



# **Brand Performance Check**

**ODLO International AG**

**Publication date: April 2025**

This report covers the evaluation period 01-07-2023 to 30-06-2024

# 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.

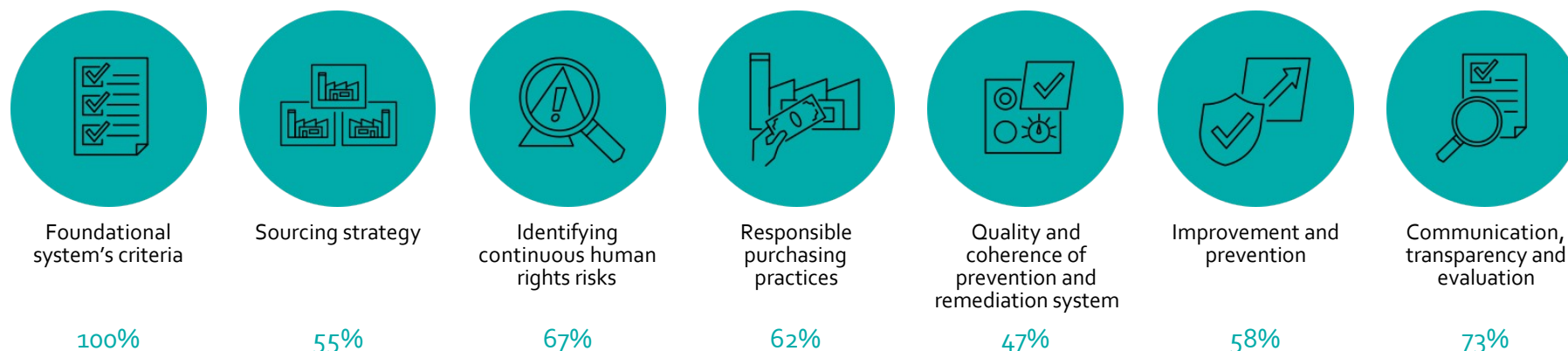
# Scoring overview

Total score: 114

Possible score: 192

Benchmarking Score: 59

Performance Benchmarking Category: Good



## Summary:

ODLO has shown progress and met most of Fair Wear's performance requirements. With a total benchmarking score of 59, the member is placed in the Good category.

The financial year 2023/2024 was commercially a difficult year for ODLO. The member brand records approx. 20% less turnover. Consumers were more hesitant because of growing inflation and general global uncertainties. Despite these economic challenges, ODLO continued to improve and implement its human rights due diligence (HRDD) process. In 2023, the company completed its responsible business conduct policy, explaining its general approach to HRDD.

ODLO has a sourcing strategy addressing influencing labour conditions. The member has 34 active suppliers in 10 production countries. ODLO sourced 49% of its production from its own factory in Romania, which manufactures exclusively for ODLO. ODLO's sourcing strategy explicitly focuses on increasing influence through consolidation. During the Brand Performance Check, ODLO could show a solid plan to proceed with the consolidation.

In 2023/2024, ODLO mainly focussed on structuring its risk-based approach, aligned with the OECD guidelines. ODLO conducts risk scoping and includes all eight labour standards. The member brand uses Fair Wear country studies and other external sources to identify country risks and the likelihood and severity of the risks and then classifies the risks into a risk level and a risk matrix. The risk scoping includes a gender lens for all labour standards and all countries. Since the previous financial year, ODLO has a systematic approach to assessing human rights risks in its supply chain and has assessed the risks for each production location. It has identified the different monitoring tools for production countries.

The previous performance check included ten requirements. ODLO scored insufficient on three repeated non-compliance indicators. ODLO followed up on 85% of the requirements that were addressed (indicator 4.6).

In 2023, Fair Wear implemented a new performance check methodology aligned with the OECD guidelines on HRDD. This new methodology raises the bar and includes some new indicators, which may result in a lower score for member brands. Because this is a transition year, Fair Wear lowered the scoring threshold for this year only.

# 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.

# Company Profile ODLO International AG

## Member company information

Member since: 1 Jan 2013

Product types: Sports & activewear

Percentage of turnover of external brands resold 0%

Member of other MSI's/Organisations OEKOTEX, Cascale, EOG and Swiss Textiles Switzerland S2030

Number of complaints received last financial year 0

## Basic requirements

Definitive production location data has been submitted for the financial year under review? Yes

Work Plan and projected production location data have been submitted for the current financial year? Yes

Membership fee has been paid? Yes

## Production countries, including number of production locations and total production volume.

| Production Country | Number of production locations | Percentage of production volume |
|--------------------|--------------------------------|---------------------------------|
| Romania            | 7                              | 51.73%                          |
| Viet Nam           | 7                              | 22.87%                          |
| Thailand           | 2                              | 9.18%                           |
| Sri Lanka          | 2                              | 8.46%                           |
| Türkiye            | 2                              | 4.91%                           |
| Italy              | 5                              | 0.75%                           |
| China              | 3                              | 0.65%                           |
| Cambodia           | 1                              | 0.56%                           |
| Portugal           | 2                              | 0.51%                           |
| India              | 2                              | 0.38%                           |

# Layer 1 Foundational system's criteria

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**Possible Points: 8**

**Earned Points: 8**

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1.1 Member company has a publicly shared Human Rights Due Diligence policy that has been adopted by top management.: Yes

Comment: ODLO has a solid Human Rights Due Diligence policy in place.

1.2 All member company staff are made aware of Fair Wear's membership requirements, in particular the Fair Wear's HRDD policy and Fair Wear's Code of Labour Practices.: Yes

1.3 All staff who have direct contact with suppliers are trained to support the implementation of Fair Wear requirements, in particular the Fair Wear's HRDD policy and Fair Wear's Code of Labour Practices.: Yes

1.4 A specific staff person(s) is designated to follow up on problems identified by the monitoring system, including complaints handling. The staff person(s) must have the necessary competence, knowledge, experience, and resources.: Yes

1.5 Member company has a system in place to identify all production locations, including a policy for unauthorised subcontracting.: Yes

1.6 Member company discloses internally through Fair Wear's information management system, in line with Fair Wear's Transparency Policy.: Yes

Comment: ODLO discloses 94% of production locations internally through Fair Wear's information management system.



**1.7 Member company discloses externally on Fair Wear's transparency portal, in line with Fair Wear's Transparency Policy.: Yes**

**Comment:** ODLO discloses 94% of production locations externally on Fair Wear's transparency portal.

**1.8 Member complies with the basic requirements of Fair Wear's communication policy.: Yes**

## Layer 2 Human rights due diligence, including sourcing strategy and responsible purchasing practices.

**Possible Points: 78**

**Earned Points: 48**

### Indicators on Sourcing strategy

| Performance indicators  | Result       | Relevance of indicator  | Documentation   | Score | Max | Min |
|---|--------------|---|---|-------|-----|-----|
| 2.1 Member company's sourcing strategy is focused on increasing influence to meaningfully and effectively improve working conditions. | Intermediate | Fair Wear expects members to adjust their sourcing strategy to increase their influence over working conditions. Members should aim to keep the number of production locations at a level that allows for the effective implementation of responsible business practices. | Strategy document; consolidation plans, examples of implementation. | 4     | 6   | 0   |

**Comment:** ODLO has a sourcing strategy addressing influencing labour conditions. The member has 34 active suppliers in 10 production countries. 61% of the production volume comes from suppliers where the member has at least 10% leverage. 10% of the production volume comes from suppliers where ODLO buys less than 2% of its total FOB. In the past financial year, ODLO sourced 49% of its production from its own factory in Romania, which manufactures exclusively for ODLO. This is an increase of more than 10% compared to the previous financial year. ODLO's sourcing strategy explicitly focuses on increasing influence through consolidation. During the Brand Performance Check, ODLO could show a solid plan to proceed with the consolidation. ODLO exited three production countries in 2023/2024. The member brand has not yet included a focus on increasing influence through active cooperation with other clients.

**Recommendation:** ODLO could include in its sourcing strategy a plan to increase influence on suppliers by cooperating with other buyers.

| Performance indicators   | Result | Relevance of indicator   | Documentation   | Score | Max | Min |
|--|--------|--|---|-------|-----|-----|
| 2.2 Member company's sourcing strategy is focused on building long-term relationships. | Basic  | Stable business relationships underpin the implementation of the Code of Labour Practices and give factories a reason to invest in improving working conditions. | Strategy documents; % of FOB from suppliers where a business relationship has existed for more than five years; Examples of contracts outlining a commitment to long-term relationship; Evidence of shared forecasting. | 2     | 6   | 0   |

**Comment:** ODLO has a sourcing strategy that focuses on maintaining long-term relationships. 88% of the member's total FOB volume comes from suppliers with whom ODLO has a business relationship for at least five years. The member does not commit to long-term contracts yet.

**Recommendation:** Fair Wear recommends ODLO to commit to long-term contracts.

| Performance indicators  | Result | Relevance of indicator  | Documentation   | Score | Max | Min |
|---|--------|---|---|-------|-----|-----|
| 2.3 Member company conducts a risk scoping exercise as part of its sourcing strategy. | Basic  | Human rights due diligence, according to the OECD guidelines, requires companies to undertake a scoping exercise to identify and mitigate potential human rights risks in supply chains of potential business partners. | HRDD policy; Sourcing strategy linked to results of scoping exercise; HRDD processes, including specific responsibilities of different departments; Use of country studies; Analysis of business and sourcing model risks; Use of licensees and/or design collaborations. | 2     | 6   | -2  |

**Comment:** ODLO conducts risk scoping on country and product level. ODLO conducts risk scoping and includes all eight labour standards. The member brand uses Fair Wear country studies and other external sources to identify country risks and the likelihood and severity of the risks and then classifies the risks into a risk level and a risk matrix. The member brand has yet to include business model and sourcing model in its risk scoping. The risk scoping includes a gender lens for all labour standards and all countries. Input from workers, factories, and stakeholders is included in the risk scoping by contacting local stakeholders in production countries, collecting information from websites of non-governmental organisations (NGOs) and information from factory visits. ODLO uses the Fair Wear platform to assess risks on a country and supplier level. In its risk scoping, the member has assessed the impact and prevalence of the risks correctly.

The risk scoping includes a gender lens. The member particularly looks at discrimination concerning hiring practices, differences in wage levels and employment terms; health and safety regarding sexual harassment and gender-based violence. Input from workers is included through Fair Wear factory assessments and training programmes in countries where Fair Wear is active.

The member adjusts its sourcing strategy based on the risk scoping, as outcomes of the scoping are included in decision-making. The risk assessment helps ODLO to make decisions about consolidating its supply chain, especially with the plan to exit further production countries in the future.

To date, ODLOs sourcing strategy does not mention a preference for countries where workers can freely form or join a trade union and/or bargain collectively.

**Recommendation:** Fair Wear recommends ODLO to include all risk levels in its risk scoping. Fair Wear strongly recommends ODLO to privilege countries where workers can freely form or join a trade union and/or bargain collectively and make this explicit in its sourcing strategy.

| Performance indicators   | Result   | Relevance of indicator   | Documentation   | Score | Max | Min |
|--|----------|--|---|-------|-----|-----|
| 2.4 Member company engages in dialogue with factory management about Fair Wear membership requirements before finalising the first purchase order. | Advanced | Sourcing dialogues aim to increase transparency between the member and the potential supplier, which can benefit improvements efforts going forward. | Process outline to select new factories; Material used in sourcing dialogue; Documents for sharing commitment towards social compliance; Meeting reports; On-site visits; Reviews of suppliers' policies. | 4     | 4   | 0   |

**Comment:** It is the standard process for ODLO to inform new suppliers about Fair Wear membership. ODLO defined an onboarding process for new suppliers in its sourcing strategy, part of the RBC policy. The process applies before placing the first order. The member defined a 7-step plan for onboarding a new supplier. In the first steps, ODLO analyses the supplier's performance, especially on product quality and sourcing conditions. Before starting production, ODLO sends out information about Fair Wear membership, as well as the Fair Wear CoLP, the Worker Information Sheet (WIS) and the RBC policy. In the next steps, the member brand requests further information from the potential supplier in a questionnaire to collect more detailed data about subcontracting partners. ODLO visits the production location of a potential supplier before placing the first order. After that, ODLO develops a strategy on how to achieve set goals and assesses the supplier according to specific criteria like costs, social and environmental performance, lead time, quality etc. The decision to start working with a new supplier is made by the Supply Chain Director. In 2023/2024, ODLO did not onboard a new factory.

| Performance indicators  | Result   | Relevance of indicator   | Documentation   | Score | Max | Min |
|---|--|--|---|-------|-----|-----|
| 2.5 Member company collects the necessary human rights information to inform sourcing decisions before finalising the first purchase order. | 2nd+ year member and no new production locations selected. | Human rights due diligence processes are necessary to identify and mitigate potential human rights risks in supply chains. Specific risks per factory need to be considered as part of the decision to start cooperation and/or place purchasing orders. | Questionnaire with CoLP, reviewing and collecting existing external information, evidence of investigating operational-level grievance system, union and independent worker committee presence, collective bargaining agreements, engaging in conversations with other customers and other stakeholders, including workers. | N/A   | 6   | 0   |

**Comment:** In the previous financial year, ODLO has not added any new suppliers.

| Performance indicators   | Result   | Relevance of indicator  | Documentation  | Score | Max | Min |
|--|--|---|--|-------|-----|-----|
| 2.6 Member actively ensures awareness of the Fair Wear CoLP, the grievance mechanism, and social dialogue mechanisms within the first year of starting business. | No production locations in the first year of business. | This indicator focuses on the preliminary mitigation of risks by actively raising awareness about the Fair Wear Code of Labour Practices and complaints helpline. Discussing Fair Wear's CoLP with management and workers is a key step towards ensuring sustainable improvements in working conditions and developing social dialogue at the supplier level. | Evidence of social dialogue awareness raised through earlier training/onboarding programmes, onboarding materials, information sessions on the factory grievance system and complaints helpline, use of Fair Wear factory guide, awareness-raising videos, and the CoLP. | N/A   | 6   | 0   |

**Comment:** In the previous financial year, ODLO has not added any new suppliers.

## Indicators on Identifying continuous human rights risks

| Performance indicators   | Result       | Relevance of indicator   | Documentation   | Score | Max | Min |
|--|--------------|--|---|-------|-----|-----|
| 2.7 Member company has a system to continuously assess human rights risks in its production locations. | Intermediate | Members are expected to regularly evaluate risk in a systematic manner. The system used to identify human rights risks determines the accuracy of the risks identified and, as such, the possibilities for mitigation and remediation. | Use of risk policies, country studies, audit reports, other sources used, how often information is updated. | 4     | 6   | 0   |



**Comment:** ODLO has a systematic approach to assessing human rights risks in its supply chain and has assessed the risks for each production location. It has identified the different monitoring tools for production countries. For conducting its risk assessment on supplier level, ODLO uses mainly Fair Wear factory assessments and Corrective Action Plan (CAP) findings, which include worker and stakeholder input and other third-party audits in its monitoring. Additionally, the risk assessment on the factory level includes information from the member brand's supplier survey, complaints and onsite visits.

For its own production facilities in Romania, ODLO has a local team for frequent monitoring activities. Additionally, ODLO has a local quality control team in China who also sometimes conduct health and safety checks in factories in China, Thailand and Vietnam. The staff from the purchasing department visit the suppliers on a regular basis and provides feedback through visit checklists. The risk assessment does include an assessment of the likelihood and severity and a risk matrix. The highest risks were identified for suppliers in China, Türkiye and India about FoA, excessive overtime and living wage.

**Recommendation:** Fair Wear also recommends ODLO to assess whether the member causes, contributes or is linked to the identified risks.

| Performance indicators  | Result | Relevance of indicator  | Documentation   | Score | Max | Min |
|---|--------|---|---|-------|-----|-----|
| 2.8 Member company's human rights due diligence process includes an assessment of freedom of association (FoA). | Basic  | Freedom of association and collective bargaining are 'enabling rights.' When these rights are respected, they pave the way for garment workers and their employers to address and implement the other standards in Fair Wear's Code of Labour Practices - often without brand intervention. | Use of supplier questionnaire to inform decision-making, collected country information, and analyses. | 2     | 6   | 0   |

**Comment:** ODLO has mapped the risks to FoA in all its sourcing countries and can explain the main risks per country, including the risks to women workers. To identify the risks, ODLO mainly uses Fair Wear country studies and information from the International Trade Union Congress (ITUC) Rights Index. ODLO identified the following production countries in its supply chain that show the highest risk: China, India, Türkiye and Cambodia. The risks to FoA are included in the detailed risk assessment overview. The main risks identified are limited freedom of speech and the undermining of FoA and collective bargaining agreements (CBAs) by state unions (China). Based on factory assessment data, ODLO identified, that factories in Türkiye infringe workers' rights to organise. In most of the cases, no independent union or workers committee was identified.

ODLO uses this information to understand what the risks at its suppliers are and inform itself how to engage with its suppliers on this topic. ODLO understands the status of FoA at each of its suppliers. The member has supplier-level monitoring in place to assess and collect information. In 2024, ODLO sent out a survey related to wages, worker representation and representation of female workers in worker committees. ODLO uses this information to understand the situation in the factories. The member knows which suppliers have trade unions and CBAs in place.

The member brand has yet to analyse the collected information and adjust its risk assessment to prioritise risks.

**Recommendation:** ODLO is recommended to deepen its understanding of risks to FoA in its production locations.

| Performance indicators  | Result | Relevance of indicator   | Documentation  | Score | Max | Min |
|---|--------|--|--|-------|-----|-----|
| 2.9 Member company includes a gender analysis throughout its human rights risk identification, to foster a better understanding of gendered implications. | Basic  | Investing in gender equality creates a ripple effect of positive societal outcomes. Members must apply gender analyses to their supply chain to better address inequalities, violence, and harassment. | Evidence of use of the gender mapping tools and knowledge of country-specific fact sheets. | 2     | 6   | 0   |

**Comment:** ODLO has included gender in its human rights risk identification. The member could show it understands gender risks for its sourcing countries.

Additionally, OLDO actively collects gender data for its main production locations. In 2024, ODLO conducted a survey with 15 factories. They currently collect data on look at discrimination (discrimination in hiring practices, supervisor roles, differences in wage levels and/ or employment terms). ODLO knows which factories have an anti-harassment committee in place.

The member has not yet specifically looked into how to connect the collected information with its factory risk assessment and analyse if its business practices affect gender at its suppliers.

**Recommendation:** Fair Wear recommends the member to start analysing the gender data collected at country and factory levels and connect them. Fair Wear's gender instruments can be helpful.

| Performance indicators  | Result   | Relevance of indicator   | Documentation  | Score | Max | Min |
|---|----------|--|--|-------|-----|-----|
| 2.10 Member company considers a production location's human rights performance in its purchasing decisions. | Advanced | Systematic evaluation is part of continuous human rights monitoring. A systematic approach to evaluating production location performance is necessary to integrate social compliance into normal business processes and to support good decision-making. | Supplier evaluation format, meeting notes on supplier evaluation shared with the factory, processes outlining purchasing decisions, link to responsible exit strategy. | 4     | 4   | 0   |

**Comment:** ODLO has a formal evaluation system for assessing suppliers' human rights performance. ODLO evaluates its suppliers based on a balanced scorecard principle, where factories are assessed on Corporate Social Responsibility (CSR), environmental topics, quality, payment conditions, cost transparency and leadtime. The results of the supplier evaluation are discussed with the suppliers for improvement discussions. ODLO does not share the outcome of the evaluation with worker representatives.

The outcome of this evaluation influences purchasing decisions. For instance, well performing suppliers are rewarded with a higher order volume. If a supplier scores in a lower category, the CSR staff and purchasing department will be in close contact with the supplier to agree on an improvement plan. If the supplier does not improve, orders will be reduced.

**Recommendation:** Fair Wear recommends ODLO to share and discuss the outcome of the supplier evaluation with worker representatives as well.

| Performance indicators   | Result   | Relevance of indicator   | Documentation   | Score | Max | Min |
|--|----------|--|---|-------|-----|-----|
| 2.11 Member company prevents and responds to unauthorised or unknown production and/or subcontracting. | Advanced | Subcontracting can decrease transparency in the supply chain and has been demonstrated to increase the risk of human rights violations. Therefore, when operating in higher-risk contexts where it is likely subcontracting occurs, the member company should increase due diligence measures to mitigate these risks. | Production location data provided to Fair Wear, financial records from the previous financial year, evidence of member systems and efforts to identify all production locations (e.g., interviews with factory managers, factory audit data, web shop and catalogue products, etc.), licensee contracts and agreements with design collaborators. | 4     | 4   | 0   |

**Comment:** ODLO uses the outcomes of its human rights monitoring to respond to unauthorised subcontracting. Next to that, it assesses the production capacity of the factory, including available production processes. This way, the member can check if the order is feasible for the factory. For its own factory in Romania, ODLO has close cooperation with this production location. Staff from the purchasing department visit the production location in Romania on a regular basis. ODLO has a local team in China for quality checks as well. The team visits production locations in China, Vietnam and Thailand frequently. ODLO has written contracts with its suppliers. The contracts include that unauthorised subcontracting is not allowed. There is no evidence of missing first-tier locations in the database.

| Performance indicators   | Result   | Relevance of indicator   | Documentation  | Score | Max | Min |
|--|----------|--|--|-------|-----|-----|
| 2.12 Member company extends its due diligence approach to homeworkers. | Advanced | Homeworkers should be viewed as an intrinsic part of the workforce, entitled to receive equal treatment and have equal access to the same labour rights, and therefore should be formalised to achieve good employment terms and conditions. | Supplier policies, evidence of supplier and/or intermediaries' terms of employment, wage-slips from homeworkers. | 4     | 4   | 0   |

**Comment:** ODLO has identified whether homework is prevalent in its sourcing countries. The risk scoping identified that India and Türkiye show the highest risks related to homeworkers. The member brand has a homeworker policy which is part of the supplier contracts. ODLO assessed which products are at risk for using homeworkers. According to the member, there is a very low risk of homeworkers being used by its suppliers. ODLO mostly relies on information from Fair Wear factory assessments, third-party audits and factory visits.

## Indicators on Responsible purchasing practices

| Performance indicators  | Result       | Relevance of indicator  | Documentation   | Score | Max | Min |
|---|--------------|---|---|-------|-----|-----|
| 2.13 Member company's written contracts with suppliers support the implementation of Fair Wear's Code of Labour Practices and human rights due diligence, emphasising fair payment terms. | Insufficient | Written, binding agreements between brands and suppliers, which support the Fair Wears CoLP and human rights due diligence, are crucial to ensuring fairness in implementing decent work across the supply chain. | Suppliers' codes of conduct, contracts, agreements, purchasing terms and conditions, or supplier manuals. | 0     | 4   | 0   |

**Comment:** ODLO uses contracts with its suppliers. The member brand has different contracts for its suppliers, especially regarding price and payment. All contracts include topics of liability and penalties for late deliveries. Although the contract includes the Fair Wear membership and the CoLP, it does not support human rights due diligence because an unequal burden is placed on the supplier by having penalties for non-compliance with the confirmed delivery date and by making the supplier liable for defective products without any proof of fault by the supplier. In general, the supplier has 15 calendar days after receiving the purchasing order to provide a later delivery. This needs to be accepted by ODLO. In case of late deliveries within the cure period of 10 days late to the confirmed estimated time of departure (ETD), the supplier must pay the cost of the airfreight minus sea freight after eight days. For late delivery of more than ten days, ODLO has different shipping requirements and penalties for the supplier. All suppliers have regular payment terms of 45 to 60 days. In general, the contracts do not yet mention the shared responsibilities of CoLP implementation.

However, in the previous financial year, ODLO reviewed the contractual agreements again and developed new contractual clauses, also using the Responsible Contracting Project (RCP) to improve the contracts. During this process, ODLO included supplier feedback as well. It has yet to implement the results with all suppliers.

**Requirement:** ODLO should evaluate its contracts to ensure that it does not place an unequal burden on its suppliers or include terms that limit the possibility of implementing the Code of Conduct.

**Recommendation:** Fair Wear strongly recommends ODLO to include the shared responsibility of CoLP implementation in its contracts, including fair payment terms.

| Performance indicators   | Result       | Relevance of indicator   | Documentation  | Score | Max | Min |
|--|--------------|--|--|-------|-----|-----|
| 2.14 Member company has formally integrated responsible business practices and possible impacts on human rights violations in its decision-making processes. | Intermediate | Corporate Social Responsibility (CSR), purchasing, and other staff that interact with suppliers must be able to share information to establish a coherent and effective strategy for improvements. This indicator examines how this policy and Fair Wear membership requirements are embedded within the member company. | Internal information systems, status Corrective Action Plans, sourcing score- cards, KPIs listed for different departments that support CSR efforts, reports from meetings from purchasing and/or CSR staff, and a systematic manner of storing information. | 4     | 6   | 0   |

**Comment:** There is an active interchange of information between CSR and other departments to enable coherent and responsible business practices. The member has not yet included responsible business practices in job role competencies, nor do sourcing and purchasing staff work with Key Performance Indicators (KPIs), supporting good sourcing and pricing strategies.

**Recommendation:** ODLO could adopt KPIs that support good sourcing and pricing strategies within its sourcing, purchasing and design departments. ODLO could include responsible business practices in its job role competencies of sourcing and purchasing staff.

| Performance indicators   | Result   | Relevance of indicator  | Documentation   | Score | Max | Min |
|--|----------|---|---|-------|-----|-----|
| 2.15 Member company's purchasing practices support reasonable working hours. | Advanced | Members' purchasing practices can significantly impact the levels of excessive overtime at factories. | Proof that planning systems have been shared with production locations, examples of production capacity knowledge that is integrated into planning, timely approval of samples, and proof that management oversight is in place to prevent late production changes. | 6     | 6   | 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. ODLO places orders well in advance, spread across several buys. The purchasing department also ensures the quantities are spread evenly over the different buys. The suppliers receive the planning monthly and then are asked if they are comfortable with it. This happens about seven to eight months before the shipping date. ODLO does not make any late changes to orders; the orders can only be placed when the product is ready to make. Around 40% of the products are never-out-of-stock articles (NOS). For the other products, ODLO produces two ranges each year, an Autumn/Winter range and a Spring/Summer range.

ODLO evaluates the production process, especially together with its own factory in Romania, and plans to place orders in the low season to avoid peak seasons.



| Performance indicators  | Result       | Relevance of indicator  | Documentation  | Score | Max | Min |
|---|--------------|---|--|-------|-----|-----|
| 2.16 Member company can demonstrate the link between its buying prices and wage levels at 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, cost sheets including labour minutes. | 4     | 6   | 0   |

**Comment:** ODLO includes open costing in the contract with its suppliers. It also has a pricing policy as part of its RBC policy, which is shared with suppliers as well. All suppliers are asked to share the number of sewing minutes and the minute cost, the margin and overhead costs. ODLO receives this information from most of its suppliers. Not in all cases, the labour minute calculations are verified. As the minute calculations are not verified, it is unclear how the open costing translates into accurate prices. When a price is found too high by the brand, it works on simplifying the samples to engineer a lower price. The labour costs are fixed and not negotiable. Nevertheless, the member brand sometimes negotiates the profit of the supplier, which is shown in the open costing. Generally, when suppliers asked for a higher price in the past financial year because of rising costs, the brand accepted this and increased the selling price of the product.

In 2024, ODLO started collecting verified wage data from its suppliers in Vietnam, Sri Lanka, Thailand, Türkiye, China, and India. Based on its risk assessment, ODLO identified the highest risks related to the failure of legal minimum wage payments. With this overview, the member brand started to directly link labour costs and wage levels for its main suppliers.

**Recommendation:** ODLO could use information from suppliers about what they need in terms of orders to pay at least minimum wage or current wage as input for a plausibility check. ODLO is also encouraged to provide buyers (or other employees involved in price negotiations with suppliers) training on cost breakdown, for example using the Fair Price app.

ODLO is encouraged to continue its work on wages, collect information from the smaller suppliers, and adopt demanding fixed labour costs in its buying conditions.

| Performance indicators  | Result       | Relevance of indicator  | Documentation   | Score | Max | Min |
|---|--------------|---|---|-------|-----|-----|
| 2.17 All sourcing intermediaries play an active role in upholding HRDD and Fair Wear's Code of Labour Practices and ensure transparency about where production takes place. | Intermediate | Intermediaries have the potential to either support or disrupt CoLP implementation. It is members' responsibility to ensure production relation intermediaries actively support the implementation of the CoLP. | Correspondence with intermediaries, trainings for intermediaries, communication on Fair Wear audit findings, etc. | 2     | 4   | 0   |

**Comment:** ODLO works with intermediaries for its production and order placement in Italy, Portugal and China. ODLO has informed all its sourcing intermediaries of Fair Wear requirements and could show they informed production locations. The member is yet to require from its intermediaries that they uphold the purchasing practices as mentioned in the Common Framework of Responsible Purchasing Practices (CFRPP)

**Recommendation:** The member is recommended to check if the intermediary's purchasing practices are fair and if the intermediary has adequate systems to ensure payments are made on time.

## Layer 3 Prevention, mitigation and remediation

**Possible Points: 92**

**Earned Points: 50**

### Indicators on the quality and coherence of a members' prevention and remediation system

| Performance indicators   | Result   | Relevance of indicator  | Documentation  | Score | Max | Min |
|--|----------|---|--|-------|-----|-----|
| 3.1 Member company integrates outcomes of human rights risk identification (layer 2) into risk prioritisation and creates subsequent action plans. | Advanced | Based on the risk assessment outcomes, a factory risk profile can be determined with accompanying intervention strategies, including improvement and prevention programmes. | Overview of supplier base with accompanying risk profile and follow-up programmes. | 6     | 6   | 0   |

**Comment:** Based on the risk identification described in Chapter Two, ODLO has linked all of its factories to appropriate follow-up for factories covering all its suppliers. The member uses the Fair Wear platform to connect its risk assessments and audit findings to time-bound actions per factory and prioritised which countries fall under the enhanced monitoring programmes.

For example, ODLO focuses on addressing issues like excessive overtime, living wages and restricted freedom for workers to associate. In 2024, ODLO mainly focussed on collecting information related to FoA and gender. The focus is on the high-risk suppliers. The action plans detail the different approaches to prevent, mitigate and remediate the prioritised risks and include a timeline.

| Performance indicators                                   | Result | Relevance of indicator  | Documentation   | Score | Max | Min |
|--|--------|---|---|-------|-----|-----|
| 3.2 Member company's action plans include a gender lens. | Basic  | The prevention and improvement programmes should ensure equitable outcomes. Thus, a gender lens should be incorporated in all programmes regardless of whether or not the programme is specifically about gender. | Proof of incorporation of the gender lens in follow up programmes, including stakeholder input. | 2     | 6   | 0   |

**Comment:** ODLO has started collecting data on gender-related risks per production country and partly per production location. However, the member brand has yet to incorporate that into the prevention and improvement actions per production location. ODLO mentioned to focus on actions related capacity building in the future.

**Recommendation:** ODLO is recommended to start implementing the gender lens it included in its action plans.

| Performance indicators   | Result | Relevance of indicator  | Documentation   | Score | Max | Min |
|--|--------|---|---|-------|-----|-----|
| 3.3 Member company's action plans include steps to encourage freedom of association and effective social dialogue. | Basic  | Freedom of Association and Collective Bargaining are enabling rights. Therefore, ensuring they are prioritised in improvement and prevention programmes can help support improvements in all other areas. | Available prevention and improvement programmes, including stakeholder input. | 2     | 6   | 0   |

**Comment:** ODLO included some ad-hoc steps to encourage FoA and effective social dialogue in its improvement or prevention actions. ODLO conducted a third-party training programme, focussing on social dialogue and FoA, with its Turkish supplier. This action followed a complaint submitted by a union member at the beginning of 2022. With this training, ODLO informed workers about their rights in general, with a focus on FoA. The training programme was verified by Fair Wear. Additionally, a FoA Policy was developed together with the factory and shared with the workers afterwards.

In Vietnam, ODLO planned to conduct the Fair Wear Communication and Factory Dialogue Programme for one of its suppliers in the following financial year. The training focuses on management-worker dialogue within factories, which can lead to better communication and help address grievances and concerns in a timely manner.

The member has started to implement these steps, however, they have yet to apply a gender lens and ensure its steps to promote FoA and effective social dialogue address the specific risks for female workers.

**Recommendation:** Fair Wear recommends ODLO to include more comprehensive steps in its action plans. Fair Wear also recommends ODLO to apply a gender lens and ensure its steps to promote FoA and effective social dialogue address the specific risks for female workers.

| Performance indicators  | Result | Relevance of indicator  | Documentation  | Score | Max | Min |
|---|--------|---|--|-------|-----|-----|
| 3.4 Member company actively supports a factory-level grievance mechanism. | Basic  | Fair Wear's complaints helpline is a safety net in case local grievance mechanisms do not provide access to remedy. Members are expected to actively support and monitor the effectiveness of operational-level grievance mechanisms as part of regular contact with their suppliers. | Communication with suppliers, responses to grievances, minutes of internal worker committees, evidence of democratically elected worker representation, evidence of handled grievance, review of factory policies, and proof of effective social dialogue. | 2     | 6   | 0   |

**Comment:** ODLO monitors the effectiveness of internal grievance mechanisms via factory assessments and during onsite visits or upcoming complaints and asks follow-up questions in the CAP in case of findings. Especially for the member brand's own factory in Romania, ODLO actively supported the implementation of an effective internal grievance mechanism. However, the member has yet to actively support internal grievance mechanisms at the other suppliers.

**Recommendation:** Fair Wear strongly recommends ODLO to support and monitor the internal grievance mechanisms at all of its suppliers. Fair Wear also recommends ODLO to always involve suppliers and worker representatives in the assessment of the internal grievance mechanism and to share and discuss the outcome of the assessment with the above stakeholders, who should be encouraged to lead a discussion on how the mechanisms can be improved.

| Performance indicators  | Result | Relevance of indicator  | Documentation                              | Score | Max | Min |
|---|--------|---|--|-------|-----|-----|
| 3.5 Member company collaborates with other Fair Wear members or customers of the production location. | Basic  | Cooperation between Fair Wear members increases leverage and the chances of successful outcomes. Cooperation also reduces the chances of a factory needing to conduct multiple improvement programmes about the same issue with multiple customers. | Communication between different companies. | 2     | 6   | 0   |

**Comment:** ODLO cooperates with other Fair Wear members at its shared suppliers, responding to CAPs and grievances. ODLO has not yet cooperated with customers who are not Fair Wear members. The brand has yet to initiate cooperation with other customers of its suppliers.

**Recommendation:** Even though ODLO already works together with other Fair Wear members, Fair Wear recommends to also collaborate with other customers.

## Indicators on implementation: improvement and prevention

| Performance indicators          | Result | Relevance of indicator  | Documentation                               | Score | Max | Min |
|---------------------------------|--------|---|---|-------|-----|-----|
| 3.6 Degree of verified actions. | 73%    | Fair Wear expects members to show progress towards the implementation of improvement programmes. Members are expected to be actively involved in the examination and remediation of any factory-specific problem. | Progress reports on improvement programmes. | 6     | 6   | -2  |

**Comment:** In the past financial year, ODLO received seven external audits from its suppliers in Cambodia, Vietnam, Türkiye, Italy, China, India and Sri Lanka. During the performance check, the member could demonstrate he has followed up on 73% of actions out of all outstanding actions. These actions are linked to CAPs of full assessments conducted in the previous financial years (2023/2024 and 2022/2023). Improvement actions include health and safety findings, worker representatives were not democratically elected or written policies and procedures were missing. ODLO has shown that it also followed up on more structural and complex issues, such as living wages and excessive overtime hours. Some of the CAP actions were shared with other Fair Wear members.

ODLO did not follow up on one external audit from its supplier in Türkiye. Here, the member brand plans to conduct a Fair Wear factory assessment soon.

| Performance indicators   | Result         | Relevance of indicator  | Documentation                    | Score | Max | Min |
|--|----------------|---|----------------------------------|-------|-----|-----|
| 3.7 Degree of progress towards implementation of prevention programme. | Basic progress | Fair Wear expects members to show progress towards the implementation of prevention programmes. With this indicator, Fair Wear assesses the degree of progress based on the percentage of actions addressed within the set timeframe. | Update on prevention programmes. | 2     | 6   | -2  |

**Comment:** ODLO has identified some root causes of the CAP issues, especially related to health and safety findings or lack of effective internal grievance mechanisms and discussed these with its suppliers. ODLO also identified that the lack of FoA and social dialogue in the factories is one of the main root causes for many CAP issues. The member is aware that most of the workers are not aware of their rights in regard to FoA and the right to collective bargaining. The member has not yet developed some preventive steps addressing these root causes.

**Recommendation:** Fair Wear recommends ODLO to translate its root cause analysis into concrete preventive actions as part of the risk profiles.

| Performance indicators  | Result       | Relevance of indicator  | Documentation   | Score | Max | Min |
|---|--------------|---|---|-------|-----|-----|
| 3.8 Member company validates risk profile and maintains regular dialogue with factories where no action plan is needed. | Insufficient | When no improvement or prevention programme is needed, Fair Wear expect its member companies to actively monitor the risk profile and continue to mitigate risks and prevent human rights abuses. | Use of Fair Wear workers awareness digital tool to promote access to remedy. Evidence of data collected, worker interviews, monitoring documentation tracking status quo. | 0     | 6   | 0   |

**Comment:** ODLO has some suppliers (subcontracting partners) in Portugal where action plans are not needed. These cover less than 1% of the member's total FOB. The member does not have a system to ensure possible human rights risks are regularly discussed with these suppliers.

**Requirement:** ODLO needs to ensure its assessment of factories not needing any improvement or prevention programmes is based on a risk assessment.

**Recommendation:** ODLO is recommended to create a systematic plan which details at which interval the member will discuss possible human rights risks at its suppliers and which human rights risks should be discussed.



| Performance indicators  | Result       | Relevance of indicator  | Documentation   | Score | Max | Min |
|---|--------------|---|---|-------|-----|-----|
| 3.9 Degree to which member company mitigates root causes of excessive overtime. | Intermediate | Member companies should identify excessive overtime caused by the internal processes and take preventive measures. In addition, members should assess ways to reduce the risk of external delays. | This indicator rewards self-identification of efforts to prevent excessive overtime. Therefore, member companies may present a wide range of evidence of production delays and how the risk of excessive overtime was addressed, such as: reports, correspondence with factories, collaboration with other customers of the factory, use of Fair Wear tools, etc. | 4     | 6   | 0   |

**Comment:** In the previous year, no Fair Wear factory assessments were conducted. ODLO received seven external audits. One audit report from China mentioned excessive overtime. Here, the total working time per week exceeds the legal limit but is not over 60 hours. ODLO identified that this is connected to peak season production. ODLO's leverage in this factory is around 1%. As a short-term solution, ODLO extended the lead time and offered delivery by air freight.

Especially in Fair Wear factory assessments from previous financial years, excessive overtime was found in factories in Vietnam. According to the member, excessive overtime in Vietnam in 2022 had to do with supply chain disruptions caused by the pandemic and the higher number of orders after the lockdown. According to ODLO, the order volume decreased. The member has taken action, together with other Fair Wear member brands, to address the root causes. ODLO discussed possible solutions with suppliers, for instance, to revise the production schedule and to not place orders during the peak season. ODLO could not yet show that its efforts resulted in reduced excessive overtime for its Vietnamese suppliers. At one supplier with two production facilities in India, inconsistencies were observed in time records during the Fair Wear audit. Together with another Fair Wear member brand, ODLO worked on increasing productivity in the factory by using more efficient machines. ODLO could not yet show that its efforts resulted in reduced excessive overtime for its Indian supplier.

**Recommendation:** Fair recommends ODLO to verify and validate if excessive overtime could be reduced. Fair Wear also recommends cooperating with other customers at the factory to increase leverage when mitigating excessive overtime.

| Performance indicators  | Result       | Relevance of indicator  | Documentation   | Score | Max | Min |
|---|--------------|---|---|-------|-----|-----|
| 3.10 Member company adequately responds if production locations fail to pay legal wage requirements and/or fail to provide wage data to verify that legal wage requirements are paid. | Intermediate | Fair Wear members are expected to actively verify that all workers receive legal minimum wage. If a supplier does not meet the legal wage requirements or is unable to show they do, Fair Wear member companies are expected to hold the management at the production location accountable for respecting local labour law. | Complaint reports, CAPs, additional emails, Fair Wear Audit Reports or additional monitoring visits by a Fair Wear auditor, or other documents that show the legal wage issue is reported/resolved. | 2     | 4   | -2  |

**Comment:** In the previous year, no Fair Wear factory assessments were conducted. ODLO received seven external audits. One audit report from China mentioned that allowances, bonuses or social security benefits are not paid as legally required. ODLO is in dialogue with its supplier about this. There is no verification yet that missing wage components were corrected and paid retroactively for this specific factory.

In Fair Wear factory assessments from factories in Vietnam and India from previous financial years, non-payment of legal minimum wages was found. ODLO was required to identify root causes with factory management and resolve that local labour laws are respected. Evidence of remediation must be collected. Two factories in Vietnam were affected by the lockdown during COVID-19. Therefore, workers were not paid legal minimum wages during the lockdown period due to COVID-19. ODLO could show evidence that, together with other Fair Wear member brands, wages were paid retroactively. Another Fair Wear factory assessment is planned for the following financial year, to validate the wage payments.

ODLO is cooperating with another Fair Wear member brand to follow up on legal minimum issues for its supplier in India. In 2023/2024, ODLO visited the factory. Most of the workers work under a piece rate system. ODLO identified that the wage records and documentation were wrong. Together with the supplier, the member brand ensures that the correct wage documentation is in place and it is also shared with workers.

**Recommendation:** Fair Wear strongly recommends ODLO to always verify whether legal minimum wage issues have been resolved in case factory management claims so. ODLO could hire a local consultant or plan a monitoring visit of one of Fair Wear's auditors to check remediation.

ODLO recommended investigating the wage levels at factories with a piece-rate system to ensure that at least the legal minimum wage is paid to workers.

| Performance indicators   | Result       | Relevance of indicator  | Documentation   | Score | Max | Min |
|--|--------------|---|---|-------|-----|-----|
| 3.11 Degree to which member company assesses and responds to root causes of wages 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. | Member companies may present a wide range of evidence of how payment below living wage was addressed, such as: internal policy and strategy documents, reports, wage data/wage ladders, gap analysis, correspondence with factories, etc. | 4     | 6   | 0   |

**Comment:** ODLO has an overview of the wage levels at most of its suppliers. The member brand understands which suppliers pay wages below living wage estimates. ODLO identified the root causes of wages lower than living wages in production locations. For instance, the member brand mentioned the difficulty of using regional living wage estimates, which are often not applicable in certain areas. Suppliers are sometimes located in suburban or rural regions, where these city-based estimates fail to accurately reflect the local economic conditions. This discrepancy is compounded by the absence of a clear definition of what constitutes the living wage estimate that needs to be achieved, making it difficult to set consistent. Additionally, the company's low leverage in negotiating wages with suppliers further complicates efforts to close the wage gap, creating additional obstacles in achieving a payment of a living wage.

The focus of ODLO's efforts on the topic of wages has been on its own factory in Romania (49% FOB), as this is where the brand can most easily make an impact (see also indicators 3.12 and 3.13).

**Recommendation:** Fair Wear encourages ODLO 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.

| Performance indicators                                      | Result       | Relevance of indicator  | Documentation   | Score | Max | Min |
|---|--------------|---|---|-------|-----|-----|
| 3.12 Member company determines and finances wage increases. | Intermediate | Member companies should have strategies in place to contribute to and finance wage increases in their production locations. | Analysis of wage gap, strategy on paper, demonstrated roll out process. | 4     | 6   | 0   |

**Comment:** As part of the living wage project at ODLO Romania, target wages have been defined for the coming years. Furthermore, a new Collective Bargaining Agreement (CBA) was negotiated. All bonuses are included in the CBA. ODLO has several ways to finance the cost of increased wages. Increased consumer prices are part of it, next to efficiency improvements at the factory. ODLO is also working on an innovative change in fabric production, which should lead to savings that can be used to finance the increase in labour costs. The Fair Wear audit of 2022 at the member brand's own factory confirms the payment of target wages, and some workers are earning even more.

Since 2024, ODLO is part of a living wage project, organised by Sustainable Textiles Switzerland 2030 (STS 2030), which is a multi-stakeholder program with the mission to make a contribution to achieving the Sustainable Development Goals (SDGs) in the Swiss textile and clothing sector. Together with other brands from Switzerland, ODLO aims to create a roadmap for the payment of living wages for its Vietnamese factories.

**Recommendation:** Fair Wear strongly recommends agreeing on target wages in a written agreement with all suppliers. Fair Wear encourages ODLO to continue its efforts to support the payment of higher wages by defining the next target wages that go beyond the CBA agreements. This could be realised by a step-by-step implementation plan agreed upon with the trade unions, worker representatives and suppliers. Long-term contracts for the supplier are beneficial to support this process.

| Performance indicators  | Result | Relevance of indicator   | Documentation  | Score | Max | Min |
|---|--------|--|--|-------|-----|-----|
| 3.13 Percentage of production volume where the member company pays its share of the living wage estimate. | 49%    | Fair Wear requires its member companies to act to ensure a living wage is paid in their production locations to each worker. | Member company's own documentation such as reports, factory documentation, evidence of Collective Bargaining Agreement (CBA) payment, communication with factories, etc. | 4     | 6   | 0   |

**Comment:** The wages at ODLO's own production location in Romania have increased to the set target wage. Worker representation has been involved in the process, and a new CBA was negotiated. Wages will increase by ca. 20% (lowest wage) for ca. 80% of the total workforce. 49% of ODLO's FOB was produced at this factory in the past financial year.

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

| Performance indicators   | Result                 | Relevance of indicator  | Documentation  | Score | Max | Min |
|--|------------------------|---|--|-------|-----|-----|
| 3.14 Member addresses grievances received through Fair Wear's helpline in accordance with the Fair Wear's Access to Remedy Policy. | No complaints received | Members are expected to actively support the operational-level grievance mechanisms as part of regular contact with their suppliers. The complaints procedure provides a framework for member brands, emphasising the responsibility towards workers within their supply chain. | Overview of supporting activities, overview of grievances received and addressed, etc. | N/A   | 4   | -2  |

**Comment:** ODLO did not receive any complaints in the previous financial year 2023/2024. However, during the previous brand performance check, it was determined that due to missing information on order placements, certain suppliers were not shown as active in the Fair Wear database during the financial year 2022/2023. As a result, ODLO missed out on three complaints about 'employment is freely chosen' and 'reasonable hours of work' from one supplier in Vietnam. Together with another Fair Wear member brand ODLO followed up on the complaints immediately. All three complaints are resolved.

| Performance indicators   | Result | Relevance of indicator   | Documentation   | Score | Max | Min |
|--|--------|--|---|-------|-----|-----|
| 3.15 Degree to which member company implements training to address the risks identified. | Basic  | Training programmes can play an important role in improving working conditions, especially for more complex issues, such as freedom of association or gender-based violence, where factory-level transformation is needed. | Links between the risk profile and training programme, documentation from discussions with management and workers on training needs, etc. | 2     | 6   | 0   |

**Comment:** In the past three years, five suppliers from Vietnam, Türkiye, and China have been enrolled in Fair Wear's Workplace Education Programme (WEP) Basic module. Two locations in Vietnam participated in the WEP Communications. ODLO conducted a third-party training programme, focussing on social dialogue and FoA, with its Turkish supplier. This action followed a complaint submitted by a union member at the beginning of 2022. With this training, ODLO informed workers about their rights in general, with a focus on FoA. The training programme was verified by Fair Wear.

The member has not yet enrolled all of its suppliers with findings on 'no awareness about CoLP' or 'communication between workers and factory management should be strengthened'.

**Recommendation:** ODLO is recommended to implement training for all factories where this is part of its improvement and/or prevention programme.

| Performance indicators   | Result       | Relevance of indicator  | Documentation   | Score | Max | Min |
|--|--------------|---|---|-------|-----|-----|
| 3.16 Degree to which member company follows up after a training programme. | Intermediate | Training is a crucial tool to support transformative processes but complementary activities such as remediation and changes at the brand level are needed to achieve lasting impact | Evidence of engagement with factory management regarding training outcomes, documentation on follow-up activities, and proof of integration into further monitoring and risk profiling efforts. | 4     | 6   | 0   |

**Comment:** The member has shared the training reports with its suppliers and started a dialogue with its suppliers about the outcome of the training. ODLO did not yet use the training results as input for ODLO's human rights due diligence. However, one follow-up action resulted from the training at the supplier in Türkiye. Here, ODLO plans to request a validation assessment to validate workers' understanding of social dialogue procedures in the factory.

**Recommendation:** Fair Wear recommends ODLO to use the training results as input for ODLO's human rights due diligence.

| Performance indicators  | Result   | Relevance of indicator  | Documentation  | Score | Max | Min |
|---|----------|---|--|-------|-----|-----|
| 3.17 The member company's human rights due diligence system includes a responsible exit strategy. | Advanced | Withdrawing from a non-compliant supplier should only be the last resort when no more impact can be gained from other strategies. Fair Wear members must follow the steps as laid out in the responsible exit strategy. | Exit strategy policy, examples of supplier communications. | 4     | 4   | 0   |



**Comment:** ODLO's sourcing strategy includes a responsible exit strategy. In the past financial year, the member stopped with six suppliers in Italy, Sri Lanka, Slovenia, Indonesia and Germany. The responsible exit strategy includes specific steps, such as an analysis of the impact based on the leverage, identification of the risk of layoffs and involving additional stakeholders throughout the process. ODLO defined to inform the supplier about the exit as soon as possible, at least one season ahead. The member brand also mentions a phase-out plan for production orders with a clear timeline; worker representatives must be consulted. Some suppliers were exited for commercial reasons, some because they did not follow ODLO's requirements. Part of the process here was to inform the suppliers about the exit as soon as possible. ODLO checked on the impact on workers.

| Performance indicators  | Result  | Relevance of indicator   | Documentation   | Score | Max | Min |
|---|---|--|---|-------|-----|-----|
| 3.18 Member company's measures, business practices and/or improvement programmes go beyond the indicators or scope. | Member company's activities do not go beyond the indicators or scope. | Fair Wear would like to reward and encourage members who go beyond the Fair Wear policy or scope requirements. For example, innovative projects that result in advanced remediation strategies, pilot participation, and/or going beyond tier 2. | Overview of Human Right risk monitoring, remediation and prevention activities and processes. | N/A   | 6   | 0   |

**Comment:** ODLO does not undertake activities related to human rights that go beyond Fair Wear's scope.

## Layer 4 External communication, outreach, learning, and evaluation

**Possible Points: 22**

**Earned Points: 16**

### Indicators related to communication

| Performance indicators   | Result   | Relevance of indicator   | Documentation   | Score | Max | Min |
|--|----------|--|---|-------|-----|-----|
| 4.1 Member company actively communicates about Fair Wear membership. | Advanced | Fair Wear membership includes the need for a brand to show its efforts, progress, and results. Fair Wear members have the tools and targeted content to showcase accountability and inform customers, consumers, and retailers. The more brands communicate about their sustainability work, the greater the overall impact of the work of the Fair Wear member community. | Member website, sales brochures, and other communication materials. | 4     | 4   | 0   |

**Comment:** ODLO communicates accurately about Fair Wear membership on its website. The member also uses other channels, such as social media channels, to inform customers and stakeholders about Fair Wear membership. ODLO also use a hangtag on garments with the Fair Wear Logo.

| Performance indicators   | Result                          | Relevance of indicator   | Documentation  | Score | Max | Min |
|--|---------------------------------|--|--|-------|-----|-----|
| 4.2 Member company sells external brands with a Human Rights Due Diligence system (if applicable). | No reselling of external brands | Some member companies resell other brands, which Fair Wear refers to as 'external production'. These members are expected to investigate the Human Rights Due Diligence system of these other brands, including production locations and the availability of monitoring information. | External production data in Fair Wear's information management system, collected information about other brands' human rights due diligence systems, and evidence of external brands being part of other multi-stakeholder initiatives that verify their responsible business conduct. | N/A   | 4   | 0   |

**Comment:** ODLO does not sell external brands.

| Performance indicators   | Result   | Relevance of indicator  | Documentation  | Score | Max | Min |
|--|----------|---|----------------|-------|-----|-----|
| 4.3 Human rights due diligence reporting is submitted to Fair Wear and is published on the member company's website. | Advanced | The social report is an important tool for member companies to share their efforts with stakeholders transparently. The social report explicitly refers to the workplan and the yearly progress related to the brands goals identified in the workplan. | Social report. | 4     | 4   | 0   |

**Comment:** ODLO has submitted its social report, which Fair Wear approved. ODLO has published the report on its website.

| Performance indicators                                       | Result       | Relevance of indicator  | Documentation   | Score | Max | Min |
|--|--------------|---|---|-------|-----|-----|
| 4.4 Member company engages in advanced reporting activities. | Intermediate | Good reporting by members helps ensure the transparency of Fair Wear's work and helps share best practices within the industry. This indicator reviews transparency efforts reported beyond (or included in) the social report. | Brand Performance Check, audit reports, information about innovative projects, specific factory compliance data, disclosed production locations (list tier 2 and beyond), disclosure of production locations, alignment with the Transparency Pledge. | 2     | 4   | 0   |

**Comment:** ODLO publishes its production locations on its website. It does not include remediation results or a time-bound improvement plan for each supplier.

**Recommendation:** Fair Wear recommends ODLO to publish time-bound plans for its suppliers.

| Performance indicators  | Result       | Relevance of indicator   | Documentation  | Score | Max | Min |
|---|--------------|--|--|-------|-----|-----|
| 4.5 Member company has a system to track implementation and validate results. | Intermediate | Progress must be checked against goals. Members are expected to have a system in place to track implementation and validate the progress made. | Documentation of top management involvement in systematic annual evaluation includes meeting minutes, verbal reporting, PowerPoint presentations, etc. Evidence of worker/supplier feedback. | 4     | 6   | 0   |

**Comment:** ODLO has a system to track progress and check if implemented measures have effectively prevented and remediated human rights violations. The internal evaluation system involves top management. In its evaluation system, the member brand does not yet include triangulated information from external sources.

**Recommendation:** The member is advised to include feedback from workers and suppliers in its evaluation system.

| Performance indicators   | Result       | Relevance of indicator  | Documentation   | Score | Max | Min |
|--|--------------|---|---|-------|-----|-----|
| 4.6 Level of action/progress made on requirements from previous Brand Performance Check. | Intermediate | 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 should show documentation related to the specific requirements made in the previous Brand Performance Check. | 2     | 4   | -2  |

**Comment:** The previous performance check included ten requirements. ODLO scored insufficient on three repeated non-compliance indicators. ODLO followed up on 85% of the requirements that were addressed (indicator 4.6).

Related to the non-compliance indicators 3.10 ODLO responded if production locations fail to pay legal wage requirements and/or fail to provide wage data to verify that legal wage requirements are paid. The findings were remediated retroactively, but the remediation actions were not validated yet. For non-compliance indicator 3.14, ODLO followed up on the complaints that were missing in its monitoring and remediation activities, and together with another Fair Wear member brand. All three complaints are resolved.

ODLO actively worked on all the other requirements too, related to extending its due diligence approach to homeworkers (indicator 2.12) and started drafting new contract templates related to its requirement of indicator 2.13. Furthermore, ODLO restructured and reevaluated the impact and/or prevalence of the risks for all production countries (2.3), and started to include a gender lens in the implementation of improvement or prevention actions as well (indicator 3.2).

ODLO still needs to ensure its assessment of factories not needing any improvement or prevention programmes is based on a risk assessment (indicator 3.8).

## 5 Appreciation chapter

5.1 Member company publicly responded to problems/allegations raised by consumers, the media, or NGOs.: Not applicable

5.2 Member company actively participated in lobby and advocacy efforts to facilitate an enabling environment in production clusters.: Not applicable

5.3 Member company actively contributed to industry outreach, visibility, and learning in its main selling markets.: Not applicable

## Recommendations to Fair Wear

ODLO provided feedback to Fair Wear by mentioning that it can be challenging for brands to meet certain due diligence requirements. Specifically, they noted difficulties related to capacity analysis (production planning) and the impracticality of some of the Fair Wear requirements. The CSR team mentioned also that there are expectations that may not always be realistic, particularly for smaller brands. The requirements for small brands, in particular, seem to present additional challenges, making it more complex for the brand to implement the requirements and recommendations effectively.



## Brand Performance Check details

Date of Brand Performance Check: **21-01-2025**

Conducted by: **Victoria Lauer**

Interviews with: **Sara Campidelli** (Sustainability Manager)

**Daniel Eppler** (CEO)

**Daniel Mulvie** (COO)

**Matthieu Leclerq** (Director of Sourcing)

**Johanna Heimlicher** (Director of Sustainability)

**Andrin Zinner** (Team Lead Accouting)

**Tom Clive** (Chief of Staff)