



BRAND PERFORMANCE CHECK

LK International AG (Kjus)

PUBLICATION DATE: AUGUST 2017

this report covers the evaluation period 01-01-2016 to 31-12-2016

ABOUT THE BRAND PERFORMANCE CHECK

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

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

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

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

BRAND PERFORMANCE CHECK OVERVIEW

LK International AG (Kjus)

Evaluation Period: 01-01-2016 to 31-12-2016

MEMBER COMPANY INFORMATION	
Headquarters:	Hünenberg, Switzerland
Member since:	18-04-2012
Product types:	Outdoor, Sportswear
Production in countries where FWF is active:	China, Indonesia, Viet Nam
Production in other countries:	Belarus, Italy, Latvia, Lithuania, Thailand
BASIC REQUIREMENTS	
Workplan and projected production location data for upcoming year have been submitted?	Yes
Actual production location data for evaluation period was submitted?	Yes
Membership fee has been paid?	Yes
SCORING OVERVIEW	
% of own production under monitoring	93%
Benchmarking score	77
Category	Leader

Summary:

Kjus has shown advanced results on performance indicators and has made exceptional progress. With a benchmarking score of 77 and a combined monitoring percentage of 93% including FWF audits, external audits and low-risk country production, Kjus has once again achieved the Leader status. Kjus has an advanced system in place to provide factories with adequate lead times and is aware of the relationship between prices and wage levels.

In 2016, Kjus continued its work on audit follow-up and remediation, even though it faced capacity challenges within its CSR team due to unforeseen circumstances. Its monitoring percentage dropped somewhat from the previous year but was still within the required threshold. In addition to this, Kjus signed up for the FWF Living Wage challenge in 2016, and is in a challenging process of practically working towards living wages at one of its main suppliers in Vietnam.

FWF encourages Kjus to continue its work on audit follow-up and remediation, ensuring that the minimum required monitoring threshold continues to be met. In addition, Kjus is encouraged to track and monitor its pioneering work on living wages so that lessons can be learned and disseminated to other players in the global garment industry.

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 FWF's belief that member companies who are making a serious effort to implement the Code of Labour Practices—the vast majority of FWF 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.	0%	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.	0	4	0

Comment: In the past few years, Kjus has consolidated its supply chain. In this process, Kjus' supply chain has focused on relatively large suppliers, making it very difficult to be responsible for at least 10% of production capacity. For this reason, Kjus currently does not have any supplier where it is responsible for at least 10% of production capacity at a particular production location, a decrease from the previous year.

Recommendation: FWF recommends Kjus to consolidate its supplier base where possible, and increase leverage at main supplier(s) to effectively request improvements of working conditions.

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.	10%	FWF 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 FWF.	3	4	0

Comment: Kjus has a relatively short tail-end in its supply chain, indicating that its the consolidation efforts of the past few years have paid off.

Recommendation: FWF recommends Kjus to consolidate its supply base by limiting the number of suppliers in its 'tail end'. To achieve this, members should determine whether suppliers 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.

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.	81%	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: Kjus has worked hard to maintain long-term relationships with its consolidated supplier base. This is reflected in the fact that 81% of Kjus' suppliers have been working with it for five years or more.

Recommendation: FWF recommends Kjus to maintain stable business relationships with suppliers. Long term relationships support most aspects of the Code of Labour Practices, and give factories a reason to invest in improving working conditions.

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: Kjus was able to show that new suppliers had signed and returned the questionnaire.

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 new suppliers.	Documentation may include pre-audits, existing audits, other types of risk assessments.	2	4	0

Comment: Kjus is aware of common risk factors and takes those into consideration when selecting a new supplier. FWF's country study and other available information is also taken into account. As part of the due diligence process, potential new production sites are visited before production has started. In recent years, most new production locations have been with same supplier starting production at a new production location. In this sense, this makes some of the due diligence process less intensive.

Some of the factories where production started in 2016 were a 'one-off' situation where Kjus needed a temporary solution before moving to a more permanent production facility. In this case, due diligence also took place but was less intensive than for more permanent new production locations.

Recommendation: It is advised to describe the process of assessing working conditions at potential new suppliers in a sourcing strategy that is agreed upon with top management/sourcing staff. This policy can describe ex ante what kind risks need to be considered when sourcing in different production countries. For countries where it has local (QC) staff, these people can complete the available FWF CSR/OSH questionnaires and send them back to Kjus HQ for analysis.

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: Kjus employs a supplier rating system that takes into account various factors such as quality, reliability and compliance with the Code of Labour Practices, as well as improvements after audits. In terms of social compliance, the assessed factors are overtime, wages, transparency and cooperation leading to a rating of Good, Okay or To Be Improved. These scores are shared with all suppliers and discussed to achieve better performance. All departments that are in contact with suppliers are included in the rating process. Suppliers who achieve overall good results are favoured when placing orders.

Top performer in this rating gets the 'Supplier of the Year' Award from Kjus.

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: Kjus has a robust production planning system in place. Two years before products are planned to be sold, Kjus starts developing the product together with the supplier who will get the final order. Final orders and timetables for production are communicated to the factory six months to a year before the start of production (guaranteed in the supplier contract). This is to give the opportunity for production in low season as well. Another reason for low season production is to maintain improved cash flow, as Kjus agrees to place orders during low season in exchange for expanded payment terms. Furthermore, Kjus often orders fabrics and materials directly and well in advance to support a smooth production process. Kjus also works to provide pre-orders for styles with bigger volumes, eg. 50% of the expected forecast. The CMT factory sets the lead time for fabric and material suppliers. Fabric suppliers are required to pay for airfreight in case of delays.

Recommendation: Similar to the previous year's recommendation, FWF recommends Kjus to analyse whether the changes in its production planning had a positive impact on reducing delays and excessive overtime hours.

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: In the past financial year, audits showed excessive overtime taking place at various production locations. In most cases, Kjus knows the root causes for the excessive overtime. To provide some examples: for one supplier, it only produces ski-wear products so there is only one peak season per year which leads to excessive overtime. At a factory in Vietnam, the management philosophy is to work long hours and expects workers to do this as well.

Kjus tries to be somewhat pragmatic about the issue because it doesn't want to lose leverage with the supplier. Discussions about overtime are, however, standard practice during supplier meetings and audit follow-up. With some factories, Kjus has started to see if it is possible to track issues like quality and accident rates during regular and overtime hours to see if it is possible to incentivize management to reduce overtime.

Recommendation: FWF encourages Kjus to continue its dialogue with suppliers about excessive overtime hours, working to generate and incorporate evidence-based arguments into these conversations. As it has relatively low leverage at most of its suppliers, this could be done in cooperation with other FWF brand(s).

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
1.8 Member company's pricing policy allows for payment of at least the legal minimum wages in production countries.	Style-level policy	The first step towards ensuring the payment of minimum wages - and towards implementation of living wages - is to know the labour costs of garments.	Formal systems to calculate labour costs on per-product or country/city level.	4	4	0

Comment: Kjus and its suppliers work on an open costing system using costing sheets to calculate costs for materials and CMT. Kjus is aware how many working minutes are needed per piece. While challenges remain to obtain full transparency of factory overhead costs, Kjus has close estimates which share of CMT costs needs to be accounted for labour costs. This information is cross-checked with FWF wage ladder information and taken into account during price calculations. While Kjus proposes a target price, feedback of suppliers is considered and final prices are set in a partnership approach. Where necessary, Kjus does a preliminary internal costing exercise before discussing with its suppliers for certain products to make sure retail targets are hit.

Recommendation: Kjus is encouraged to continue its factory-level work on living wages, particularly at its supplier in Vietnam.

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
1.9 Member company actively responds if suppliers fail to pay legal minimum wages.	No minimum wage problems reported	If a supplier fails to pay minimum wage, FWF member companies are expected to hold management of the supplier accountable for respecting local labour law.	Complaint reports, CAPs, additional emails, FWF audit reports or other documents that show minimum wage issue is reported/resolved.	2	2	-2

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

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
1.11 Degree to which member company assesses root causes of wages lower than living wages with suppliers and takes steps towards the implementation of living wages.	Production location level approach	Sustained progress towards living wages requires adjustments to member companies' policies.	Documentation of policy assessments and/or concrete progress towards living wages.	4	8	0

Comment: In general, Kjus has discussions with its suppliers about wage levels and works with a costing sheet methodology to gain better transparency on pricing.

In financial year of 2016, Kjus, together with two other FWF brands, joined the FWF living wage challenge and had a preliminary meetin with the shared factory in Vietnam. This beginning supports the movement towards living wages through proposed changes at the supplier level, as the agreement and cooperation of the factory was essential before any other progress could take place.

As this process is still ongoing, full points cannot be awarded at this time.

Recommendation: FWF encourages Kjus to continue its efforts as part of the FWF living wage challenge, being sure to document the process. By maintaining ample documentation, lessons can be learned and shared so that in future processes the best practices can be adopted and the potential mistakes don't have to be repeated.

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
1.12 Percentage of production volume from factories owned by the member company (bonus indicator).	None	Owning a supplier increases the accountability and reduces the risk of unexpected CoLP violations. Given these advantages, this is a bonus indicator. Extra points are possible, but the indicator will not negatively affect an member company's score.	Supplier information provided by member company.	N/A	2	0

PURCHASING PRACTICES

Possible Points: 44

Earned Points: 30

2. MONITORING AND REMEDIATION

BASIC MEASUREMENTS	RESULT	COMMENTS
% of own production under standard monitoring (excluding low-risk countries)	91%	
% of production volume where monitoring requirements for low-risk countries are fulfilled	2%	FWF low risk policy should be implemented. 0 = policy is not implemented correctly. N/A = no production in low risk countries.
Meets monitoring requirements for tail-end production locations.	No	Implementation will be assessed next Brand Performance Check
Total of own production under monitoring	93%	Minimums: 1 year: 40%; 2 years 60%; 3 years+: 80-100% Measured as a percentage of turnover.

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 FWF 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: Last year, a member of the CSR team had to go on long-term sick leave. As a result, the CSR responsibilities were passed onto other colleagues and they followed up on any problems identified by its monitoring system.

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
2.2 Quality of own auditing system meets FWF standards.	Member makes use of FWF audits and/or external audits only	In case FWF teams cannot be used, the member companies' own auditing system must ensure sufficient quality in order for FWF to approve the auditing system.	Information on audit methodology.	N/A	0	-1

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
2.3 Audit Report and Corrective Action Plan (CAP) findings are shared with factory and worker representation where applicable. Improvement timelines are established in a timely manner.	Yes	2 part indicator: FWF 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: Kjus shares audit reports with factories in a timely manner and established improvement timelines.

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
2.4 Degree of progress towards resolution of existing Corrective Action Plans and remediation of identified problems.	Intermediate	FWF considers efforts to resolve CAPs to be one of the most important things that member companies can do towards improving working conditions.	CAP-related documentation including status of findings, documentation of remediation and follow up actions taken by member. Reports of quality assessments. Evidence of understanding relevant issues.	6	8	-2

Comment: Kjus has a functioning system in place to follow up on Corrective Action Plans (CAPs). Quality control and local staff supports and checks remediation during visits. More complex issues such as overtime or living wages are discussed regularly with factory management. Kjus has collaborated with other FWF brands on most of its audits and there is usually an agreement about who takes the lead on what audit and each brand keeps the other brands informed on a regular basis. Within this collaboration with other brands, Kjus has taken the lead on a number of audits.

Kjus' process incorporates various rounds of feedback. The first round of feedback involves trying to get more information from factory management about the findings. The first round is important as it allows Kjus to get a feeling for how management responds to the findings and what their attitude is. The second round after the response from factory management goes more into actual follow-up and remediation.

On every factory visit, CSR is on the agenda. Various repeat audits checked during the Brand Performance Check showed that issues had been addressed. At one particular factory in China, there was not a lot of willingness from the factory to address the CAP. When the production location is part of a larger production company with multiple production locations, discussions take place at a more high level and the individual CAP issues are addressed with the CSR officer.

Due to long-term illness of its CSR person, CAP follow-up has been more of a challenge for Kjus than previous years.

Recommendation: FWF encourages Kjus to continue its systematic monitoring and remediation of audit findings. Where possible, Kjus is encouraged to see if it is possible to have better interaction with factory and/or local trade union representatives and involve them in the CAP remediation process.

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.	97%	Formal audits should be augmented by annual visits by member company staff or local representatives. They reinforce to production location managers that member companies are serious about implementing the Code of Labour Practices.	Member companies should document all production location visits with at least the date and name of the visitor.	4	4	0

Comment: Kjus visited the vast majority of its suppliers in the past year, ensuring regular contact, also related to social compliance issues.

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
2.6 Existing audit reports from other sources are collected.	Yes, quality assessed and corrective actions implemented	Existing reports form a basis for understanding the issues and strengths of a supplier, and reduces duplicative work.	Audit reports are on file; evidence of followup on prior CAPs. Reports of quality assessments.	3	3	0

Comment: In 2016, Kjus followed up on an external audit report and assessed the quality.

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
2.7 Compliance with FWF risk policies.	None of the specific risk policies apply	Aside from regular monitoring and remediation requirements under FWF membership, countries, specific areas within countries or specific product groups may pose specific risks that require additional steps to address and remediate those risks. FWF requires member companies to be aware of those risks and implement policy requirements as prescribed by FWF.	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.	N/A	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

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: As mentioned earlier in the report, Kjus actively collaborates with other FWF member brands in resolving corrective actions and complaints at shared suppliers.

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.	50-100%	Low-risk countries are determined by the presence and proper functioning of institutions which can guarantee compliance with national and international standards and laws.	Documentation of visits, notification of suppliers of FWF membership; posting of worker information sheets, completed questionnaires.	1	2	0

Comment: Kjus was able to show that it met the monitoring requirements for most of its low-risk suppliers.

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
2.10 Extra bonus indicator: in case FWF member company conducts full audits above the minimum required monitoring threshold.	90%+	FWF encourages all of its members to audit/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 FWF and recent Audit Reports.	3	3	0

Comment: Kjus monitored more than 90% of its required monitoring threshold, including all suppliers not part of its tail-end.

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	FWF believes it is important for affiliates that have a retail/wholesale arm to at least know if the brands they resell are members of FWF 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	FWF 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 FWF's information management system. Documentation of sales volumes of products made by FWF 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	FWF 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: 23

3. COMPLAINTS HANDLING

BASIC MEASUREMENTS	RESULT	COMMENTS
Number of worker complaints received since last check	2	At this point, FWF considers a high number of complaints as a positive indicator, as it shows that workers are aware of and making use of the complaints system.
Number of worker complaints in process of being resolved	1	
Number of worker complaints resolved since last check	1	

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 FWF 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: Staff at Kjus collaborate where necessary to resolve worker complaints.

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
3.2 System is in place to check that the Worker Information Sheet is posted in factories.	Yes	The Worker Information Sheet is a key first step in alerting workers to their rights.	Photos by company staff, audit reports, checklists from production location visits, etc.	2	2	0

Recommendation: Kjus is encouraged to consider training their main suppliers on actively informing subcontractors about the FWF CoLP and ensuring that the Worker Information Sheet is also posted at subcontracting sites.

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
3.3 Percentage of FWF-audited production locations where at least half of workers are aware of the FWF worker helpline.	50%	The FWF complaints procedure is a crucial element of verification. If production location based complaint systems do not exist or do not work, the FWF worker helpline allows workers to ask questions about their rights and file complaints. Production location participation in the Workplace Education Programme also count towards this indicator.	Percentage of audited production locations where at least 50% of interviewed workers indicate awareness of the FWF complaints mechanism + percentage of production locations in WEP programme.	3	4	0

Comment: Workers at FWF-audited factories were generally not aware of the FWF worker helpline. Kjus did, however, organize 5 WEP training sessions in the past three years, leading to a score of 50%.

Recommendation: Kjus can stimulate its suppliers to participate in WEP trainings, to raise awareness about the existence and the functioning of FWF's worker hotline. In addition to sending the worker information sheet, Member companies can use the worker information cards available for download on FWF's website.

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: Kjus received two complaints in 2016. For both complaints, follow-up was done with other FWF brands. One of the complaints is still ongoing in remediation.

Recommendation: FWF encourages Kjus to involve worker representatives as much as possible in the complaint remediation and prevention activities.

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 FWF 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: For both complaints there was active cooperation with other FWF brands.

COMPLAINTS HANDLING

Possible Points: 15

Earned Points: 11

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 FWF membership requirements helps to support cross-departmental collaboration when needed.	Emails, trainings, presentation, newsletters, etc.	1	1	-1

Comment: All new employees are informed about social compliance and FWF membership by CSR staff. CSR staff updates employees regularly about relevant developments.

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

Comment: Kjus provides ongoing training for staff in direct contact with suppliers as needed. In 2016, two local Vietnamese employees attended the FWF supplier seminar in Vietnam.

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, FWF audit findings.	N/A	2	0

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
4.4 Production location participation in Workplace Education Programme (where WEP is offered; by production volume)	73%	Lack of knowledge and skills on best practices related to labour standards is a common issue in production locations. Good quality training of workers and managers is a key step towards sustainable improvements.	Documentation of relevant trainings; participation in Workplace Education Programme.	6	6	0

Comment: Approximately 73% of production volume at Kjus' suppliers in applicable countries were provided with WEP training sessions.

Recommendation: FWF encourages Kjus to enroll its more recent suppliers in the WEP training programme and/or enroll its suppliers in the new Communication module of the WEP training programme when it is available.

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
4.5 Production location participation in trainings (where WEP is not offered; by production volume)	0%	In areas where the Workplace Education Programme is not yet offered, member companies may arrange trainings on their own or work with other training-partners. Trainings must meet FWF quality standards to receive credit for this indicator.	Curricula, other documentation of training content, participation and outcomes.	0	4	0

Comment: Kjus has not offered training programmes for its suppliers located in non-WEP countries.

Recommendation: FWF encourages Kjus to organize training sessions for factories located in production countries where the WEP training programme is not available.

TRAINING AND CAPACITY BUILDING

Possible Points: 13

Earned Points: 9

5. INFORMATION MANAGEMENT

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
5.1 Level of effort to identify all production locations	Advanced	Any improvements to supply chains require member companies to first know all of their production locations.	Supplier information provided by member company. Financial records of previous financial year. Documented efforts by member company to update supplier information from its monitoring activities.	6	6	-2

Comment: Kjus has a clear overview of where its production takes place. The level of effort to identify all production locations and the update of supplier information is considered advanced. Kjus has a policy to avoid subcontracting for CMT processes, and on-site quality inspections during production ensure a certain level of control of this policy. Subcontractors for printing processes are known to Kjus. Printing and embroidery processes are often conducted in-house.

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: Kjus has an effective information sharing system in place ensuring that the relevant information is provided to necessary staff.

INFORMATION MANAGEMENT

Possible Points: 7

Earned Points: 7

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

Comment: Kjus' communication about FWF membership adheres to the FWF communication policy. As a FWF Leader brand, Kjus uses the FWF logo for on-garment communication.

There are plans to start more actively communicating about social compliance in the future, sharing best practices and lessons learned.

Recommendation: Kjus is encouraged to communicate more in-depth about its social compliance accomplishments and challenges.

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
6.2 Member company engages in advanced reporting activities	Published Performance Checks, Audits, and other efforts lead to increased transparency	Good reporting by members helps to ensure the transparency of FWF'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.	1	2	0

Comment: Kjus has posted the Brand Performance Check report on its website.

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 published on member's website	The social report is an important tool for members to transparently share their efforts with stakeholders. Member companies should not make any claims in their social report that do not correspond with FWF's communication policy.	Social report that is in line with FWF's communication policy.	2	2	-1

TRANSPARENCY

Possible Points: 6

Earned Points: 5

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 FWF policies are integrated into the structure of the company.	Meeting minutes, verbal reporting, Powerpoints, etc.	2	2	0

Comment: Top management is actively involved in the implementation of FWF membership. Kjus' board discusses FWF membership several times a year. Audit reports, Brand Performance Checks and other issues are discussed during such meetings.

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.	No requirements were included in previous Check	In each Brand Performance Check report, FWF may include requirements for changes to management practices. Progress on achieving these requirements is an important part of FWF membership and its process approach.	Member company should show documentation related to the specific requirements made in the previous Brand Performance Check.	N/A	4	-2

EVALUATION

Possible Points: 2

Earned Points: 2

RECOMMENDATIONS TO FWF

N/A

SCORING OVERVIEW

CATEGORY	EARNED	POSSIBLE
Purchasing Practices	30	44
Monitoring and Remediation	23	26
Complaints Handling	11	15
Training and Capacity Building	9	13
Information Management	7	7
Transparency	5	6
Evaluation	2	2
Totals:	87	113

BENCHMARKING SCORE (EARNED POINTS DIVIDED BY POSSIBLE POINTS)

77

PERFORMANCE BENCHMARKING CATEGORY

Leader

BRAND PERFORMANCE CHECK DETAILS

Date of Brand Performance Check:

16-06-2017

Conducted by:

Kees Gootjes

Interviews with:

Sven Serena, Executive Vice President, Production & Quality

Nico Serena, CEO

Sandro Zimmermann, Production Coordinator