



## **Brand Performance Check**

### **K.O.I. International b.v.**

This report covers the evaluation period 01-01-2020 to 31-12-2020

## 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](http://www.fairwear.org). The online [Brand Performance Check Guide](#) provides more information about the indicators.

*This years' report covers the response of our members and the impact on their supply chain due to the Covid-19 pandemic which started in 2020. The outbreak of the Covid-19 pandemic limited the brands' ability to visit and audit factories. To ensure the monitoring of working conditions throughout the pandemic, Fair Wear and its member brands made use of additional monitoring tools, such as complaints reports, surveys, and the consultation of local stakeholders. These sources may not provide as detailed insights as audit reports. To assess outcomes at production location level, we have included all available types of evidence to provide an accurate overview of the brands' management systems and their efforts to improve working conditions. Nevertheless, brands should resume verifying working conditions through audits when the situation allows for.*

# Brand Performance Check Overview

**K.O.I. International b.v.**

**Evaluation Period: 01-01-2020 to 31-12-2020**

Member company information	
Headquarters:	Amsterdam , Netherlands
Member since:	2012-12-31
Product types:	Garments, clothing, fashion apparel
Production in countries where Fair Wear is active:	Bulgaria, China, North Macedonia, Romania, Tunisia, Turkey
Production in other countries:	Greece, Italy, Netherlands, Republic of Moldova, Spain
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	96%
Benchmarking score	73
Category	Good

## Summary:

Kings of Indigo (K.O.I.) has met most of Fair Wear's performance requirements, and with a benchmark score of 73, has been awarded the 'Good' rating. Although the monitoring threshold does not determine the category this year, K.O.I. has fulfilled the monitoring requirements by monitoring 96% of production.

## Corona Addendum:

K.O.I.'s business model relies on sales via retailers and its own web-shop, which helped it to be more resilient during the COVID-19 pandemic. Retailers had to close during the lockdowns but most retained trust in K.O.I. and the market, which is how K.O.I. was able to fulfil most of its SS20 orders. Although some of K.O.I.'s larger retailers cancelled orders, K.O.I. added those products to its own web-shop. By shifting products in this way, K.O.I. did not cancel or reduce its orders to suppliers. K.O.I.'s staff kept normal working hours during the pandemic but worked largely from home.

When the pandemic first hit, K.O.I. reached out to all suppliers and let them know that it was entering a weeklong pause to assess the situation and whether it could keep all orders as planned. After this week, K.O.I. reassured all suppliers that it would not be cancelling or reducing any orders. As the pandemic progressed, K.O.I. maintained regular (at least once a week) contact with all its suppliers and approached them in a solution-driven and flexible manner. When suppliers could only function at 30% capacity, K.O.I. discussed production planning at length and accepted any delays. Furthermore, K.O.I. arranged prepayments for fabrics and orders when suppliers requested this. For one of its main denim suppliers, K.O.I. paid a set amount weekly, which helped ensure financial stability for the supplier. However, there was evidence found during the performance check of several late payments made K.O.I. to suppliers. 2020 was a difficult year for K.O.I. and the late payments resulted from late payments made by retailers which, in turn, created cash-flow problems for K.O.I. When this happened, K.O.I. informed its suppliers in advance of the late payment and reassured them the invoice would be paid as soon as possible. Despite the challenges posed by the crisis, the member brand should endeavour to pay its invoices on time to support the financial stability of its suppliers.

K.O.I. conducted thorough risk assessments on the impact of the pandemic on its supply chain. The member used the findings to prioritise follow up according to where the situation was most worrisome for workers, namely in India. It was discovered here that one of its suppliers had a large COVID-19 outbreak and that workers were only receiving 20-30% of their wages. K.O.I., with the support of the Fair Wear India country manager, reached out to a local trade union for the garment sector to conduct an investigation. This is a complex case that is still ongoing.

Wages and job losses were also a concern for suppliers outside of India. In most other production countries, factories had to close for periods of time, during which K.O.I. was in contact with the suppliers weekly. In some countries, governmental assistance was hard to come by, such as in Tunisia. K.O.I. knew that its suppliers applied for governmental assistance to continue paying workers' wages during the closures but did not verify whether the suppliers received this. However, no issues related to the payment of minimum wages were found during the audits conducted later in the year.

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In terms of health and safety for workers, K.O.I. developed a health and safety code that it shared with all its suppliers and asked them to display it where workers could easily see it. K.O.I. also applied this code to its own offices. In developing this code, K.O.I. made use of Fair Wear's materials such as the COVID-19 Factory Health and Safety Discussion Sheet, the COVID-19 Health and Safety Measures Checklist, and attended webinars held by Fair Wear and the A.G.T.

Although they were postponed at first, K.O.I. was able to carry out six audits in 2020, which covered 93% of its production in total. These audits provided extra monitoring and verification of the suppliers during the pandemic and gave valuable insights. However, K.O.I. did not do more than basic follow up on existing C.A.P.s.

Overall, K.O.I. reacted quickly to the situation presented by the pandemic and was able to adapt to the crisis while working to strengthen its systems.

## 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.	91%	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.	4	4	0

**Comment:** K.O.I. has continued to consolidate its supplier base. In 2020, 91% of K.O.I.'s production volume came from suppliers where the brand buys at least 10% of the suppliers' 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.	9%	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.	3	4	0

**Comment:** 9% of K.O.I.'s production volume comes from production locations where it buys less than 2% of its total FOB.

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.	63%	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:** The percentage of production volume that comes from locations where a business relationship has existed for at least five years has grown to 63% of the 2020 production volume. K.O.I.'s policy of developing longer term relationships with mutual growth is starting to show.

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:** K.O.I. started production at six new facilities in 2020 and was able to show the signed questionnaires.

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:** K.O.I. has an integrated human rights due diligence and sourcing policy. Part of the policy is a CSR checklist that needs to be filled by buyers before entering a new business relationship. Buyers are always stimulated to source new products from the existing pool of suppliers. If it remains necessary to use a new supplier, buyers need to provide information on five points: 1) Country-specific risks and issues, which are determined using the Fair Wear country studies and CSR risk checker; 2) existing audit reports and whether the supplier is already producing for another Fair Wear member brand; 3) the supplier's use of subcontractors and homeworkers; 4) Fair Wear presence in the country; 5) health and safety situation in the factory, which is done by filling in the health and safety check list. After all this information is collected and analysed, the CSR Manager has the final say in deciding to begin a new business relationship with a supplier. K.O.I. requires that both suppliers and intermediaries sign an agreement in which they declare to uphold the CoLP and disclose the production locations that will be used. This ensures that there is no unauthorised subcontracting and that K.O.I. has clear insights into all their production locations and the related human rights due diligence. When production staff travel to suppliers, they document the CoLP implementation status in a factory report and fill in the Fair Wear health and safety checklist.

In 2020, K.O.I. started new business relationships with six new suppliers in China, Tunisia, Turkey and India. Before production started, K.O.I. studied the regional risks with the support of Fair Wear's country representative and local stakeholders.

During the Covid-19 pandemic of 2020, the described approach was followed as usual for starting with the new suppliers. K.O.I. also made sure it was informed about the impact the pandemic had on its supply chain in production countries. To this end, K.O.I. consulted the Fair Wear COVID-19 dossier, Clean Clothes Campaign's updates, followed AGT's developments and updates, was in contact with a local NGO and a garment labour union about the situation in India, and maintained regular contact with its suppliers. Through this, K.O.I. was able to identify the main risks in its supply chain due to the pandemic – payment of wages, factory closures and health and safety of workers – and prioritise them according to highest risks. As such, K.O.I, with support from Fair Wear's India country manager, arranged for a garment labour union and local organisation to investigate a factory where there was a large COVID-19 outbreak and where workers were only receiving 20-30% of their wages over a period of 2-3 months. Remediation of this will be further reported on in indicator 1.9 and 2.7. In its supply chain, K.O.I. faced factory closures in India, Turkey, Tunisia, Greece and Italy, all of which only reopened after approval by local authorities.

Audits planned in the first half of 2020 by K.O.I. were postponed and took place later in 2020. When it was not possible for the audits to be conducted, K.O.I. arranged with its suppliers to receive pictures of the workplace that showed how health and safety requirements were carried out.

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:** K.O.I. has developed a supplier benchmarking tool which it uses to evaluate its suppliers. By means of this tool, K.O.I. assesses quality, communication, price and margin alongside social compliance. Under the heading of social compliance, K.O.I. looks at suppliers' willingness to perform audits and trainings, results from Fair Wear audits, how they follow up on corrective action plans, risk of subcontracting and homeworkers, and the outcome of the health and safety checklists. Suppliers can be awarded a low, medium or good status. Feedback is shared with suppliers on their evaluation and how they can (or have) improve(d). K.O.I. rewards suppliers who perform well with increased order placements where possible, alternatively the supplier can be offered the opportunity to take part in a training programme, or K.O.I. invests in the supplier in some other way.

K.O.I. uses a responsible exit strategy that has been taken up in its sourcing and production policy and is based on the Fair Wear responsible exit strategy. An important aspect of this policy is to be open and transparent in communication with suppliers about issues and to give suppliers time to rectify the problem. K.O.I.'s goal is to first solve the issue together with the supplier. If this, however, proves to not be possible, K.O.I. moves on to responsibly exiting the supplier.

In 2020, K.O.I. ended its business relationship with two suppliers. The first was a new supplier in China who was producing a new specialty product for K.O.I, where, during the first production season, communication and capacity issues began to show. K.O.I. decided to remove the product from its collection as its environmental sustainability could not be guaranteed and because the supplier was not open to working together towards issue resolution. K.O.I. had a very small leverage in this factory - a mere 0.05% - which meant that its exit from the factory did not have any adverse impacts. However, the member company did follow its responsible exit strategy and communicated clearly with the supplier every step of the way. The second supplier was the supplier in India where there was a large COVID-19 outbreak and workers were only paid 20-30% of their wages during the factory closure. K.O.I. continued to try and work with the supplier to improve the situation until the supplier communicated in November 2020 that it would no longer be producing for the international market and therefore not produce the order planned for K.O.I. in December.

During the pandemic, K.O.I. did not cancel or reduce any orders and accepted all production delays. If K.O.I.'s customers issued fines because of delayed deliveries of products, K.O.I. shouldered these costs and did not pass them on to its suppliers. The member brand remained in close contact with its suppliers and had regular conversations about production capacity and how this was affected by the pandemic. K.O.I. made plans and schedules with its suppliers in which they were able to complete production within a reasonable timeframe. Several of K.O.I.'s suppliers had to switch to working in shifts in order to both be able to maintain distance between workers and meet production goals, which K.O.I. discussed with them at length.

Performance indicators	Result	Relevance of Indicator	Documentation	Score	Max	Min
1.6 The member company's production planning systems support reasonable working hours.	General or ad-hoc system.	Member company production planning systems can have a significant impact on the levels of excessive overtime at production locations.	Documentation of robust planning systems.	2	4	0

**Comment:** K.O.I.'s production planning is a collaborative process with its suppliers, that is characterised by frequent feedback and close communication. After K.O.I. shares its production forecast, fabric is blocked. K.O.I. can track every stage of production for its suppliers in Italy, Tunisia, Turkey, Bulgaria and North Macedonia, from the moment the fabric arrives to the washing and finishing of products. K.O.I. is aware of peak seasons and its main suppliers' yearly production capacity, including which production lines are used for its order. Furthermore, K.O.I. knows the time needed by suppliers for the different production phases such as stitching, washing and finishing. The member company's product development also works to help prevent production pressure by working with many carry-over styles, sometimes with a different fabric, or with the same fabric on a different style.

K.O.I. used to work with a lead time of eight weeks but has seen in practice that suppliers often need a lead time of 12 weeks instead. To accommodate this, K.O.I. shortens its own time to work on building its collections. As such, delays are mostly anticipated and already included in the lead times. However, delays can still occur, particularly during the pandemic. When delays occur, K.O.I. accepts them and assumes responsibility for any negative consequences. K.O.I. informs its retailers about delays as soon as possible and maintain close contact so that clients would accept the delayed orders. K.O.I. avoids putting pressure on its suppliers, especially during the pandemic. Furthermore, K.O.I. works with production drops, so that the order can be completed in stages, which also puts less pressure on suppliers.

K.O.I. works with quite a large number of suppliers for its size with comparatively low orders at each. This means, on the one hand, that suppliers tend to use K.O.I.'s orders to fill production lines and can be flexible with deciding on when to start these orders (particularly with Never Out of Stock items). On the other hand, however, it means that K.O.I. faces challenges to influence supplier's production planning: bigger orders sometimes come in between, causing friction in the production planning with overtime hours for workers as a result. With a more consolidated supply chain, K.O.I. would be able to have more influence over production planning and reduce excessive overtime hours.

**Recommendation:** Fair Wear recommends K.O.I. International b.v. to discuss with the factories how to deal with planning of production during peak season to prevent excessive overtime.

Once root causes of excessive overtime are known, the brand can use the Fair Wear guidance on addressing excessive overtime and check what solutions, processes and tools are linked to a particular root cause. The member can then discuss with suppliers what solutions need to be implemented.

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:** Five audits were conducted in 2020, three of which had findings related to excessive overtime. The most serious findings regarding excessive overtime were found in the audits in China and India. However, K.O.I.'s business relationship with these suppliers has since ended which has hampered effective response. The other audit in question was conducted in Tunisia, where the audit team was unable to verify working hours due to a confusing, manual time writing system. K.O.I. has engaged in conversation in the past about this way of documenting working hours and aims to restart this conversation in 2021.

K.O.I. was aware of the risks posed by COVID-19 related measures in terms of excessive overtime and discussed this with its suppliers. For example, one of K.O.I.'s suppliers was only able to operate at 30% production but was able to keep to its production planning due to implementing a shift system, which K.O.I. verified. Lead times set between K.O.I. and its suppliers are always viewed as provisional, once an order is received, the supplier lets K.O.I. know what the actual lead time will be. To further reduce production pressure, K.O.I. accepted all production delays from its suppliers without imposing any consequences, financial or otherwise.

**Recommendation:** K.O.I. International b.v. could discuss with factory management on the causes of excessive overtime and provide support to manage overtime. If necessary, K.O.I. International b.v. could hire local experts to analyse root cause of excessive overtime in cooperation with the supplier. Fair Wear could recommend qualified persons upon request.

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:** K.O.I. has begun to implement an open costing methodology with its suppliers and created a collaborative and transparent relationship on costs with its suppliers. For every product, it has a detailed cost-break down, accumulating all information that makes up the price of a piece of clothing: the actual costs for fabric, accessories, trims, artwork, labelling and packaging as well as labour costs per minute, overhead and profit. K.O.I.'s development and production teams have made this their own and integrated it into the way they work and do business with suppliers. Some of K.O.I.'s suppliers are able to work with this open costing methodology, but others still need further training, which K.O.I is rolling out. The suppliers that do not use the open costing sheets do use open calculations which are slightly less detailed but show at a minimum the cost for material and trims, stitching, washing, operation and labour costs.

When placing an order, K.O.I. asks its suppliers to fill in the open costing sheets which determines the price. If any changes are made to the order or design after this has been agreed upon, K.O.I. asks whether the costing in the forecast is still correct and adjusts where necessary. Inflation in legal minimum wage and inflation are taken into consideration in this process.

During the pandemic, K.O.I. paid all suppliers a prepayment when this was requested. Costs associated with implementing health and safety measures were discussed between K.O.I. and its suppliers and integrated into the open cost sheets. However, K.O.I. did not know if any further wage costs were made by its suppliers and it was not able to show that COVID-19 related costs were included in the price.

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:** In 2020, an audit in India found that a group of workers were not receiving the legal minimum wage. This was the same supplier where K.O.I. discovered that workers were only receiving 20-30% of their wages over a period of 2-3 months when the factory was closed. K.O.I. arranged, with help from Fair Wear's India country manager, for a local NGO and a garment labour union to investigate the situation. It was crucial for a neutral third party to conduct the investigation and it also highlighted the importance of approaching local stakeholders to K.O.I. The investigation found, among others, that there was a large sum of money still owed to the factory by other customers. It was an amount that was too large for K.O.I. to cover. K.O.I. did its best to help the supplier by prepaying for fabric and even tried to approach other customers. Despite its best efforts, K.O.I. was not able to remedy the situation. By the time the audit report was received by K.O.I., the supplier had already ended the business relationship. While K.O.I. did share the audit findings with the supplier, no further steps were possible.

While no findings were reported in the other audits related to legal minimum wage violations, all did report non-compliances related to other wage violations, such as incorrect payment of bonuses, social security, annual leaves and incomplete records. K.O.I. is following up on these findings as per the corrective action plan.

During the pandemic, there were factory closures in Tunisia where factories were able to apply for government assistance to pay workers' wages. K.O.I. discussed the payment of workers' wages with its suppliers on a regular basis. As such, the knew that the suppliers applied for this assistance but not whether it was received. Two of these factories, both subcontractors of K.O.I.'s main supplier in Tunisia, were audited in the summer of 2020 where it was verified that both factories received the governmental support to pay workers. It is advisable, however, for K.O.I. to verify whether this was the case for all its suppliers in Tunisia. The audits furthermore showed that minimum wage was paid to workers throughout the lockdown. One of the factories did work with a system of giving workers loans, which could be a source of concern and should therefore be monitored. K.O.I. continued to pay its main supplier in Tunisia a set weekly amount, to help with financial stability.



In terms of the other countries in K.O.I.'s supply chain no issues were found in relation to the payment of legal minimum wage during the pandemic and factory closures: K.O.I.'s supplier in China was audited, which showed that workers received at least the legal minimum wage during the pandemic and related lockdowns. In Turkey, suppliers received assistance from the government to continue paying workers' wages but beyond discussing this with the supplier, K.O.I. did not verify whether workers received their wages by checking wage records.

**Requirement:** During COVID-19 the member is expected to thoroughly check with its suppliers whether they foresee any issues with payment of wages.

**Recommendation:** It is recommended that K.O.I. verifies wages of workers through requesting wage slips to make sure that all workers are paid at least legal minimum wage throughout the pandemic. In instances where audits show that factories supplied workers with loans, K.O.I. is strongly encouraged to follow up with the factory to check that no unreasonable interest rates are applied or wages withheld.

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:** In 2020, the member company made late payments to its suppliers. During the performance check, a sample of invoices was checked to determine if there were any delayed payments, which was the case. For around half of the sample, the brand made the payment after the final payment date on the invoice. For one of its main suppliers in Tunisia, the late payments resulted from a payment arrangement, wherein it was stated that K.O.I. would pay an agreed upon amount on a weekly basis to help ensure financial stability for the supplier. The late payments concerned invoice corrections - everything the K.O.I. still had to pay on top of the weekly payments.

There was also evidence found for delayed payments to other suppliers checked during the brand performance check. 2020 was a difficult year for everyone in K.O.I.'s supply chain, including retailers. When retailers did not pay their invoices on time, K.O.I. was left with cashflow problems and unable to pay its suppliers in the agreed upon timeframe. When this happened, K.O.I. let its suppliers know in advance that an invoice would be paid late and reassured them that the payment would not be delayed for long. K.O.I. saw this as mutual support between itself and its suppliers during the pandemic where all were helping the other's survival. Whenever possible, K.O.I. helped its suppliers financially by prepaying for fabrics, yarn or other costs.

**Requirement:** K.O.I. International b.v. should pay its suppliers on time, and have a system to ensure on-time payments are made to suppliers. Late payments to suppliers have a negative impact on factories and their ability to pay workers on time. Most garment workers have minimal savings, and even a brief delay in payments can cause serious problems.

Performance indicators	Result	Relevance of Indicator	Documentation	Score	Max	Min
1.11 Degree to which member company assesses 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:** K.O.I. discusses living wage with all its suppliers and knows that it is a problem in the industry that brands do not pay enough to support the payment of a living wage. While all its suppliers are open to discussing the topic of living wage, K.O.I. has found that some are more receptive to taking next steps than others. It is with the more willing suppliers that K.O.I. is currently working actively on living wages - discussing on how to implement them and what the target wages should be - this has, however not yet resulted in an increase of wages, which is expected in 2021. K.O.I. also noticed that some suppliers were too busy dealing with the pandemic to continue the discussion on living wages. The member company expects to continue those conversations in 2021.

With help of the open costing sheets and the audits conducted in 2020, K.O.I. has insights into how the pandemic resulted in lower wages, which was mainly through the reduction of bonuses and factory closures. This increased the gap between paid wages and living wage.

**Recommendation:** Fair Wear encourages K.O.I. International b.v. to discuss with suppliers about different strategies to work towards higher wages. It is advised to start with suppliers where the member is responsible for a large percentage of production and long term business relationship.

Fair Wear encourages K.O.I. International b.v. to involve worker representatives and local organisations in assessing root causes of wages lower than living wages. It is advised that the outcomes of the root cause analysis are discussed internally and with top management, to form a basis for an embedded strategy.

If COVID-19 has led its suppliers to (temporarily) reduce the wages, K.O.I. International b.v. should discuss possible solutions with them, using the ETI/FW Brand/supplier conversation framework.

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	6	0

**Comment:** K.O.I. has taken concrete steps towards determining and financing wage increases with one of their suppliers in Turkey. This was done in cooperation with other Fair Wear members sourcing at the same factory. In 2020, they agreed with the supplier what the target wage should be and incorporated the increase of wages in the calculation model. The target wage set was based on Fair Wear's living wage benchmark in Turkey. It is expected that K.O.I. will start paying this for the spring summer 2022 collection. The wage increase will be financed through increasing the prices of the relevant products for consumers.

For two other suppliers, K.O.I. is working on setting the target wage and agreeing on next steps. K.O.I. intends to learn from the process of setting and financing increased wages with the supplier in Turkey and apply this to these two suppliers.

**Recommendation:** In determining what is needed and how wages should be increased, it is recommended to involve worker representation.

To support companies in analysing the wage gap, Fair Wear has developed a calculation model that estimates the effect on FOB and retail prices under different pricing models.

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.	0%	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.	0	6	0

**Comment:** K.O.I. was not yet paying its share of the target wage at any of its suppliers in 2020 but expects to do so in 2021 for at least one supplier.

**Recommendation:** We encourage K.O.I. International b.v. to show that discussions and plans for wage increases have resulted in the payment of a target wage.

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## Purchasing Practices

**Possible Points: 52**

**Earned Points: 30**

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## 2. Monitoring and Remediation

Basic measurements	Result	Comments
% of production volume where an audit took place.	93%	
% 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.)
Member meets monitoring requirements for tail-end production locations.	No (implementation will be assessed next performance check)	FWF members must meet tail-end monitoring requirements. Implementation will be assessed during next Brand Performance check.
Requirement(s) for next performance check		
Total monitoring threshold:	96%	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:** K.O.I. has a designated CSR manager to follow up on problems identified by the company's 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 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

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:** Audit reports were shared with suppliers and timelines for remediation are established in a timely manner. K.O.I. asked factory management to share CAPs with worker representation but has not verified whether this took place.

**Recommendation:** Before an audit takes place, K.O.I. 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	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.	4	8	-2

**Comment:** K.O.I systematically follows up on corrective action plans and creates a prioritised timeline upon receiving the report and discusses this with factory management and, where relevant, agents. The status of improvements and supporting evidence is collected and monitored by the CSR manager. As supporting evidence is often in the local language, K.O.I. experienced some difficulties in judging whether a CAP has been fully remediated. Fair Wear's local team could be of support in these cases. More complex, structural issues, such as living wage or overtime, are discussed directly with factory management, preferably face to face.

In terms of CAP resolution in 2020, K.O.I. discussed all of the previous year's audits and progress on CAP resolution with its Tunisian suppliers during a trip to Tunisia in January. However, after the start of the pandemic, K.O.I. and its suppliers focused their resources on dealing with the considerable issues and challenges that arose from the pandemic. Because of this, CAP resolution was not the main priority and not as much progress was made.

#### COVID-19

Where K.O.I. was not able to follow up on CAPs, it did take an active role in following up on findings and risk related to the pandemic.

As described in indicator 1.9, K.O.I. arranged for an independent third party to conduct an investigation into of its suppliers in India where there was a large outbreak of COVID-19 along with losses of jobs and wages. The remediation of this is still ongoing as the problem is too complex for K.O.I. to address by itself. In general, K.O.I. acted quickly and proactively to understand the issues at this supplier and took relevant and reasonable steps in following up.

In terms of health and safety requirements related to the pandemic, K.O.I. discussed necessary measures with its suppliers and made sure they were implemented through photo/video evidence. This included safe distance between workers, hand sanitising stations, temperature measurements of workers upon entering the factory and extra cleaning. K.O.I. developed its own health and safety workplace code which was translated into local languages and displayed in the factories where all workers could see it.

**Requirement:** Resolving and remediating non-compliances is one of the most important criteria member companies can do towards improving working conditions. Fair Wear expects K.O.I. International b.v. to examine and support remediation of any problem that they encounter. Coordinated efforts between different departments are required to ensure sustained responses to CAPs.

**Recommendation:** The feedback and supportive evidence that is sent by suppliers can be complex and difficult to interpret when unfamiliar with the local laws and expertise. K.O.I. International b.v. can use Fair Wear's local team to verify the supportive evidence in case that is desirable.

The member should take steps to remediate CAP findings and regularly check in with suppliers on the status and developments.

Fair Wear also recommends K.O.I. International b.v. to gradually ensure factories establish independent worker representation and involve these representatives in monitoring and remediation of findings.

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.	not applicable	Due to the Covid-19 pandemic, brands could often not visit their suppliers from March - December 2020. For consistency purposes, we therefore decided to score all our member brands N/A on visiting suppliers over the year 2020.	Member companies should document all production location visits with at least the date and name of the visitor.	N/A	4	0

**Comment:** In 2020, this indicator counts as non applicable for all member brands due to the pandemic. K.O.I. visited production locations that account for 12% of the production volume.

Performance indicators	Result	Relevance of Indicator	Documentation	Score	Max	Min
2.6 Existing audit reports from other sources are collected.	Yes and quality assessed	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.	2	3	0

**Comment:** K.O.I. has collected an external audit report and has assessed the quality. There were no corrective actions to be implemented.



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 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.	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	Advanced			6	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: ABRASIVE BLASTING**

K.O.I. does not allow abrasive blasting for its denim products and its suppliers sign the code of conduct and supplier manual both of which prohibit this. Furthermore, all the laundry facilities used for denim have an EIM score, which not only forbids abrasive blasting but also shows exactly which processes and chemicals are used for washing denim.

K.O.I. is aware of the risks of the alternatives to sandblasting and does not use any of these methods. Instead, K.O.I.'s finishing techniques include laser, eco pp spray, eco rubber stones, hand scraping, etc. K.O.I.'s production and development departments already take finishing techniques into consideration during the design phase.

### **TURKEY**

#### **Subcontracting:**

In its contract with its suppliers, K.O.I. has a subcontracting clause, which prohibits unauthorised subcontracting. K.O.I. also knows which production processes each of its suppliers are capable of and openly discusses production planning and capacity with them. Finally, K.O.I. sees factory visits as important to mitigating the risk of unauthorised subcontracting as production planning is usually on display and K.O.I. sees its own products in the lines. During the pandemic these visits were not possible, but K.O.I. was in contact with the suppliers on a weekly basis and discussed production planning at length. Furthermore, due to the pandemic, the audits K.O.I. had planned for 2020 were postponed or cancelled. The member company aims for these audits to take place in 2021.

#### **Syrian refugees:**

K.O.I. has discussed Fair Wear's policy on Syrian refugees with all its suppliers in Turkey. One of K.O.I.'s suppliers employs Syrian refugees through an official programme. This means that, with the programme's help, the factory adheres to all legal requirements for employing refugees. The factory also displays the Worker Info Sheet in Arabic, has included Syrian workers in the workers committee and has translated all contracts to Arabic. K.O.I.'S other supplier in Turkey does not employ any Syrian refugees, which has been verified by an audit.

## REST OF SUPPLY CHAIN

K.O.I. is generally aware of the risk specific to the countries it sources from. As such, K.O.I. knows about the risk of short-term contracts in Tunisia, discusses this with its suppliers and has been in touch with FNV and CNV (international trade unions) to learn more about how social dialogue could help the situation. As such, K.O.I. had planned to start a training on this topic with its Tunisian suppliers but this was postponed multiple times due to the pandemic. K.O.I. was also aware of the risks associated with China, such as excessive overtime and a lack of freedom of association but stopped sourcing there during 2020. Similarly, K.O.I. informed itself of the risks associated with India and discussed them with its suppliers and agents but its supplier ended the business relationship. K.O.I.'s experiences with both China and India have led it to re-evaluate where to source from and which risks it finds acceptable. Despite being well informed of the risks in its supply chain, K.O.I. often has a low leverage at its suppliers. This can sometimes lead to difficulties for K.O.I. in addressing known risks, which was the case with both the Chinese and Indian suppliers mentioned above.

## COVID-19

When the pandemic first started, K.O.I. put all its orders on hold for one week but straight after confirmed to all suppliers that it would not be cancelling any orders. K.O.I. maintained regular contact with its suppliers, at least once per week throughout the pandemic, even during periods where factories had to close. K.O.I. conducted a risk assessment of its supply chain and gained clear insights into the situation. Based on this, K.O.I. was able to evaluate where the situation was most pressing and prioritised its follow up according to this, namely at its supplier in India.

In terms of health and safety, K.O.I. developed a health and safety code that it shared with all its suppliers and asked them to display it for all workers to see. K.O.I. also applied this code to its own offices. In developing this code, K.O.I. made use of Fair Wear's materials such as the COVID-19 Factory Health and Safety Discussion Sheet, the COVID-19 Health and Safety Measures Checklist, and attended webinars held by Fair Wear and the AGT. K.O.I. also financially supported its suppliers by including a price increase in the costing sheets and prepaying for anything the factory requested. To verify the OHS measures taken by its suppliers, K.O.I. requested photographic and video evidence.

**Recommendation:** The member is encouraged to apply a gender lens to the COVID-19 risk assessment.

Fair Wear also encourages K.O.I. to keep its supply chain compact to make sure sufficient resources are available to address country specific risks.

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.	No CAPs active, no shared production locations or refusal of other company to cooperate	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.	N/A	2	-1

**Comment:** In 2020, there were no audits at shared production locations.

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.	93%	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.:** No (0)

**Comment:** K.O.I. has fulfilled the monitoring requirements for 93% of its suppliers in low-risk countries.

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:** In 2020, K.O.I. conducted audits at three tail end 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: 24**

**Earned Points: 19**

### 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.	1	
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 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:** K.O.I.'s CSR manager is responsible for addressing 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 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 factory visits, K.O.I. checks if the worker information sheet is posted at an accessible location for workers. During the pandemic, photographic evidence was used instead.

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.	84%	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.	6	6	0

**Comment:** K.O.I. has enrolled 84% of its production volume into the Workplace Education Programme, which raises awareness about the eight labour standards and the Fair Wear complaints helpline.

During its visit to Tunisia in January 2020, K.O.I. handed out 50 worker information cards to workers at the suppliers.

During the pandemic, K.O.I. shared the Fair Wear COVID-19 worker engagement and monitoring videos in Bulgaria, India, North Macedonia and Turkey. K.O.I. verified that the workers saw the videos by requesting the factories to send photos and videos of the viewing sessions. K.O.I. showed this evidence during the performance check.

**Recommendation:** K.O.I. International b.v. could consider implementing additional activities to raise awareness about the Fair Wear Code of Labour Practices and Fair Wear complaint helpline next to providing good quality training. This could include providing the Fair Wear worker information cards to workers when handing out pay slips, making use of Fair Wear Factory Guide, stimulating peer-to-peer learning among workers and ensuring factory management regularly informs workers, in particular new workers, about their rights and available grievance mechanisms.

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:** In 2020, K.O.I. received two complaints at one supplier where other Fair Wear members also source. K.O.I. took the lead in addressing the second complaint. The first complaint was about the aggressive behaviour of a member of the administrative staff and the second about pressure to work overtime for workers who were not close to the supervisor. Despite the seemingly different topics of the two complaints, the root cause identified was the stress caused by COVID-19 and an earthquake. K.O.I.'s CSR manager discussed this with the factory manager and the first steps were taken towards solving the complaint. As the complaint was received towards the end of 2020 and therefore not resolved before the end of the financial year, the final steps of the complaint will be assessed in next year's performance check.

The other complaint at the same supplier was followed up by one of the other members producing in this factory. K.O.I. was updated regularly on the follow-up steps taken. Preventative steps were taken in solving this complaint through awareness raising by the management among all staff and workers of the reason for certain safety measures, emphasising the importance of non-violent communication.

A WEP is scheduled to take place in this factory in 2021.

**Recommendation:** Where applicable, worker representation should be involved in agreeing to the Corrective Action Plan.

Performance indicators	Result	Relevance of Indicator	Documentation	Score	Max	Min
3.5 Cooperation with other customers in addressing worker complaints at shared suppliers.	Active cooperation	Because most production locations supply several customers with products, involvement of other customers by the 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.	2	2	0

**Comment:** K.O.I. collaborated with other brands sourcing in the factory where the complaints were filed, on resolving the complaints but also on other topics such as CAP remediation and living wage.

## Complaints Handling

**Possible Points: 17**

**Earned Points: 17**



## 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:** K.O.I. has integrated discussions about Fair Wear membership in structural meetings with relevant staff members. As such, there is a weekly meeting between design, production, development and CSR; a weekly marketing and CSR meeting; a bi-weekly meeting between the CEO and CSR manager; a monthly CSR meeting in which all relevant staff are present; and a twice yearly meeting with finance.

New employees are informed about Fair Wear membership when they first join K.O.I.

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:** Staff in direct contact with suppliers have separate meetings with the CSR manager related to Fair Wear developments. Before factory visits, the CSR person shares discussion points (related to open CAP issues for instance) with these colleagues.

Staff persons visiting suppliers need to create a factory visit report after each visit.

Performance indicators	Result	Relevance of Indicator	Documentation	Score	Max	Min
4.3 All sourcing contractors/agents are informed about FWF's Code of Labour Practices.	Yes + actively support COLP	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.	2	2	0

**Comment:** K.O.I. works mainly with agents for its production in China, India, Italy and Greece. The member brand relies heavily on its agents/intermediaries to convey the importance of social compliance to production locations.

Agents conduct regular visits, take pictures of the Worker Information Sheet and monitor the CAP status. Furthermore, K.O.I.'s agents have joined Fair Wear webinars/seminars, ensuring that they are up to date and supportive of the CoLP and Fair Wear guidelines.

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.	4%	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.	1	6	0

**Comment:** One of K.O.I.'s production location in Turkey has participated in Fair Wear's Factory Dialogue programme.

**Recommendation:** Fair Wear recommends K.O.I. International b.v. to implement training programmes that support factory-level transformation such as establishing functional internal grievance mechanisms, improving worker-management dialogue and communication skills or addressing gender-based violence. Training assessed under this indicator should go beyond raising awareness and focus on behavioural and structural change to improve working conditions. To this end, K.O.I. International b.v. can make use of Fair Wear's WEP Communication or Violence and Harassment Prevention modules or implement advanced training through external training providers or brand staff. Non-Fair Wear training must follow the standards outlined in Fair Wear's guidance and checklist available on the Member Hub.

Performance indicators	Result	Relevance of Indicator	Documentation	Score	Max	Min
4.5 Degree to which member company follows up after a training programme.	No 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.	0	2	0

**Comment:** After the Factory dialogue training session, K.O.I. created an action plan based on the outcomes of the training report. K.O.I. has done this also after the WEP basic training sessions. This action plan was discussed with the supplier. However, the action plan was paused in 2020 due to the pandemic - both K.O.I. and its suppliers focused their resources on addressing the issues and challenges brought about by the pandemic. This means that no further follow up on the factory dialogue training was carried out in 2020 but will instead be continued next year.

**Recommendation:** Fair Wear recommends K.O.I. International b.v. to discuss outcomes of dialogue sessions with their supplier and what steps management is planning to further strengthen dialogue between workers and management. This may include holding an independent worker representative election; regular meetings between worker representatives and management to discuss improvements to working conditions or allowing worker representatives to conduct a worker survey on specific issues. K.O.I. International b.v. should also investigate how they can contribute to implementing the action plan workers and management have agreed on (e.g. by adjusting sourcing practices).

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## Training and Capacity Building

**Possible Points: 13**

**Earned Points: 6**

## 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:** K.O.I. has included a subcontractor clause in its agreements with suppliers. This is a written agreement in which suppliers and intermediary platforms have to indicate what production locations are going to be used for K.O.I.'s production, including subcontractor locations.

K.O.I. plans factory visits when its production takes place to verify that its products are made at the beforehand agreed production location, by checking available machinery, production lines and capacity.

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:** CSR has been integrated into all aspects of K.O.I.'s business, which means that the CSR manager and other relevant staff actively update each other.

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## Information Management

**Possible Points: 7**

**Earned Points: 7**

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## 6. Transparency

Performance indicators	Result	Relevance of Indicator	Documentation	Score	Max	Min
6.1 Degree of member company compliance with FWF Communications Policy.	Minimum communications requirements are met AND no significant problems found	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:** K.O.I. communicates about Fair Wear and this communication is in line with the communication guidelines.

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:** K.O.I. has published its supplier list and brand performance check on its website. The company is actively raising awareness for the importance of 'where are own your clothes made' and is working with Retraced, an official tracing platform for K.O.I.'s certification management and supply chain monitoring system. With retraced, consumers are able to see where each product is made at each step of the production process, from cotton to the finished garment.

K.O.I. furthermore works with the Open Apparel Registry (OAR) - a website that provides an open map of global apparel facilities and has signed the Transparency Pledge initiated by Clean Clothes Campaign.

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:** A complete and accurate social report was submitted to Fair Wear and is posted on the member's website.

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## Transparency

**Possible Points: 6**

**Earned Points: 6**

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## 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:** K.O.I. evaluates Fair Wear membership after the brand performance check and twice a year during budget meetings. This is done with the involvement of top management.

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.	85%	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:** K.O.I. has shown progress on all three of the requirements listed in last year's brand performance check, on indicators 1.11, 1.13 and 1.14. All of these requirements are related to living wages and the setting and paying of target wages. Despite the progress made, K.O.I is not yet paying its share of a target wage so is encouraged to keep working on this topic.

## Evaluation

**Possible Points: 6**

**Earned Points: 6**



## Recommendations to Fair Wear

K.O.I. recommends that Fair Wear makes it easier to directly reach out to the country teams, as this communication can currently be quite slow.

In the past year K.O.I. has seen some concrete benefits of working together with other Fair Wear members and recommends Fair Wear encourages and facilitates this more.

## Scoring Overview

Category	Earned	Possible
Purchasing Practices	30	52
Monitoring and Remediation	19	24
Complaints Handling	17	17
Training and Capacity Building	6	13
Information Management	7	7
Transparency	6	6
Evaluation	6	6
Totals:	91	125

### Benchmarking Score (earned points divided by possible points)

73

### Performance Benchmarking Category

Good

## Brand Performance Check details

Date of Brand Performance Check:

21-06-2021

Conducted by:

Liselotte Goemans

Interviews with:

Tony Tonnaer - CEO

Koi Thai - Product Development Manager

Mariska Stolwijk - Production Manager

Margreeth Donkert - Corporate Sustainability Manager