



# **Brand Performance Check**

**ODLO International AG**

**Publication date: March 2024**

This report covers the evaluation period 01-07-2022 to 30-06-2023

# 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: 78

Possible score: 196

Benchmarking Score: 40

Performance Benchmarking Category: Good



### Summary:

ODLO has met most of Fair Wears' performance requirements. With a total benchmarking score of 40, the member is placed in the Good category.

ODLO has a split financial year. This performance check evaluated the period between 1 July 2022 and 30 June 2023. During this period, ODLO experienced the aftermath of the COVID-19 pandemic. This past financial year has represented challenges for the member brand due to recession and therefore smaller production orders.

As ODLO produces in many countries, it was challenging for the member brand to assess all human rights risks in all these countries and factories. 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 started to conduct the risk scoping on country level for Romania, Vietnam, Sri Lanka, and Türkiye and includes all eight labour standards in this scoping on a basic information level. The country-level risk scoping is missing for the following production countries: China, India, Thailand, Cambodia, Portugal, Slovenia, and Italy. Fair Wear strongly recommends ODLO to focus on risk-based working in the coming year, including in countries and production locations where the production volume is low.

The member adjusts its sourcing strategy based on the risk scoping, as outcomes of the scoping are included in decision-making. As ODLO analysed, Myanmar has the highest likelihood and impact of the Code of Labour Practices (CoLP) violations. After discussions with Fair Wear, the member brand has initiated a Responsible Exit Strategy from Myanmar in 2022.

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.

The member has scored insufficient on some repeated non-compliance indicators. These need to be resolved in the next performance check, else ODLO will be automatically placed in Needs Improvement.

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 CMT production versus support processes 99%

Percentage of FOB purchased through own or joint venture production 37.36%

Percentage of FOB purchased directly 94%

Percentage of FOB purchased through agents or intermediaries 31%

Percentage of turnover of external brands resold 0%

FLA Member No

Number of complaints received last financial year 5

## 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	3	40.45%
Viet Nam	7	27.46%
Sri Lanka	4	11.97%
Thailand	2	11.21%
Türkiye	1	5.84%
Slovenia	2	0.94%
India	2	0.52%
Portugal	2	0.49%
Indonesia	1	0.4%
Cambodia	1	0.34%
Italy	2	0.22%
China	3	0.15%
Germany	1	0.01%

# 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 Responsible Business Conduct policy adopted by top management.: Yes

Comment: ODLO International AG has a solid Responsible Business Conduct Policy in place.

1.2 All member company staff are made aware of Fair Wear's membership requirements.: Yes

1.3 All staff who have direct contact with suppliers are trained to support the implementation of Fair Wear requirements.: 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 International AG discloses 74% 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 International AG discloses 74% 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: 40**

### 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 sourcing strategy is outlined in a separate document and included in the member brand's Responsible Business Conduct (RBC) policy. The member has 31 active suppliers in 13 production countries. 76% of the production volume comes from suppliers where the member has at least 10% leverage. 8% of the production volume comes from suppliers where ODLO buys less than 2% of its total FOB. In the past financial year, ODLO sourced 37% of its production from its own factory in Romania, which manufactures exclusively for ODLO. This is an increase of 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 plans to leave four production countries in the next two years. 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. 90% 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 started to conduct the risk scoping on country level for Romania, Vietnam, Sri Lanka, and Türkiye and includes all eight labour standards in this scoping on a basic information level. Here, ODLO mainly focuses on information from the International Labour Organisation (ILO), the World Bank Organisation and other external indices. The member brand has not yet identified sector, business, sourcing model, and product-level risks. Country-level risk scoping is missing for the following production countries: China, India, Thailand, Cambodia, Portugal, Slovenia, and Italy.

In its risk scoping, ODLO has not correctly assessed the impact and prevalence of all risks. The company has developed a benchmark and an evaluation system for the country risk scoping, in which it compares the risks per production country with the risk benchmark for Switzerland, where ODLO's headquarters is located. Because of that, the member brand has not identified relevant risks, while several sources indicate otherwise. For instance, ODLO did not identify high risks on freedom of association (FoA) in Vietnam and Türkiye. However, ODLO has identified the majority of the risks regarding the non-payment of living wages. The risk scoping does include a gender lens. Here, the brand focussed on gender equality. Risks of sexual harassment and gender-based violence however were not included.

The member adjusts its sourcing strategy based on the risk scoping, as outcomes of the scoping are included in decision-making. As ODLO analysed, Myanmar has the highest likelihood and impact of CoLP violations. After discussions with Fair Wear, the member brand has initiated a Responsible Exit Strategy from Myanmar in 2022.

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

**Requirement:** ODLO must also reconsider the impact and/or prevalence of the risks for all production countries.

**Recommendation:** The member is urged to assess the risk of limited freedom of association and social dialogue in its supply chain. Fair Wear also recommends ODLO to include all risk factors in its risk scoping.

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.	Intermediate	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.	2	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 2022/2023, ODLO did not onboard a new factory.

**Recommendation:** Fair Wear recommends that ODLO engages in a dialogue with the supplier about Fair Wear requirements and how to cooperate in implementing these.

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 complaints helpline, 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 monitor human rights risks in its supply chain.	Basic	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.	2	6	0



**Comment:** ODLO has an ad hoc approach to identifying human rights risks in its supply chain. However, the member brand does not have a factory risk assessment for all its suppliers. ODLO mainly relies on Fair Wear monitoring audits and follow-up of the Corrective Action Plans (CAPs) for its suppliers. ODLO extracts the information from audit reports to the factory risk assessments on a basic level. The risk assessment does include an assessment of the likelihood and severity, but it does not yet lead to a prioritisation of risks. ODLO aims to conduct social audits at its production locations on a regular basis. It follows up regularly on findings after receiving the audit report.

The member brand mainly uses Fair Wear audits, which include worker and stakeholder input, and other third-party audits in its monitoring. All suppliers complete the annual questionnaire, including questions about subcontracting, leverage, the eight labour standards and policies. The brand's sourcing team visits the suppliers on a regular base and provides feedback through health and safety checklists.

**Recommendation:** Fair Wear recommends ODLO to approach monitoring systematically, identifying the appropriate monitoring tool and frequency depending on the outcome of the risk scoping and risk assessment. Fair Wear also recommends that ODLO not depends on audits alone and expands its monitoring instruments.

Performance indicators	Result	Relevance of indicator	Documentation	Score	Max	Min
2.8 Member company's continuous monitoring of human rights risks 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 partly mapped the risks to FoA in some of its sourcing countries and can explain the main risks per country. To identify the risks, ODLO mainly uses Fair Wear monitoring audits and information from the ILO. The risk assessment does not include the risks specific to women workers. In its risk scoping, ODLO has not correctly assessed the impact and prevalence of all risks (see indicator 2.3). For instance, the member brand has not identified relevant risks on FoA in Vietnam and Türkiye correctly.

In general, ODLO identified a lack of awareness and trust in the role and benefits of trade unions and workers' rights to join and form trade unions. The annual supplier questionnaires include questions on FoA and unionisation. The member brand knows that some factories in Vietnam have established a trade union. A Collective Bargaining Agreement (CBA) was signed as well.

**Recommendation:** ODLO is strongly recommended to deepen its understanding of risks to FoA in its supply chain. ODLO is recommended to use the Supplier Questionnaire from Fair Wear's FoA Guide to assess and understand the risk regarding violation of FoA at its suppliers.

Performance indicators	Result	Relevance of indicator	Documentation	Score	Max	Min
2.9 Member company includes a gender analysis throughout their continuous monitoring of human rights risks, 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 partly included gender in its risk scoping. The member brand focussed on analysing the share of women in senior and management positions. ODLO did not identify sexual harassment, gender-based violence or discrimination as a significant risk in its production countries. ODLO developed an extended questionnaire and checklist for on-site visits, including gender-specific questions that are especially related to health and safety standards. However, the member brand has not collected the data for all of its factories yet. The member has yet to analyse the collected gender-disaggregated data at the factory and country levels for all eight labour standards.

**Recommendation:** ODLO is recommended to collect gender data per factory related to every Code of Labour Practices. Fair Wear also recommends ODLO to enrol in the Introduction to Gender Equality programme on Fair Wear's learning platform.

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. All criteria account for the same for the overall rating. 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 visited the production location in Romania in 2022. In other production countries, ODLO doesn't have local teams. 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.	Insufficient	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.	0	4	0

**Comment:** ODLO has not identified whether homework is prevalent in its sourcing countries. According to the member brand, there is a very low risk of homeworkers being used by its suppliers because of its technical products.

**Requirement:** ODLO should identify whether homeworkers are used by its suppliers and assess if there is a risk of exploitation.

**Recommendation:** Fair Wear recommends ODLO to conduct a capacity analysis looking into specific production processes to validate the suppliers' statements that no homeworkers are used.

## 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 the difference in sea freight. 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.

**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 that ODLO removes penalties for late delivery from its contracts or at least ensures there is 'proof of fault by the supplier'. ODLO is advised to review its contracts with suppliers against the principles mentioned in the Common Framework of Responsible Purchasing Practices (CFRPP).

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 their 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:** In general, ODLO showed that there is an active interchange of information between CSR and other departments to enable coherent and responsible business practices. However, during the brand performance check, it was determined that information on order placements with certain suppliers was not being exchanged effectively between the CSR and purchasing/sourcing departments. As a result, suppliers were not shown as active in the Fair Wear database during the financial year 2022/2023.

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:** Fair Wear strongly recommends that CSR and other relevant departments actively share information. ODLO could adopt KPIs that support good sourcing and pricing strategies within its sourcing, purchasing and design departments.

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. As sales for many products are stable, the brand offers stability to suppliers. 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 supplier 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.	Basic	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.	2	6	0

**Comment:** ODLO has included a requirement to work with open costing in the contract with its suppliers. All suppliers are asked to share the number of sewing minutes and 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 not verified, it is unclear how the open costing translates into accurate prices. The member brand does not yet have a direct link to the labour costs and wage levels.

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.

**Recommendation:** ODLO is recommended to investigate wage levels in production countries and at its suppliers. This forms the basis for ensuring enough is paid to cover at least minimum wage and for making steps towards living wages. 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. ODLO is encouraged to provide buyers (or other employees involved in price negotiations with suppliers) training on cost breakdown, for example using the Fair Price app.

Performance indicators	Result	Relevance of indicator	Documentation	Score	Max	Min
2.17 All sourcing intermediaries play an active role in upholding Fair Wear's Code of Labour Practices and ensure transparency about where production takes place.	Advanced	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.	4	4	0

**Comment:** ODLO does not make use of sourcing intermediaries.

## Layer 3 Prevention, mitigation and remediation

**Possible Points: 96**

**Earned Points: 28**

### 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 prioritisation and follow-up programmes according to the risk profile.	Basic	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.	2	6	0

**Comment:** ODLO started creating follow-up plans for its suppliers based on audit reports. The follow-up plans do not specifically consider the supplier's risk assessment. The follow-up plans describe a general contextualisation and the brand's monitoring actions. Here, the member brand mainly relies on CAPs. No prioritisation or concrete follow-up plans have yet been drafted.

**Recommendation:** Fair Wear recommends ODLO to ensure more factories have a follow-up plan that matches their risk profile.

Performance indicators	Result	Relevance of indicator	Documentation	Score	Max	Min
3.2 Member company's improvement and prevention programmes include a gender lens.	Insufficient	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.	0	6	0

**Comment:** ODLO has not yet started to collect gender-disaggregated data per factory and, therefore, could not include a gender lens yet in improvement or prevention steps.

**Requirement:** ODLO must start including a gender lens in the implementation of improvement or prevention actions.

**Recommendation:** Once ODLO has collected gender-disaggregated data for its suppliers, the members should start including a gender lens in its improvement and prevention steps.

Performance indicators	Result	Relevance of indicator	Documentation	Score	Max	Min
3.3 Member company's improvement and prevention programmes 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 steps to encourage FoA and effective social dialogue in its improvement or prevention actions. ODLO planned with its Turkish supplier to implement external training on FoA because of a complaint submitted by a union member at the beginning of 2022. With this training, ODLO wants to inform workers about their rights in general with a focus on FoA. The training is planned for the upcoming financial year.

The member has 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 be more comprehensive and include more steps to promote FoA and effective social dialogue in its improvement and prevention actions.

Performance indicators	Result	Relevance of indicator	Documentation	Score	Max	Min
3.4 Member company actively supports operational-level internal grievance mechanism.	Intermediate	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.	4	6	0

**Comment:** ODLO monitors the effectiveness of internal grievance mechanisms via audits 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 complaints. However, in the financial year 2022/2023, it was determined during the brand performance check that a Vietnamese supplier was not shown as 'active' in the Fair Wear database, but orders were placed at this supplier. As a result, ODLO missed out on several complaints. Due to that specific case, ODLO was not able to cooperate with another Fair Wear member brand to solve these complaints. For more information, see indicator 3.14.

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.

**Requirement:** Cooperation among Fair Wear members is required, also in cases of complaints.

**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 progress towards implementation of improvement programme per relevant factory.	62%	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.	4	6	-2

**Comment:** In the past financial year, ODLO has received ten Fair Wear audit reports from Vietnam, China, Romania and India and one external report from a supplier in Slovenia. During the performance check, the member could demonstrate with a sample that more than half of the Corrective Action Plan (CAP) issues requiring improvement actions have been followed up. Issues that have been resolved range from grievance mechanisms and working hours to safety findings. The CAP issues that require improvement actions and are still open are more complex or structural and, therefore, need more time to remediate. These are primarily issues related to living wages. ODLO worked with two other Fair Wear member brands on the CAP issues of two suppliers.

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 improvement or prevention programme 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:** As ODLO did not scope risks for all its production countries and did not assess risks for all its factories yet, data is missing to identify if there are any factories where no improvement or prevention programme is needed.

**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.	Basic	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.	2	6	0

**Comment:** In the previous year, seven Fair Wear audit reports of a total of ten Fair Wear audits mentioned excessive overtime; three audits discovered incorrect registration of hours or intransparency. Excessive overtime was found in factories in Vietnam, China and India. One factory in China, where ODLO has 1% leverage, showed partial improvements in excessive working hours. In this case, ODLO cooperated with another FW member brand, sourcing from the same factory.

ODLO's sourcing department discussed the root causes of excessive overtime with its suppliers. According to the member, especially in Vietnam, excessive overtime 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 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. Furthermore, in the financial year 2022/2023, it was determined during the brand performance check that a Vietnamese supplier was not shown as 'active' in the Fair Wear database, but orders were placed at this supplier. As a result, ODLO missed out on several complaints due to excessive overtime. As a result, Odlo did not follow up on these complaints. For more information, see indicator 3.14.

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 discussed the findings. As the other Fair Wear member brand has the lead in following up the CAP findings, ODLO was not informed about the latest status.

**Recommendation:** Fair Wear strongly recommends ODLO to address suppliers' reluctance to be transparent about working hours. Fair Wear recommends ODLO to extend its root cause analysis and identify strategies that minimise the impact of its sourcing practices on working hours. The member could develop processes to deal with possible delays to avoid excessive overtime. Those processes include being flexible with delivery dates, prioritising orders, offering support/flexibility for material delivery, ordering in low season, keeping stock etc. Fair Wear advises ODLO to discuss with its supplier which solutions included in the Fair Working Hours Guide are applicable.

Fair Wear also strongly recommends ODLO to ensure that the member brand is always up to date about the follow-up on CAP issues at shared suppliers.

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.	Insufficient	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, seven out of ten audits included findings regarding non-payment of legal minimum wage or legally required wage elements. In some cases, ODLO responded to these findings via exchange in CAPs and could show some improvements. However, the member has not yet addressed all findings sufficiently and couldn't show active remediation.

The previous performance check included the following requirement: ODLO should actively follow up with its Vietnamese supplier to ensure that workers who did not participate in 3-on-site (July-September 2021) receive at least the legal minimum wage. During the Brand Performance Check, ODLO showed that the first purchasing order was placed after the lockdown for one supplier who participated in the 3-on-site in 2021. Other Fair Wear member brands sourcing in that factory conducted a Fair Wear audit at the supplier in 2022 to assess the issue. The audit showed that workers were not paid legal minimum wages during the lockdown period due to COVID-19. Although ODLO started sourcing in that factory, it did not participate in the audit, nor did ODLO follow up with the factory and the other Fair Wear member brands about the status of paying the legal minimum wages.

ODLO conducted a Fair Wear audit in another factory in Vietnam. Here, ODOL's leverage is 22%. The audit showed that some workers were paid less than the legal minimum wage during the lockdown. The work stoppage wage was not based on negotiation with workers but decided by the factory. The legal minimum wage issues were discussed with the supplier as part of the CAP follow-up. Overall, the brand did not follow up sufficiently on the requirement. This case was not remediated retroactively.

**Requirement:** Please note that following Fair Wear’s policy for repeated non-compliance, members that receive an insufficient score on this indicator for the second year will be placed in the ‘needs improvement’ category.

If a supplier fails to comply with legal wage regulations, members are expected to respond in time, identify root causes with factory management, and resolve that local labour laws are respected. Evidence of remediation must be collected.

**Recommendation:** Fair Wear strongly recommends ODLO to ensure problems of payments below legal minimum wages are not just prevented going forward but also remediated retroactively. Fair Wear also strongly recommends collecting evidence of remediation for the cases of payments below during lockdowns at the Vietnamese supplier.

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.	Basic	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.	2	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 (37% FOB), as this is where the brand can most easily make an impact (see also indicators 3.12 and 3.13). ODLO has not yet done a thorough root-cause analysis to find out why wages at suppliers are below the living wage.

**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.

For its other suppliers, the member has not discussed wage increases.

**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.	37%	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:** Following the preparations of the last years, the wages at ODLO's own production location in Romania have increased again to the set target wage for the past financial year. Worker representation has been involved in the process, and a new CBA was negotiated. Wages will increase by ca. 20% (lowest wage). 37% 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 Complaints Procedure.	Insufficient	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.	-2	4	-2

**Comment:** ODLO received two complaints in the past financial year about discrimination and safe & healthy working condition issues at its own production facility in Romania. The complainant claimed that there was discrimination in the factory against workers with medical conditions. The investigation onsite confirmed that two incidents involving verbal and physical violence occurred in the factory. The member actively responded to these complaints as per Fair Wear's Complaints Procedure. Worker representation was involved in the handling of the complaints in Romania. The factory has a policy against violence and harassment in place. Fair Wear recommended providing anti-harassment training to the workforce regularly. ODLO has not organised such training yet. A verification audit in September 2022 showed that the complaints were solved.

Nevertheless, during the 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. Another Fair Wear member brand followed up on the complaints but was unaware that ODLO was still sourcing in that factory. Therefore, the member brand did not respond to these complaints as per Fair Wear's Complaints Procedure.

**Requirement:** Please note that following Fair Wear's policy for repeated non-compliance, members that receive an insufficient score on this indicator for the second year will be placed in the 'needs improvement' category.

All complaints received from factory workers must be addressed in accordance with the Fair Wear Complaints Procedure. Involvement by ODLO is crucial in resolving a complaint at a supplier.

**Recommendation:** The member is recommended to take steps to prevent similar complaints from occurring at its supplier/ in its supply chain.

Performance indicators	Result	Relevance of indicator	Documentation	Score	Max	Min
3.15 Degree to which member company implements training appropriate to the improvement or prevention programme.	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, seven 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. For the factory in Romania, the member brand organised training for worker representatives. The decision to provide training to its suppliers depends on the improvement and remediation plans based on audit results and complaints as well as the outcome of continuous monitoring.

**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.	Insufficient	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.	0	6	0

**Comment:** ODLO did not follow up after a training programme. The member has therefore not yet used the results of the training as input for its human rights risk monitoring.

**Requirement:** Fair Wear requires ODLO to discuss the outcome of training with its suppliers and agree on the next steps.

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

Performance indicators	Result	Relevance of indicator	Documentation	Score	Max	Min
3.17 The member company's human rights risk monitoring system includes a responsible exit strategy.	Intermediate	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.	2	4	0

**Comment:** ODLO's sourcing strategy includes a responsible exit strategy. In the past financial year, the member stopped with seven suppliers in Myanmar, Italy, Romania, Sri Lanka and Türkiye. 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.

To exit the factory in Myanmar, ODLO was in close contact with Fair Wear and the supplier. The final decision to stop production in Myanmar was made in September 2022. However, the last order was already placed at the beginning of 2022. Top management travelled to Myanmar in 2022 to assess the situation and consider the impact of remaining in the country. The formal responsible disengagement process started in 2022. ODLO confirmed with its remaining Myanmar supplier that it will commence responsible disengagement and move production to one of the partner's other owned sites outside of Myanmar. The estimated leverage in that factory was ca. 15%. The factory management confirmed that ODLO's exit did not lead to layoffs.

**Recommendation:** Fair Wear recommends ODLO to agree on a phase-out period together with the supplier and to extend the period if needed. ODLO could also include the responsible exit strategy as part of its suppliers' agreement or contract.

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: 10

## Indicators related to communication

Performance indicators	Result	Relevance of indicator	Documentation	Score	Max	Min
4.1 Member company actively communicates about Fair Wear membership and its human rights due diligence efforts.	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.

## Indicators related to brand and supply chain transparency

Performance indicators	Result	Relevance of indicator	Documentation	Score	Max	Min
4.3 Social report is submitted to Fair Wear and is published on the member company's website.	Intermediate	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.	2	4	0

**Comment:** ODLO has submitted its social report, which Fair Wear approved. ODLO has not published the report on its website.

**Recommendation:** A social report is an important tool for member companies to share their efforts with stakeholders transparently. Therefore, Fair Wear strongly recommends that ODLO publishes the social 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.	Insufficient	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 three requirements. The member brand has not addressed the requirements from the previous Brand Performance Check. ODLO was required to actively follow up with its Vietnamese supplier on missing minimum wage payments due to the COVID-19 lockdown (indicator 3.10). Furthermore, ODLO was required to discuss the outcome of training programmes (indicator 3.16). As this was also a requirement in the previous Brand Performance Check, the member brand did not follow up on this requirement either (indicator 4.6).

**Requirement:** Please note that following Fair Wear's policy for repeated non-compliance, members that receive an insufficient score on this indicator for the second year will be placed in the 'needs improvement' category.

It is required to work towards remediation of previous requirements from the last Brand Performance. The requirements included in this check need to be addressed.



## 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 mentioned that it is very helpful that Fair Wear is well-connected and has big network with other brands. ODLO sees a high value in this, because working with brands can help to have a stronger voice. Because of this, ODLO asked Fair Wear to offer more tools or events to connect with other Fair Wear member brands (e.g. offline events).

ODLO also highlighted that it benefits from the alignment with OECD and the implementation of the HRDD approach.

## Brand Performance Check details

Date of Brand Performance Check: **21-11-2023**

Conducted by: **Victoria Lauer**

Interviews with: **Daniel Eppler (CEO)**

**Johanna Heimlicher (Head of Sustainability)**

**Sara Campidelli (Sustainability Manager)**

**Daniel Mulvie (Supply Chain Director)**

**Matthieu Leclerq (Head of Sourcing)**

**Andrin Zinner (Team Lead Accounting)**

**Mark Cohen (Team Lead Brand and Marketing Communication)**