



## **Brand Performance Check**

### **ODLO International AG**

This report covers the evaluation period 01-07-2021 to 30-06-2022

## 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 year's 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 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

### ODLO International AG

**Evaluation Period: 01-07-2021 to 30-06-2022**

Member company information	
Headquarters:	Hunenberg , Switzerland
Member since:	2018-09-01
Product types:	Sports & activewear
Production in countries where Fair Wear is active:	China, India, Indonesia, Romania, Thailand, Turkey, Viet Nam
Production in other countries:	Cambodia, Germany, Italy, Slovenia, Sri Lanka
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	54%
Benchmarking score	71
Category	Good

## Summary:

ODLO has shown moderate results on performance indicators, resulting in a benchmarking score of 71. ODLO has 54% of its own production under monitoring. As the monitoring threshold does not determine the benchmarking score this year, ODLO is placed in the Good category.

## Corona Addendum:

ODLO International AG (ODLO) has a split financial year. For this performance check, evaluated the period between 1 July 2020 and 30 June 2021. During this period, ODLO experienced the aftermath of the COVID-19 pandemic, including lockdowns in some production countries such as Vietnam. ODLO maintained monthly contact with its suppliers throughout the pandemic and did not cancel any orders at any point.

ODLO has its own factory in Romania and it is part of ODLO's strategy to increase production there. In the past financial year, ODLO continued its efforts to raise wages in this production location. Worker representation is involved in this process. Nevertheless, ODLO has had several recurring complaints at this facility, indicating a need for further investment in effective worker-management dialogue. The fact that ODLO owns the factory, gives an opportunity to have an impact here, for example through training.

Although ODLO has a very solid planning system, excessive overtime remains an issue at the brand's suppliers. ODLO has been actively following up on this and tries to work on root causes of excessive overtime. Fair Wear recommends ODLO to collaborate with other customers in the factory to tackle this issue more structurally. Finally, ODLO has been working on a new supplier monitoring system. The system has yet to be fully implemented, but provides an instrument for improved monitoring of human rights risks in ODLO's supply chain.

As ODLO produces in many countries, it can be challenging to assess all human rights risks in all these countries and factories. Fair Wear recommends ODLO to focus on risk-based working in the coming year, including in countries where the production volume is low. Building on ODLO's existing systems should be a solid basis going forward.

## 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.	73%	Member companies with less than 10% of a production location's production capacity generally have limited influence on production location managers to make changes.	Supplier information provided by member company.	3	4	0

**Comment:** In the past financial year, ODLO sourced 27% of its production from its own factories in Romania, which manufactures exclusively for ODLO. This is a decrease compared to the previous financial year, when the brand also produced at an own factory in Portugal. The facility in Romania is gradually increasing capacity to be able to cover the production previously done in Portugal. In total, 73% of ODLO's production volume was produced at suppliers where ODLO buys at least 10% of production capacity. This is also a decrease compared to the previous year, also explained by the closure of the Portuguese factory.

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.	11%	Fair Wear provides incentives to clothing brands to consolidate their supplier base, especially at the tail end, as much as possible, and rewards those members who have a small tail end. Shortening the tail end reduces social compliance risks and enhances the impact of efficient use of capital and remediation efforts.	Production location information as provided to Fair Wear.	2	4	0

**Comment:** The manufacturing structure, including a decrease of production partners and reduction of the tail-end, is a key area for ODLO. In the last financial year, 11% of the production volume came from production locations where ODLO buys less than 2% of its total FOB. This is the same as the previous financial year. However, ODLO has ended the business relationship with five suppliers, as the brand is working on reducing the tail end as much as possible. The tail end suppliers mostly produce accessories or other specialised products with limited order volumes.



**Recommendation:** Fair Wear recommends ODLO to consolidate its supply base by limiting the number of production locations in its 'tail end'. To achieve this, ODLO should determine whether production locations where they buy less than 2% of their FOB are of strategic relevance. Shortening the tail will reduce the social compliance risks the member is exposed to and will allow the member to improve working conditions in a more efficient and effective way. It is advised to describe the process of consolidation in a sourcing strategy that is agreed upon with top management/sourcing staff.

Performance indicators	Result	Relevance of Indicator	Documentation	Score	Max	Min
1.2 Percentage of production volume from production locations where a business relationship has existed for at least five years.	93%	Stable business relationships support most aspects of the Code of Labour Practices, and give production locations a reason to invest in improving working conditions.	Supplier information provided by member company.	4	4	0

**Comment:** 93% of ODLO's production volume comes from production locations where the brand's business relationship has existed for at least five years, compared to 92% last year. Maintaining stable relations with suppliers is included in ODLO's sourcing strategy.

Performance indicators	Result	Relevance of Indicator	Documentation	Score	Max	Min
1.3 All (new) production locations are required to sign and return the questionnaire with the Code of Labour Practices before first bulk orders are placed.	Yes	The CoLP is the foundation of all work between production locations and brands, and the first step in developing a commitment to improvements.	Signed CoLPs are on file.	2	2	0

**Comment:** ODLO has a process in place which ensures all new production locations sign and return the questionnaire with the Code of Labour Practices before bulk orders are placed. In the past financial year production started at new locations in Sri Lanka, China and Vietnam and the questionnaires for these locations were signed and returned already in the previous financial year, during the onboarding process. One supplier in Vietnam opened a new facility in 2022. The signed Code of Labour Practices is on file.

Performance indicators	Result	Relevance of Indicator	Documentation	Score	Max	Min
1.4 Member company conducts human rights due diligence at all (new) production locations before placing orders.	Intermediate	Due diligence helps to identify, prevent and mitigate potential human rights problems at suppliers.	Documentation may include pre-audits, existing audits, other types of risk assessments.	2	4	0

**Comment:** For selecting new suppliers, ODLO has a due diligence process in place. When planning to select a new supplier in a new production country, a country factsheet is produced assessing possible risks using Fair Wear country studies as well as information by the International Labour Organisation (ILO) and NGOs. However, in the past financial year, the process was not followed when adding a new supplier in China. The factory was not willing to collaborate so that the complete human rights due diligence (HRDD) process could be followed. Collaboration with the factory was ended in the same business year for this reason. The brand evaluated this process and for potential new factories after this financial year again plans to follow the established procedure.

For existing suppliers, ODLO uses information from various sources such as SAC, Fair Wear and the suppliers themselves to keep informed about risks. The brand does not have a complete overview of the risks in each country which can systematically feed into business decisions. Normally, ODLO staff visits potential new production locations, conducts an internal assessment to check Fair Wear CoLP compliance, collects existing audit reports and discusses Fair Wear requirements in the first visit. Although this was not possible during the COVID-19 crisis, the brand visited the factories again as soon as it was possible.

Related to COVID-19, ODLO stayed in touch with its suppliers about the situation, mainly focusing in this on the countries where lockdowns still occurred.

**Recommendation:** A systematic risk analysis as part of brand's human rights due diligence with new and existing production locations is an important step to mitigate risk and prevent potential problems. Fair Wear recommends ODLO to clearly define preventive actions for identified risks and connect them to sourcing decisions. This also includes strategies to tackle structural risks such as low wage levels in the country, limited freedom of association and restricted civil society that are beyond the brand's individual sphere of influence. Fair Wear advises to use information from Fair Wear country studies and wage ladders and use the Fair Wear Health and Safety guidelines. ODLO can use the CSR Risk Check (<https://www.mvorisicochecker.nl/en/risk-check>) to further assess the risks in (potential new) sourcing countries. For gender risk assessments, ODLO can use the gender-toolkit that has fact-sheets per country, supplier checklists and a model policy on Sexual Harassment.

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

**Comment:** ODLO has a formal supplier evaluation process where social performance has been integrated. In the past financial year, following the recommendation from the previous performance check, 'willingness to improve' has been added to the evaluation process with a traffic light system. Based on this evaluation it was decided not to continue to work with the Chinese supplier which had been added this financial year (see 1.4). ODLO has a responsible exit strategy in place, following Fair Wear's guidelines. When exiting suppliers, this strategy was followed.

ODLO has not cancelled any orders due to the pandemic and stays in regular contact with all production locations to monitor production. ODLO is in the process of exiting a factory in Myanmar, and follows its responsible exit strategy in this process. Production from this facility is moved to a factory in Thailand which is owned by the same supplier.

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

**Comment:** 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 on a monthly basis and then are asked if they are comfortable with the plan. This happens about seven to eight months in before shipping date.

ODLO does not penalise suppliers in case delays occur, but does keep detailed track of delays and discusses internally what can be done to avoid delays in the future. If necessary, the brand uses airfreight to cover the delay, or it tries to push the delivery date with the customer if possible. ODLO does not make any late changes to orders, the orders can only be placed when the product is ready to make. As sales for many products are stable, the brand offers stability to suppliers.

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:** Despite its strong planning systems, issues related to excessive overtime persist especially at one of ODLO's Vietnamese suppliers. ODLO discussed the issue, which also came back in several complaints (see chapter 3), when visiting the factory. The management indicated the overtime is not caused by ODLO's orders, but by other customers' last minute orders. Nevertheless, ODLO conducted a root-cause analysis, and found several other root causes. These include delays in material delivery, a lack of skilled workers, sick workers, workers claiming they want to work overtime and high order demand in the peak season. ODLO is aware that workers' wish to work overtime is a consequence of low wages. ODLO's prices support higher wages, but other customers are bringing the prices down. ODLO has not yet been able to find a solution to this issue. ODLO's planning team has been in daily contact with the factory about the planning and tried to find a solution together with the factory. A Fair Wear audit was conducted at the factory at the end of the financial year, which still found several findings related to excessive overtime. The follow-up on these audit findings shall be part of the next performance check.

**Recommendation:** Fair Wear recommends cooperating with other customers at the factory to increase leverage, when trying to mitigate excessive overtime hours.

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:** ODLO's works with a purchasing agreement which includes a requirement for suppliers to work with open costing. Suppliers are asked to share the number of sewing minutes as well as the minute cost. On top of that, the supplier shares its margin, overhead, etc. It sometimes happens that the information provided by the supplier does not seem to be correct. For example, the suppliers may put in a lower minute cost and then increase the number of sewing minutes needed. As the minute calculations are often not trusted by the brand, it is unclear how the open costing translates into the real prices.

When a price is found too high by the brand, it works on simplifying the samples to engineer a lower price. 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.

**Recommendation:** Fair Wear recommends ODLO to strengthen its knowledge of cost break downs of all product groups by increasing suppliers' trust to work on this with the brand. ODLO could consider offering training by a local representative on open costing methodology, or the Fair Price app, to its suppliers. Such training is available in all Fair Wear countries.

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:** None of the audits in the past financial year indicated problems related to payment of legal minimum wage. Related to COVID-19, ODLO focused on monitoring the situation in Vietnam where a lockdown took place at the beginning of the financial year (July-August). ODLO is collaborating with another Fair Wear member brand on the payment of the wages and the receipt of government support during the lockdown. There are discrepancies between the factories' records and the information found by Fair Wear's audit team. ODLO is working on getting the correct information to be able to properly follow up, if workers did not receive the due wages or government compensation.

There were no lockdowns in the areas in China where ODLO's production partners are located.

**Requirement:** ODLO should actively follow up with its Vietnamese supplier to ensure that workers who did not participate in 3-on-site receive at least the legal minimum wage.

Performance indicators	Result	Relevance of Indicator	Documentation	Score	Max	Min
1.10 Evidence of late payments to suppliers by member company.	No	Late payments to suppliers can have a negative impact on production locations and their ability to pay workers on time. Most garment workers have minimal savings, and even a brief delay in payments can cause serious problems.	Based on a complaint or audit report; review of production location and member company financial documents.	0	0	-1

**Comment:** In the past financial year ODLO paid all suppliers on time.

Performance indicators	Result	Relevance of Indicator	Documentation	Score	Max	Min
1.11 Degree to which member company assesses and responds to root causes for wages that are lower than living wages in production locations.	Intermediate	Assessing the root causes for wages lower than living wages will determine what strategies/interventions are needed for increasing wages, which will result in a systemic approach	Evidence of how payment below living wage was addressed, such as: Internal policy and strategy documents, reports, correspondence with factories, etc	4	6	0

**Comment:** ODLO has an overview of the wage levels at most factories, though not all of them. For the factories where ODLO knows the current wage levels, it also has some insight into the gap between current wages and the living wage. The focus of ODLO's efforts on the topic of wages has been on its own factory in Romania, as this is where the brand can most easily make an impact (see also indicators 1.13 and 1.14).

**Recommendation:** Fair Wear encourages ODLO to involve worker representatives and local organisations in assessing root causes of wages lower than living wages at all its main production locations. 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.

Furthermore, Fair Wear recommends ODLO to expand its work on living wages to other relevant suppliers.

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).	23%	Owning a supplier increases the accountability and reduces the risk of unexpected CoLP violations. Given these advantages, this is a bonus indicator. Extra points are possible, but the indicator will not negatively affect an member company's score.	Supplier information provided by member company.	1	2	0

**Comment:** ODLO owns one production location in Romania which produces exclusively for ODLO.

Performance indicators	Result	Relevance of Indicator	Documentation	Score	Max	Min
1.13 Member company determines and finances wage increases.	Advanced	Assessing the root causes for wages lower than living wages will determine what strategies/interventions are needed for increasing wages, which will result in a systemic approach.	Evidence of how payment below living wage was addressed, such as: internal policy and strategy documents, reports, correspondence with factories, etc.	6	6	0

**Comment:** As part of the living wage project at ODLO Romania, target wages have been defined for the coming years. ODLO has several ways to finance the cost of increased wages. Increased consumer prices is 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.

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.	23%	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.	2	6	0

**Comment:** Following the preparations of the last years, the past financial year the wages at ODLO's own production location in Romania have increased again to the set target wage. Worker representation has been involved in the process and a new Collective Bargaining Agreement (CBA) was negotiated right after this financial year closed. Wages will increase by 22% in the next financial year. 23% 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.

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## Purchasing Practices

**Possible Points: 52**

**Earned Points: 37**

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## 2. Monitoring and Remediation

Basic measurements	Result	Comments
% of production volume where an audit took place.	52%	
% of production volume where monitoring requirements for low-risk countries are fulfilled.	2%	To be counted towards the monitoring threshold, FWF low-risk policy should be implemented. See indicator 2.9. (N/A = no production in low risk countries.)
Member meets monitoring requirements for tail-end production locations.	Yes	
Requirement(s) for next performance check		
Total monitoring threshold:	54%	Measured as percentage of production volume (Minimums: 1 year: 40%; 2 years 60%; 3 years+: 80-100%)

Performance indicators	Result	Relevance of Indicator	Documentation	Score	Max	Min
2.1 Specific staff person is designated to follow up on problems identified by monitoring system.	Yes	Followup is a serious part of Fair Wear membership, and cannot be successfully managed on an ad-hoc basis.	Manuals, emails, etc., demonstrating who the designated staff person is.	2	2	-2

**Comment:** The Sustainability Manager is responsible to follow up on problems identified by the monitoring system and closely cooperates with the Supply Chain Director.

Performance indicators	Result	Relevance of Indicator	Documentation	Score	Max	Min
2.2 Quality of own auditing system meets FWF standards.	Member makes use of FWF audits and/or external audits only	In case Fair Wear teams cannot be used, the member companies' own auditing system must ensure sufficient quality in order for Fair Wear to approve the auditing system.	Information on audit methodology.	N/A	0	-1

**Comment:** ODLO makes use of Fair Wear audits and/or external audits only.

Performance indicators	Result	Relevance of Indicator	Documentation	Score	Max	Min
2.3 Audit Report and Corrective Action Plan (CAP) findings are shared with factory and worker representation where applicable. Improvement timelines are established in a timely manner.	Yes	2 part indicator: Fair Wear audit reports were shared and discussed with suppliers within two months of audit receipt AND a reasonable time frame was specified for resolving findings.	Corrective Action Plans, emails; findings of followup audits; brand representative present during audit exit meeting, etc.	2	2	-1

**Comment:** In the past financial year ODLO had four Fair Wear audits, all close to the end of the year. ODLO shares audit reports in a timely manner with the supplier. The CAPs are shared with the worker representatives, except where the CAPs are not available in the local language. ODLO is in the process of transitioning to an online system where CAPs would be directly accessible, also for suppliers.

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:** Four Fair Wear audits were conducted at ODLO's suppliers in Vietnam and India close to the end of the financial year. Follow-up on these audits has thus been conducted in the next financial year and shall be assessed in the next performance check.

ODLO could not demonstrate follow-up on one of the audits which was done earlier in the year, at a new factory. ODLO had not participated in the audit as it was not producing at this facility at the time.

ODLO follows up on CAPs through e-mail and regular calls with the factories. However, not all suppliers were uploaded in Fair Wear's system for this performance check. A thorough system to keep track of the situation at the all of ODLO's factories is yet to become functional. The newly set up 'Garment Makers Portal', when in use by all suppliers, will likely enable the brand to keep track of all audits more thoroughly.

**Recommendation:** Fair Wear recommends ODLO to strengthen its system to track progress on CAPs and follow up on potential risks in its supply chain. As ODLO has a large tail end, these suppliers should also be included in systematic monitoring.

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:** As travel was restricted due to the COVID-19 pandemic, this indicator is not applicable in 2020/2021 for all Fair Wear members. When possible, ODLO started visiting its suppliers again and has visited most factories in the beginning of the new financial year.

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:** ODLO has collected existing audit reports from its production locations and assessed the quality of those audits. During the performance check, ODLO could not show any follow up on corrective actions.

**Recommendation:** ODLO should include corrective actions from external audits in its CAP follow-up.

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	Policies are not relevant to the company's supply chain			N/A	6	-2
Compliance with FWF guidance on risks related to Turkish garment factories employing Syrian refugees	Advanced			6	6	-2
Other risks specific to the member's supply chain are addressed by its monitoring system	Intermediate			3	6	-2

#### Comment: TURKEY

All ODLO's Turkish suppliers have been audited and have a policy regarding migrant workers in place. Following the recommendation from the previous check, ODLO has organised a WEP Factory Dialogue training at one of its Turkish suppliers. However, the training was postponed by the Fair Wear team, and did not take place in the past financial year. As this was not due to the brand, the organising of the training is counted in this indicator.

#### OTHER RISKS

Already in the previous year, ODLO did a risk assessment to check the risks related to COVID-19 and followed up on these risks in all countries through regular online meetings, e-mails and calls. In the past financial year, as the COVID-19 pandemic impacted fewer countries, ODLO focused more on specific places where lockdowns still occurred. ODLO followed up with the factories based in Vietnam, in the area where a long lockdown took place in summer 2021. When the other factories continued working 3-on-site, meaning workers stayed day and night at the factory to continue production, ODLO checked the safety of the 3-on-site scheme by asking for regular updates from the factory. ODLO is still in the process of verifying whether workers which received all due wages and correct government support (see 1.9). For one of the factories, this has been verified.

ODLO has identified some risks in other countries, for example in China the risk of forced labour and in Sri Lanka risks related to the political unrest in the country. After ODLO found out through third-party research that one of its subcontractors had a high risk of forced labour in China, ODLO ended the relations with this subcontractor. ODLO has provided food packages to the workers affected by the deteriorating economy in Sri Lanka. As ODLO produces in a lot of different countries, and has very low FOB in some of these countries (below 1% in India, Indonesia, Cambodia, China, Italy, Slovenia, Germany) monitoring of risks in some of these countries is more reactive and based on audit findings or complaints.

**Recommendation:** Knowing the country specific risks facilitates the starting point for discussing this with suppliers. ODLO is recommended to include all countries in its risk monitoring proactively. Member companies can agree on additional commitments that are required to mitigate risks. ODLO can provide additional measures for support and integrate that in the monitoring system.

Performance indicators	Result	Relevance of Indicator	Documentation	Score	Max	Min
2.8 Member company cooperates with other FWF member companies in resolving corrective actions at shared suppliers.	Active cooperation	Cooperation between customers increases leverage and chances of successful outcomes. Cooperation also reduces the chances of a factory having to conduct multiple Corrective Action Plans about the same issue with multiple customers.	Shared CAPs, evidence of cooperation with other customers.	2	2	-1

**Comment:** ODLO cooperates actively with other Fair Wear member brands on many things, including CAP follow-up.

Performance indicators	Result	Relevance of Indicator	Documentation	Score	Max	Min
2.9 Percentage of production volume where monitoring requirements for low-risk countries are fulfilled.	100%	Low-risk countries are determined by the presence and proper functioning of institutions which can guarantee compliance with national and international standards and laws. Fair Wear has defined minimum monitoring requirements for production locations in low-risk countries.	Documentation of visits, notification of suppliers of Fair Wear membership; posting of worker information sheets, completed questionnaires.	2	2	0

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

**Comment:** For 100% of production in low-risk countries the requirements are fulfilled, including visits to the production locations in the last three years and an audit at the production location in Slovenia.

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:** Several tail-end suppliers were audited in the previous financial year.

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: 26**

**Earned Points: 22**

### 3. Complaints Handling

Basic measurements	Result	Comments
Number of worker complaints received since last check.	5	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.	5	
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:** ODLO has designated staff resources and defined clear responsibilities to handle complaints.

Performance indicators	Result	Relevance of Indicator	Documentation	Score	Max	Min
3.2 Member company has informed factory management and workers about the FWF CoLP and complaints hotline.	Yes	Informing both management and workers about the Fair Wear Code of Labour Practices and complaints hotline is a first step in alerting workers to their rights. The Worker Information Sheet is a tool to do this and should be visibly posted at all production locations.	Photos by company staff, audit reports, checklists from production location visits, etc.	2	2	-2

**Comment:** During the monthly check-ins with all production locations ODLO checked and suppliers provided proof that the Worker Information Sheet was still posted. ODLO is in the process of transitioning to a new online system where suppliers would be able to upload the relevant documentation themselves.



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.	All production in low-risk countries/training not possible	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.	N/A	6	0

**Comment:** As training possibilities were limited due to the COVID-19 pandemic, this indicator is not applicable when it is not more beneficial to make it count. However, in the past financial year, a WEP Basic training was conducted at ODLO's Turkish production location. In the past three financial years, WEP training programmes were conducted at factories responsible for 46% of ODLO's FOB.

Performance indicators	Result	Relevance of Indicator	Documentation	Score	Max	Min
3.4 All complaints received from production location workers are addressed in accordance with the FWF Complaints Procedure.	Yes	Providing access to remedy when problems arise is a key element of responsible supply chain management. Member company involvement is often essential to resolving issues.	Documentation that member company has completed all required steps in the complaints handling process.	3	6	-2

**Comment:** During the past financial year, ODLO received four complaints at factories where production took place and one complaint at a factory in Myanmar, which did not produce for ODLO this year, but has done so before. ODLO was still involved in the complaint's follow-up and therefore this complaint is counted here as well. ODLO actively followed up on three complaints in Vietnam, Turkey and Myanmar and could demonstrate during the performance check which steps were taken, including preventive step and audits to verify follow-up has been adequate. Two complaints were also filed in ODLO's own factory in Romania. ODLO followed up on these complaints, one of which has been resolved. Worker representation was involved in the handling of the complaints in Romania. However, another, similar complaint was filed in the next financial year. Follow-up on this complaint will be included in the next check, but the recurrence of complaints at the same facility indicates a more structural worker-management issue.

**Recommendation:** ODLO is recommended to uncover the root causes of complaints and prevent them from recurring, for example by organising communications training for workers and management.

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:** ODLO actively cooperated with other Fair Wear members on the complaints in Myanmar, Vietnam and Turkey.

## Complaints Handling

**Possible Points: 11**

**Earned Points: 8**

## 4. Training and Capacity Building

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

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

Performance indicators	Result	Relevance of Indicator	Documentation	Score	Max	Min
4.2 All staff in direct contact with suppliers are informed of FWF requirements.	Yes	Sourcing, purchasing and CSR staff at a minimum should possess the knowledge necessary to implement Fair Wear requirements and advocate for change within their organisations.	Fair Wear Seminars or equivalent trainings provided; presentations, curricula, etc.	2	2	-1

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

Performance indicators	Result	Relevance of Indicator	Documentation	Score	Max	Min
4.3 All sourcing contractors/agents are informed about FWF's Code of Labour Practices.	Member does not use agents/contractors	Agents have the potential to either support or disrupt CoLP implementation. It is the responsibility of member company to ensure agents actively support the implementation of the CoLP.	Correspondence with agents, trainings for agents, Fair Wear audit findings.	N/A	2	0

Performance indicators	Result	Relevance of Indicator	Documentation	Score	Max	Min
4.4 Factory participation in training programmes that support transformative processes related to human rights.	59%	Complex human rights issues such as freedom of association or gender-based violence require more in-depth trainings that support factory-level transformative processes. Fair Wear has developed several modules, however, other (member-led) programmes may also count.	Training reports, Fair Wear's data on factories enrolled in training programmes. For alternative training activities: curriculum, training content, participation and outcomes.	6	6	0

**Comment:** Fair Wear trained factory trainers to conduct trainings on Violence and Harassment Prevention in Sri Lanka. These trainings took place in September 2020 at two factories.

Three locations in Vietnam and one location participated in the WEP Communications and in Romania the brand organised a training for worker representatives. All locations together account for 59% of FOB (excl. low-risk).

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:** During the performance check ODLO was not able to show active follow-up on training programmes.

**Requirement:** Fair Wear requires ODLO to discuss the outcome of advanced training with their supplier and agree on next steps such as regular dialogue or committee meetings.

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## Training and Capacity Building

**Possible Points: 11**

**Earned Points: 9**

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## 5. Information Management

Performance indicators	Result	Relevance of Indicator	Documentation	Score	Max	Min
5.1 Level of effort to identify all production locations.	Intermediate	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.	3	6	-2

**Comment:** Although ODLO has since many years a system in place to identify all production locations, during this performance check it became apparent that several factories were missing from the Fair Wear system. This was rectified, however indicates the system, in the past financial year, was not sufficiently maintained to keep track of all production locations, including subcontractors.

**Recommendation:** Fair Wear strongly recommends ODLO to integrate systematic periodical checks with its suppliers whether all known production locations are still up to date and use the information coming from questionnaires to update supplier data, including subcontractors.

Performance indicators	Result	Relevance of Indicator	Documentation	Score	Max	Min
5.2 CSR and other relevant staff actively share information with each other about working conditions at production locations.	Yes	CSR, purchasing and other staff who interact with suppliers need to be able to share information in order to establish a coherent and effective strategy for improvements.	Internal information system; status CAPs, reports of meetings of purchasing/CSR; systematic way of storing information.	1	1	-1

**Comment:** Staff from both sourcing and product development is involved in sustainability activities and have bi-weekly meetings. Supplier calls are documented and shared. ODLO staff and suppliers have access to a joint database with relevant information and updates are shared at supply chain meetings and sustainability panel events. However, not all production locations were known to CSR staff (see 5.1), indicating that this information is not shared sufficiently.

**Recommendation:** ODLO is recommended to ensure active internal collaboration and sharing of information regarding production locations, especially by staff in direct contact with suppliers on a regular basis, towards CSR staff.

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## Information Management

**Possible Points: 7**

**Earned Points: 4**

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

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

**Comment:** The most recent Brand Performance Check report has been published on ODLO's website and production locations are disclosed in ODLO's sustainability report. In addition, ODLO has signed the Fair Wear transparency policy and discloses the production locations responsible for 87% of its FOB.

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	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.	1	2	-1



**Comment:** At time of the performance check, the 2021/2022 Sustainability report has been submitted to Fair Wear. It will be published on ODLO's website later.

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## Transparency

**Possible Points: 6**

**Earned Points: 5**

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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:** The ODLO sustainability strategy is integrated into the company's overall strategy. To ensure progress, status and achievements are reported quarterly to the 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.	0%	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.	-2	4	-2

**Comment:** ODLO received one requirement in the previous performance check, on indicator 4.5: follow-up on advanced training modules. ODLO could not demonstrate follow-up on this requirement during the performance check. ODLO has, however, followed up on most recommendations given in the previous check.

**Requirement:** It is required to work towards remediation of previous requirements from the last Brand Performance Check. Further engagement needs to be taken with regard to the following requirements mentioned in the last Brand Performance Check.

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## Evaluation

**Possible Points: 6**

**Earned Points: 0**

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## Recommendations to Fair Wear

ODLO recommends Fair Wear to ensure timely finalisation of audit reports and clear communication about delayed timelines. Furthermore, ODLO recommends Fair Wear to broaden its scope beyond tier 1, possibly collaboration with other organisations such as the Sustainable Apparel Coalition and the Higg Index.

# Scoring Overview

Category	Earned	Possible
Purchasing Practices	37	52
Monitoring and Remediation	22	26
Complaints Handling	8	11
Training and Capacity Building	9	11
Information Management	4	7
Transparency	5	6
Evaluation	0	6
Totals:	85	119

Benchmarking Score (earned points divided by possible points)
71

Performance Benchmarking Category
Good

## Brand Performance Check details

Date of Brand Performance Check:

09-01-2023

Conducted by:

Paula de Beer

Interviews with:

Daniel Mulvie, Supply Chain Management Director

Matthieu Leclercq, Head of sourcing

Andrin Zinner, Accountant

Holly Garbett, Marketing

Victor Massoneau, CSR