail-end, is a key area for ODLO, the tail-end increased compared to 12% last year.

Recommendation: Fair Wear recommends ODLO to consolidate its supply base by limiting the number of production locations in its 'tail end'. To achieve this, ODLO should determine whether production locations 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. 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 |
|--|--------|---|--|-------|-----|-----|
| 1.2 Percentage of production volume from production locations where a business relationship has existed for at least five years. | 74% | 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: 74% of ODLO's production volume comes from production locations where the brand's business relationship has existed for at least five years, compared to 49% last year. Maintaining stable relations with suppliers is included in ODLO's sourcing strategy.

| Performance indicators | Result | Relevance of Indicator | Documentation | Score | Max | Min |
|---|--------|--|---------------------------|-------|-----|-----|
| 1.3 All (new) production locations are required to sign and return the questionnaire with the Code of Labour Practices before first bulk orders are placed. | No | 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. | 0 | 2 | 0 |

Comment: ODLO has a process in place which ensures all new production locations sign and return the questionnaire with the Code of Labour Practices before bulk orders are placed. In the past financial year, the company started with two new production locations in Vietnam, and the questionnaires are on file even though no production has taken place. However, during an internal investigation at ODLO Portugal the brand discovered unauthorised subcontractors, which did not go through the regular process and therefore did not return the questionnaire before production started.

| Performance indicators | Result | Relevance of Indicator | Documentation | Score | Max | Min |
|---|----------|---|---|-------|-----|-----|
| 1.4 Member company conducts human rights due diligence at all (new) production locations before placing orders. | Advanced | Due diligence helps to identify, prevent and mitigate potential human rights problems at suppliers. | Documentation may include pre-audits, existing audits, other types of risk assessments. | 4 | 4 | 0 |

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

ODLO staff visits potential new production locations, conducts an internal assessment to check Fair Wear CoLP compliance, collects existing audit reports and discusses Fair Wear requirements in the first visit. The brand added two production locations in Vietnam.

Related to Covid-19, ODLO started to keep an overview for all its production locations with information on health & safety measures and the wage and freedom of association situation and proof that the Worker Information Sheet was posted. ODLO checked in with all its locations monthly to update this information.

| Performance indicators | Result | Relevance of Indicator | Documentation | Score | Max | Min |
|---|--|--|---|-------|-----|-----|
| 1.5 Production location compliance with Code of Labour Practices is evaluated in a systematic manner. | Yes, and leads to production decisions | A systemic approach is required to integrate social compliance into normal business processes, and supports good decisionmaking. | Documentation of systemic approach: rating systems, checklists, databases, etc. | 2 | 2 | 0 |

Comment: ODLO is systematically monitoring the social performance of its suppliers, especially the follow-up on Corrective Action Plans (CAP). Dialogue with factories and results of visits are documented.

ODLO has a formal supplier evaluation process where social performance has been integrated. The evaluation process has two main categories: 1) performance and 2) attractiveness. Social compliance, including audit results, implemented improvements and responsiveness of the supplier, are included as a KPI in the category 'performance'. Currently, all KPIs have the same weight. The scores of all main suppliers are plotted in a graph, which creates a clear and accessible data-visualization to evaluate suppliers.

The brand planned to share this supplier scorecard during the supplier summit. Due to Covid-19 the summit and sharing of results did not happen and the brand decided to not have the supplier evaluation influence sourcing decisions, but rather look at the specific situation per location when deciding whether to reduce orders to ensure suppliers would be able to survive.

Production for Spring/Summer 21 was heavily affected by Covid-19, based on initial sales estimates the brand reduced orders to 60% although later it was able to order more Never Out of Stock items, so the total order volume was at approximately 75%. The main locations affected by this reduction was ODLO's own production in Romania and Portugal and one large supplier in Thailand.

| Performance indicators | Result | Relevance of Indicator | Documentation | Score | Max | Min |
|--|--------------------------------------|---|---|-------|-----|-----|
| 1.6 The member company's production planning systems support reasonable working hours. | Strong, integrated systems in place. | Member company production planning systems can have a significant impact on the levels of excessive overtime at production locations. | Documentation of robust planning systems. | 4 | 4 | 0 |

Comment: ODLO has strong systems in place to plan production in a way that supports reasonable working hours. The brand shares styles per order, has a system in place with forecasting, is aware of production capacity for most suppliers and discusses and agrees on lead time with suppliers. ODLO has a system to place and track orders for materials and production. This allows ODLO to detect possible problems and set production priorities with the supplier.

During the performance check ODLO showed the planning documents during spring, where on-time delivery decreased from 99% to 70% over 3 months, because of lockdowns and factory closure. During this time ODLO kept in close contact with the factory and also ensured different departments within the brand were aligned to ensure processes were adjusted. For Spring/Summer 20 several orders needed to be shipped via airfreight.

Working hours were part of the regular check in between the brand and the factory to ensure ODLO production was not causing any excessive overtime.

| 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: For all audit findings and complaints related to excessive overtime ODLO identified the root causes. The main reasons identified are late fabric, unplanned orders or too low orders forecasted by other customers. The brand is responsible for sourcing fabric and makes sure it is at the production location on time. This is also included in the brand's production planning process. Also, the brand has clarified the rules regarding changes to the product to ensure these do not interfere with the planning process and do not cause excessive overtime.

For two locations, one in Thailand and one in Turkey, a lack of staff was causing excessive overtime. This has been discussed with the management of these locations and ODLO could show that for Turkey new staff has been hired and the OT hours decreased.

| Performance indicators | Result | Relevance of Indicator | Documentation | Score | Max | Min |
|--|----------|---|--|-------|-----|-----|
| 1.8 Member company can demonstrate the link between its buying prices and wage levels in production locations. | Advanced | Understanding the labour component of buying prices is an essential first step for member companies towards ensuring the payment of minimum wages – and towards the implementation of living wages. | Interviews with production staff, documents related to member's pricing policy and system, buying contracts. | 4 | 4 | 0 |

Comment: ODLO uses detailed costing sheets for all suppliers. For its own production locations, ODLO knows the exact wage share per style. For other production locations, ODLO has insight into labour costs. The brand has an automated system for calculation and updating in their Product Lifecycle Management (PLM) system. For subcontractors, the cost sheets are also distributed and collected. Part of the costing sheet is insight into labour costs. For most locations ODLO also has insight in the minutes needed per product. One production location has not yet shared this information because they feel it is part of their intellectual property. Based on this information, ODLO made the link between prices and wages and make sure prices are enough to pay legal minimum wage. This information is cross-checked with information from factories.

| 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. | Yes | If a supplier fails to pay minimum wage or minimum wage payments cannot be verified, Fair Wear 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, Fair Wear Audit Reports or additional monitoring visits by a Fair Wear auditor, or other documents that show minimum wage issue is reported/resolved. | 0 | 0 | -2 |

Comment: Six audits done in the past financial years show that earlier findings related to failure to pay legal minimum wage and/or failure to provide wage data to verify minimum wage is paid have improved.

As part of the regular contact with production locations to monitor risks related to Covid-19 ODLO actively checked to ensure legal minimum wages were paid. The brand found out that four locations experience problems. With these locations ODLO ensured all legal regulations were followed and looked at possibilities to file for government support. The focus for ODLO was to ensure people did not lose their job. Because of small leverage at these locations the brand decided not to do any direct payments.

ODLO maintained the wages at their own locations, despite decreasing production.

| Performance indicators | Result | Relevance of Indicator | Documentation | Score | Max | Min |
|--|--------|---|---|-------|-----|-----|
| 1.10 Evidence of late payments to suppliers by member company. | Yes | 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. | -1 | 0 | -1 |

Comment: The past financial year was a difficult one for ODLO. The company was for sale, which posed additional challenges in securing a government Covid-19 loan. In addition, wholesale customers sent letters informing they would not be able to pay on time and the company still had outstanding debts. All in all, there was not enough cashflow to pay suppliers on time.

Therefore, the company entered into dialogue and explained the situation and set up a payment plan with all suppliers. This mainly meant moving payment terms from 60 to 90 days. Each of them required from ODLO a week to week update on the situation and the payment plan. There were a lot of discussions with all of the suppliers. At first, suppliers were reluctant to agree and did not fully understand why ODLO was making these request, but as time progressed more of their customers faced a similar situation.

In the end, all suppliers have been paid in full, without any discounts. ODLO is still working with the same production locations and actually feel this process has strengthened the business relationship.

| 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: ODLO has analysed wage data from its strategic production locations and now has an overview of the gap between the current wage and the living wage in its production locations. They identified which suppliers are already close to a living wage and where it would need a bit more work. The company used this information to discuss raising wages with different suppliers, however ODLO feels these discussions seem to always come back to discussing the concept of living wage rather than the root causes.

Due to the Covid-19 situation the discussion around raising wages to a living wage level has been paused and substituted by discussion on maintaining current wage levels.

Recommendation: Fair Wear encourages ODLO to continue discussions with suppliers about different strategies to work towards higher wages.

| Performance indicators | Result | Relevance of Indicator | Documentation | Score | Max | Min |
|--|--------|---|--|-------|-----|-----|
| 1.12 Percentage of production volume from factories owned by the member company (bonus indicator). | 42% | 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 a member company's score. | Supplier information provided by member company. | 1 | 2 | 0 |

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

| Performance indicators | Result | Relevance of Indicator | Documentation | Score | Max | Min |
|---|----------|---|--|-------|-----|-----|
| 1.13 Member company determines and finances wage increases. | Advanced | 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. | 6 | 6 | 0 |

Comment: In its own production location in Romania, ODLO has calculated costs and determined to increase wages and has developed a strategy on how to finance this from the company's HR budget. Worker representation was involved and specific local circumstances were included for the calculation. The target wage is lower than the calculation of CCC for Romania, which is not specifically focused on this region. The methodology of calculation also differs, as for the ODLO calculation house ownership is included. There has been a discussion between a local stakeholder and the brand whether this target wage can be considered as a living wage or not. The 2019 verification audit at ODLO Romania indeed shows that the wages paid cannot be seen as a living wage as estimated by local stakeholders. ODLO has therefore started calculating the costs associated with raising wages further to meet the living wage estimate for Romania.

For other suppliers, ODLO is currently developing a process on how to proceed with living wages. Although the costs related to increasing wages at several main suppliers are not yet calculated, there is some idea on how to finance wage increases, for example through larger purchase orders or invest in the skills of the workers. For some products, ODLO aims to increase consumer prices and is confident that this will create an added benefit for the consumer.

| 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. | 37% | Fair Wear 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. | 4 | 6 | 0 |

Comment: ODLO realised the payment of its target wage for all employees at its own production location, totalling 37% of their total FOB volume.

Recommendation: ODLO is encouraged to roll out its approach to other suppliers.

Purchasing Practices

Possible Points: 52

Earned Points: 42

2. Monitoring and Remediation

| Basic measurements | Result | Comments |
|--|--------|--|
| % of production volume where approved member own audit(s) took place. | 0% | |
| % of production volume where approved external audits took place. | 12% | |
| % of production volume where Fair Wear audits took place. | 65% | |
| % of production volume where an audit took place. | 77% | |
| % of production volume where monitoring requirements for low-risk countries are fulfilled. | 10% | 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.) |
| Member meets monitoring requirements for tail-end production locations. | Yes | |
| Total monitoring threshold: | 87% | 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 Fair Wear 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 is responsible and during maternity leave this was covered by the Supply Chain Director and Sourcing Manager.

| 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 Fair Wear teams cannot be used, the member companies' own auditing system must ensure sufficient quality in order for Fair Wear to approve the auditing system. | Information on audit methodology. | N/A | 0 | -1 |

Comment: ODLO makes use of FWF audits and/or external audits only

| 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: Fair Wear 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: In the past financial year ODLO had three Fair Wear audits. ODLO shares audit reports in a timely manner with the supplier. The CAPs are shared with the worker representatives, except where the CAPs are not available in the local language.

| 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 | Fair Wear 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: Due to Covid-19 ODLO checked-in on a monthly basis with all production locations. During these calls and email exchanges ODLO collected information on health & safety issues, whether the Worker Information Sheet was posted and whether there were issues related to wages, hours and freedom of association. During this call ODLO also addressed any outstanding CAP findings and could show remediation results during the performance check. The Quality Control team based in China followed-up during on-site visits when possible.

Recommendation: Fair Wear encourages ODLO to continue strengthening their system to analyse how they might have contributed to findings and what changes they can make in their purchasing practices.

| 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. | 85% | 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: ODLO was able to visit production locations responsible for 85% of production.

| 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 has collected existing audit reports from its production locations and assessed the quality of those audits. During the performance check, ODLO showed active follow-up on corrective actions.

| Performance indicators | Result | Relevance of Indicator | Documentation | Score | Max | Min |
|--|---|---|---|-------|-----|-----|
| 2.7 Compliance with FWF risk policies. | Advanced result on all relevant policies | Aside from regular monitoring and remediation requirements under Fair Wear membership, countries, specific areas within countries or specific product groups may pose specific risks that require additional steps to address and remediate those risks. Fair Wear requires member companies to be aware of those risks and implement policy requirements as prescribed by Fair Wear. | 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. | 6 | 6 | -2 |
| Compliance with FWF enhanced monitoring programme Bangladesh | Policies are not relevant to the company's supply chain | | | N/A | 6 | -2 |
| Compliance with FWF Myanmar policy | Advanced | | | 6 | 6 | -2 |
| Compliance with FWF guidance on abrasive blasting | Policies are not relevant to the company's supply chain | | | N/A | 6 | -2 |
| Compliance with FWF guidance on risks related to Turkish garment factories employing Syrian refugees | Advanced | | | 6 | 6 | -2 |
| Other risks specific to the member's supply chain are addressed by its monitoring system | Advanced | | | 6 | 6 | -2 |

Comment: MYANMAR

ODLO has one production location which is shared with another Fair Wear member. For this production location, ODLO did extensive due diligence and risk assessment before production started. The location was audited and has participated in a WEP Basic training and the supplier seminar on age verification. ODLO visited the supplier and is actively supporting to have a functioning union. The wage ladder of the production location has been included in ODLO's social report.

TURKEY

For Turkey, ODLO showed proof that suppliers are informed about the risks related to the working conditions of Syrian refugees and showed supplier declarations on refugees. All production locations have been audited and visited. At two locations the risk of migrant workers is limited because the process is highly automated and these locations have active policy on refugees. The third location is actively working with UNHCR to provide a safe place for refugees and is closely cooperating with a local NGO to ensure all rights are respected.

OTHER RISK

ODLO has a thorough understanding of risks in different production countries, which are identified in the country factsheets. For Indonesia ODLO explained how it is monitoring suppliers' progress on excessive overtime and for Vietnam the brand mentioned how it works on worker representation.

COVID-19

ODLO did a risk assessment based on general and country-specific information provided by Fair Wear. For non-Fair Wear countries, ODLO used information from other sources such as ILO and an overview provided by other Fair Wear members. Based on this risk assessment, ODLO identified wages, H&S and FoA as main risks related to Covid-19. Therefore the company closely monitored these aspects with all suppliers, indifferent of the country. This meant that during the regular update calls suppliers were asked for information on whether wages were paid, what the Covid-19 situation was at that time in the factory and in the country/region and whether the factory need to take additional measures. Also, ODLO checked every time whether the worker information sheets were still posted, to ensure workers would know about their rights and possibility to reach out for help. Information from these calls was also shared on management level, during weekly Covid-19 updates, to ensure different department activities would be aligned.

| 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: At five shared production locations ODLO has active cooperation with one or more other members with regard to supplier discussions and 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. | 90% | Low-risk countries are determined by the presence and proper functioning of institutions which can guarantee compliance with national and international standards and laws. Fair Wear has defined minimum monitoring requirements for production locations in low-risk countries. | Documentation of visits, notification of suppliers of Fair Wear membership; posting of worker information sheets, completed questionnaires. | 2 | 2 | 0 |

Member undertakes additional activities to monitor suppliers.: Yes (1)

Comment: For 90% of production in low-risk countries the requirements are fulfilled, including visits to all production locations. In addition to this, three production locations were audited.

| 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 | Fair Wear 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 Fair Wear and recent Audit Reports. | 2 | 2 | 0 |

Comment: ODLO did audit tail-end production locations.

| 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 | Fair Wear believes it is important for affiliates that have a retail/wholesale arm to at least know if the brands they resell are members of Fair Wear 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 | Fair Wear 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 Fair Wear's information management system. Documentation of sales volumes of products made by Fair Wear 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 | Fair Wear 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: 30

Earned Points: 30

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. | 1 | |
| Number of worker complaints resolved since last check. | 5 | |

| 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 Fair Wear 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 Member company has informed factory management and workers about the FWF CoLP and complaints hotline. | Yes | Informing both management and workers about the Fair Wear 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: During the monthly check-ins with all production locations ODLO asked for proof that the Worker Information Sheet was still posted.

| 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. | 65% | After informing workers and management of the Fair Wear CoLP and the complaints hotline, additional awareness raising and training is needed to ensure sustainable improvements and structural worker-management dialogue. | Training reports, Fair Wear's data on factories enrolled in the WEP basic module. For alternative training activities: curriculum, training content, participation and outcomes. | 4 | 6 | 0 |

Comment: Four production locations have participated in Fair Wears Workplace Education Programme basic module.

In Sri Lanka local trainers were trained to conduct the WEP Violence and Harassment Prevention module, which includes raising awareness of the Fair Wear CoLP. Five factories received this training.

In addition, ODLO shared videos for workers explaining their rights related to Covid-19 with eight production locations. ODLO collected proof that they have been watched by workers.

ODLO raised awareness of the Fair Wear CoLP and complaints hotline at production locations responsible for 65% of FOB (excluding low-risk countries).

| Performance indicators | Result | Relevance of Indicator | Documentation | Score | Max | Min |
|---|------------------------------|--|--|-------|-----|-----|
| 3.4 All complaints received from production location workers are addressed in accordance with the FWF Complaints Procedure. | Yes + Preventive steps taken | Providing access to remedy when problems arise is a key element of responsible supply chain management. Member company involvement is often essential to resolving issues. | Documentation that member company has completed all required steps in the complaints handling process. | 6 | 6 | -2 |

Comment: During the past financial year ODLO received four complaints from its own factory in Romania. Besides actively responding to the actual complaints, ODLO also addressed additional issues, such as the role of worker representatives in preventing complaints. During the performance check, ODLO shared an overview of all complaints, the steps taken, conclusions and the internal lessons learned.

| 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 Fair Wear member company can be critical in resolving a complaint at a supplier. | Documentation of joint efforts, e.g. emails, sharing of complaint data, etc. | N/A | 2 | 0 |

Complaints Handling

Possible Points: 15

Earned Points: 13

4. Training and Capacity Building

| Performance indicators | Result | Relevance of Indicator | Documentation | Score | Max | Min |
|---|--------|--|--|-------|-----|-----|
| 4.1 All staff at member company are made aware of FWF membership. | Yes | Preventing and remediating problems often requires the involvement of many different departments; making all staff aware of Fair Wear membership requirements helps to support cross-departmental collaboration when needed. | Emails, trainings, presentation, newsletters, etc. | 1 | 1 | 0 |

Comment: All new employees receive a detailed introduction training on Sustainability at ODLO including the Fair Wear Code of Labour Practises. On the first day of the financial year, ODLO organized a sustainability day with a focus on a holistic integration and embedding within the organisation.

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

Comment: CSR is regularly updating teams that are in direct contact with suppliers on audits and complaints. In addition to the development and sourcing teams, now local quality control staff is trained in support with Health and Safety checks, social compliance checks and CAP follow-up.

| Performance indicators | Result | Relevance of Indicator | Documentation | Score | Max | Min |
|--|--|--|---|-------|-----|-----|
| 4.3 All sourcing contractors/agents are informed about FWF's Code of Labour Practices. | Member does not use agents/contractors | Agents have the potential to either support or disrupt CoLP implementation. It is the responsibility of member company to ensure agents actively support the implementation of the CoLP. | Correspondence with agents, trainings for agents, Fair Wear 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. | 55% | Complex human rights issues such as freedom of association or gender-based violence require more in-depth trainings that support factory-level transformative processes. Fair Wear has developed several modules, however, other (member-led) programmes may also count. | Training reports, Fair Wear's data on factories enrolled in training programmes. For alternative training activities: curriculum, training content, participation and outcomes. | 6 | 6 | 0 |

Comment: Fair Wear trained trainers to conduct trainings on Violence and Harassment Prevention in Sri Lanka. The first trainings focused on the Fair Wear Code of Labour Practices and the follow-up trainings will focus on prevention of violence and harassment, therefore these trainings will not be counted towards this indicator.

Two locations in Vietnam participated in the WEP Communications and in Romania the brand organised a training for worker representatives. All locations together account for 55% of FOB.

Recommendation: Fair Wear recommends ODLO to ensure workers are trained on Violence and Harassment Prevention.

| Performance indicators | Result | Relevance of Indicator | Documentation | Score | Max | Min |
|---|------------------|---|--|-------|-----|-----|
| 4.5 Degree to which member company follows up after a training programme. | Active follow-up | 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. | 2 | 2 | 0 |

Comment: For the trainings where a report was available ODLO discussed the reports with the production location to determine specific activities and possible needs for additional training.

Training and Capacity Building

Possible Points: 11

Earned Points: 11

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 and has made agreements whether, and if so, which subcontractors can be used. For its own production locations, the brand is aware and visiting subcontractors. For the production locations that are not owned by ODLO, (local) ODLO staff visits production locations regularly and checks for subcontracting.

During an internal investigation ODLO discovered its production location in Portugal was using unauthorised subcontractors. On becoming aware the situation was immediately remediated by adding all information regarding these production locations is now in the system.

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

Information Management

Possible Points: 7

Earned Points: 6

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

Comment: All ODLO's communication materials and channels contain information about Fair Wear membership in the correct wording. As a Fair Wear leader brand, ODLO uses on-garment communication on hang-tags and product boxes, in addition to the website, brochures, press releases and catalogs. ODLO introduced the new Fair Wear visual identity.

| Performance indicators | Result | Relevance of Indicator | Documentation | Score | Max | Min |
|--|---|---|--|-------|-----|-----|
| 6.2 Member company engages in advanced reporting activities. | Supplier list is disclosed to the public. | Good reporting by members helps to ensure the transparency of Fair Wear's work and shares best practices with the industry. | Member company publishes one or more of the following on their website: Brand Performance Check, Audit Reports, Supplier List. | 2 | 2 | 0 |

Comment: The most recent Brand Performance Check report has been published on ODLO's website and production locations are disclosed in ODLO's sustainability report. In addition, ODLO has signed the Fair Wear transparency policy and discloses close over 90% of its production locations.

| 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 Fair Wear's communication policy. | Social report that is in line with Fair Wear's communication policy. | 2 | 2 | -1 |

Comment: The 2019/2020 Sustainability report has been submitted to Fair Wear and published on ODLO's website

Transparency

Possible Points: 6

Earned Points: 6

7. Evaluation

| Performance indicators | Result | Relevance of Indicator | Documentation | Score | Max | Min |
|---|--------|---|--|-------|-----|-----|
| 7.1 Systemic annual evaluation of FWF membership is conducted with involvement of top management. | Yes | An annual evaluation involving top management ensures that Fair Wear policies are integrated into the structure of the company. | Meeting minutes, verbal reporting, Powerpoints, etc. | 2 | 2 | 0 |

Comment: The ODLO sustainability strategy is integrated into the company's overall strategy. To ensure progress, status and achievements are reported quarterly to the Executive Management Team.

| 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. | 100% | In each Brand Performance Check report, Fair Wear may include requirements for changes to management practices. Progress on achieving these requirements is an important part of Fair Wear 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 previous performance check ODLO received a requirement regarding follow-up on advanced trainings. During this performance check the brand showed follow-up on several trainings.

Evaluation

Possible Points: 6

Earned Points: 6

Recommendations to Fair Wear

ODLO has the following recommendations:

Dates for member webinars, but also in person supplier seminars, are shared on very short notice . Often only one week time to ensure suppliers can participate, a pity for efforts made if not all can be reached in time.

Follow up on communication trainings - No reports on Fair Force, inconsistent follow up between countries: For Myanmar

ODLO received a status report, for Vietnam there were no update at all.

Communication – COVID19 material - Information overload, documents interlinked to many other documents.

Logo change in 2 steps - the brand needed to update all box designs twice, time and cost intense and leads to mixed stock/inconsistent designs.

Scoring Overview

| Category | Earned | Possible |
|--------------------------------|--------|----------|
| Purchasing Practices | 42 | 52 |
| Monitoring and Remediation | 30 | 30 |
| Complaints Handling | 13 | 15 |
| Training and Capacity Building | 11 | 11 |
| Information Management | 6 | 7 |
| Transparency | 6 | 6 |
| Evaluation | 6 | 6 |
| Totals: | 114 | 127 |

Benchmarking Score (earned points divided by possible points)

90

Performance Benchmarking Category

Leader

Brand Performance Check details

Date of Brand Performance Check:

14-12-2020

Conducted by:

Anne van Lakerveld

Interviews with:

Daniel Mulvie - Supply chain director

Julia Kramer - CSR manager