

SUPPLIER SELECTION

THREE MAIN CRITERIA

TECHNICAL PRODUCTION CAPABILITY



SOCIAL AND ETHICAL COMPLIANCE



ECOLOGICAL AND ENVIRONMENTAL SAFETY



TECHNICAL AND PRODUCTION CAPABILITY

AUDIT HEADINGS

Fabric and Yarn receipt

Cutting room

Sample room

Sewing area

Snap and button application

Product Safety

Packaging and finishing

QC and Inspection

Working Conditions

General Hygiene

TECHNICAL AND PRODUCTION CAPABILITY

LC waikiki LC waikiki LC waikiki LC waikiki

SECTION 5...SEWING AREA	YES	NO	
Enough space			
Clean and serviced machinery			
Needle check policy			
Linear production band system			
Other systems			
Cutting panels are not on the floor			
Are numbers given?			
Are the lacking pieces and the pieces which should be changed cut from the same lot?			
Good quality of sewing (no dropped stitches / skipped stitches)			
Inline check»			
Are the sewing instructions somewhere visible on the production band?			
Are periodical measurement checks conducted?			
Are the operators visited periodically?			
Is there an interlining press?			
SEWING AREA TOTAL GRADE (OUT OF 4)	0,00		8

SECTION 6...APPLICATION OF SNAP FASTENERS AND BUTTONS	YES	NO	
Automatic machines			
Are the machines adjusted in accordance with the data sheet report?			
Is there a Pull Tester for checking the buttons?			
If yes, is it applied in the course of production as well as the final inspection?			
Understanding the standards of the pull test			
Is the Data Sheet Procedure applied?			
SNAP FASTENER AND BUTTON APPLICATION TOTAL GRADE (OUT OF 4)	0,00		5

SECTION 10...PRODUCT SAFETY	YES	NO	
They are aware of the blue code danger and they have already taken measures like insect lights and nets.			
They are aware of the grey code danger and seriously trying to avoid it.			
Actual needle check on-site (not only a book to be shown to the customer)			
Are 1.2 mm test card required for metal detector daily 9-point test and the apparatus to use it available?			
Is metal detector daily 9 points test is made and stated on the record form?			
Is the up-to-date calibration certificate of the metal detector available?			
Are the usage certificates of metal detectors available?			
There is a metal-free area and it is well-organised.			
Is there a metal bin for knitwear production?			
Are the scissors tied and all the metal parts in closed cupboards?			
PRODUCT SAFETY TOTAL GRADE (OUT OF 4)	0,00		10

TECHNICAL AND PRODUCTION CAPABILITY

LC waikiki LC waikiki LC waikiki

				Number of Total Orders coming to the warehouse: Actual Warehouse amounts :		General Score		General Degree		Risk Rate				
Season:		Merch Group:		Buyer Group:										
OBJECTIVE VALUES				SUBJECTIVE VALUES										
				MAX SCORE	SUPPLIER SCORE	SUPPLIER SCORE	DESIGN PERFORMANCE			MAX SCORE	SUPPLIER SCORE	SUPPLIER SCORE		
1	Inspection First Time Pass Rate	8			1	It has the showroom with new trends and competitor styles	2							
2	Inspection First Time Pass Rate + Pass rate after Commercial Approval	2			2	It is able to do R&D for LC Waikiki	2							
3	Repair rate after first inspection	4			3	It has the fabric showroom with new trends and competitor fabrics	1							
4	Rate of Production Related Returns	4			4	It is able to do fabric R&D for LC Waikiki	1							
							Total	4						
							Total	6						
				Total	18		SAMPLE DEVELOPMENT PERFORMANCE			MAX SCORE	SUPPLIER SCORE	SUPPLIER SCORE		
				MAX SCORE	SUPPLIER SCORE	SUPPLIER SCORE	5	It is succesfull in supplying trendy collection samples.	2					
5	On time shipment rate (SM rate acc.to Revised ex-factory)	4			6	It produces the samples on time.	2							
6	Rate of on time delivery to warehouse	6			7	It produces the samples with the desired form and quality	2							
				Total	10		Total	6						
							Total	4						
PRODUCT SAFETY PERFORMANCE				MAX SCORE	SUPPLIER SCORE	SUPPLIER SCORE	CAPACITY MANAGEMENT PERFORMANCE			MAX SCORE	SUPPLIER SCORE	SUPPLIER SCORE		
7	Number of Grey fault cases	4			8	It manages the capacity in the agreed way.	4							
8	Number of Blue fault cases	4									Total	4		
9	Number of Red fault cases	4									Total	4		
10	Kids safety (For kidswear suppliers)	4			COMMUNICATION PERFORMANCE			MAX SCORE	SUPPLIER SCORE	SUPPLIER SCORE				
				Total	16		9	It has an organization which provides strong and effective communication.	4					
							Total	4						
CLAIM PERFORMANCE				MAX SCORE	SUPPLIER SCORE	SUPPLIER SCORE	PRODUCTION SAMPLE MANAGEMENT PERFORMANCE			MAX SCORE	SUPPLIER SCORE	SUPPLIER SCORE		
10	Rate of Claims to be collected	2			10	It produces the production sample (Fit, size set, PP, gold seal) as desired.	4							
				Total	2		11	It produces the production sample (Fit, size set, PP, gold seal) on time.	4					
							Total	8						
SOCIAL COMPLIANCE PERFORMANCE				MAX SCORE	SUPPLIER SCORE	SUPPLIER SCORE	CPS MANAGEMENT PERFORMANCE			MAX SCORE	SUPPLIER SCORE	SUPPLIER SCORE		
11	Social Compliance Score	4			12	It manages the critical path in the correct way and chases the production steps effectively.	6							
				Total	4		Total	6						
							PERFORMANCE IN SHIPMENT DOCUMENTS			MAX SCORE	SUPPLIER SCORE	SUPPLIER SCORE		
							8	Timing and Accuracy	4					
							Total	4						
							13	It prepares the shipment documents and sends on time.	2					
							14	It sends complete shipment documents on time	2					
							Total	2						
							SUPPLIER COMMERCIAL AND ETHICAL RISK MANAGEMENT (Only Sourcing)			MAX SCORE	SUPPLIER SCORE			
15	Compliance with LC Waikiki commerical working conditions	2			15	Compliance with LC Waikiki commerical working conditions	2							
16	Subcontractor organization and follow up performance of main supplier	4			16	Subcontractor organization and follow up performance of main supplier	4							
17	Financial Status (Current market info)	4			17	Financial Status (Current market info)	4							
18	Performance in adaptation to LC Waikiki product and technical standards performance	2			18	Performance in adaptation to LC Waikiki product and technical standards performance	2							
				Total	12		Total	12						

TECHNICAL AND PRODUCTION CAPABILITY

QUALITY PERFORMANCE		MAX SCORE	SUPPLIER SCORE	SUPPLIER SCORE
1	Inspection First Time Pass Rate	8		
2	Inspection First Time Pass Rate + Pass rate after Commercial Approval	2		
3	Repair rate after first inspection	4		
4	Rate of Production Related Returns	4		
<i>Total</i>		18		

SUPPLIER COMMERCIAL AND ETHICAL RISK MANAGEMENT (Only Sourcing)		MAX SCORE	SUPPLIER SCORE
15	Compliance with LC Waikiki commercial working conditions	2	
16	Subcontractor organization and follow up performance of main supplier	4	
17	Financial Status (Current market information)	4	
18	Performance in adaptation to LC Waikiki product and technical standards	2	
<i>Total</i>		12	

SOCIAL AND ETHICAL COMPLIANCE

LC Waikiki Code of Conduct

Universal Declaration of Human Rights

Childrens' Rights and UN Convention

ILO International Conventions

ETI Base Code

Local Labour Law

Occupational Health and Safety Laws

SOCIAL AND ETHICAL COMPLIANCE LC WAIKIKI

CODE OF CONDUCT : HEADINGS

Transparency

No Child Labour

No Forced Labour

No Discrimination

No Harsh or Inhumane treatment

Freedom of Association and Collective Bargaining

Occupational Safety (Buildings / Fire / Electrical / Safe Working Conditions)

Periodical machine maintenance

Occupational Health

Labour Profile (conditions for Young People, Pregnant women, etc)

Wages and Working Hours

Environment

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SOCIAL AND ETHICAL COMPLIANCE

LC WAIKIKI CODE OF CONDUCT RED LINES

SUPPLIER WARNING MINUTES

Dear

Following critical faults were detected at the end of the Social Compliance Audit conducted by xxxx company on xx/xx/xxxx

Parameter No	Audit Parameter	Evaluation
TR1-001	Factory to have at least 2 exit doors and exit ways for each production area	
TR1-003	Emerg. Exit Doors to be unlocked while working	
TR1-007	Emergency exit routes and doors to be unblocked	
TR1-013	Fire ladders to be functional (if required due to the regulations)	
TR1-037	All high pressure vessels (compressor, boiler, etc.) to be placed in an isolated and well-guarded area	
TR1-089	There should be NO CHILD LABOUR (including child employees without ID)	
TR1-090	Workers not to be discriminated regarding to marital status, disability, age, sex, religious, sexual orientation, political view, etc.	
TR1-091	Workers not to be subjected bad treatment, oppression, harassment, physical and physiological violence and humiliating behaviour	
TR1-093	There should not be any employees in the company whose official documents are detained (ID Card, Passport, etc.)	
TR1-165	The company management should act in transparency during the factory visits	

Evaluation of the minutes:

Warning Type	Explanation	Evaluation
First	The first written warning is given to your company.	
Second	Business with your company is hold for three months.	
Third	Your company is put on the blacklist and business is hold for 6 months.	

Notifier

Recipient

Score	< 60	60 – 75	75 – 90	90 >
Assessment	Not suitable	Suitable – High risk	Suitable – Needs improvement	Suitable - Successful
Follow up audit time	2 months	6 months	9 months	12 months

SOCIAL AND ETHICAL COMPLIANCE

LC WAIKIKI OVERSEAS SOURCING



ACCORD
on Fire and Building Safety in Bangladesh



LC waikiki



INDITEX

otto group

ECOLOGICAL AND ENVIRONMENTAL SAFETY

Here we are concentrating on bringing our supply base along with us, starting with our strategic suppliers



We are aiming to achieve zero discharge of hazardous chemicals by 2020



We test ALL fabrics and trims in our products before they get to the consumer. Currently we get failures of less than 2%



ZDHC



Helping to lead our industry towards zero discharge of hazardous chemicals

We are aiming to achieve zero discharge of hazardous chemicals by 2020

We aim to become a member of ZDHC in 2016, and we have already held Regional Supplier awareness meetings in Bursa and Çerkezköy with more to follow in Denizli and Kahramanmaraş

We have started to meet regularly as well with other Retail Brands in Turkey to align on ZDHC, and these include



ECOLOGICAL AND ENVIRONMENTAL SAFETY

CERTIFICATION

- We look for Oekotex certification wherever possible

ENVIRONMENTAL AUDITING

- Energy efficiency
- Legal Compliance
- Waste treatments and disposal

CHEMICAL AUDITING

- ✓ Safe for people
- ✓ Safe for environment
- ✓ Traceability

(Traceability of chemicals is a priority. We are now conducting experiments to measure and improve suppliers' carbon and water footprint. Right now we are conducting inventory research and feasibility practices, making onsite pilot inspections)

ECOLOGICAL AND ENVIRONMENTAL SAFETY

LABORATORY TESTING AND ACCREDITATION

- LC WAIKIKI conducts more than 1m tests per year, Laboratories Istanbul, Shanghai, Dhaka
- Now Calibrating and Accrediting Suppliers' own Laboratories
- So far 19 Strategic Suppliers have LC Waikiki Accreditation Certificates and we will have 40 by the end of 2016

LC WAIKIKI TEST SUMMARY 2015

TOTAL TEST NUMBERS BY COUNTRY

TURKEY	BANGLADESH	CHINA	TOTAL
879.414	158.812	70.901	1.109.207
79.3%	14.3%	6.4%	100%

TOTAL TEST NUMBERS BY DEPARTMENT

ECOLOGICAL	FASTNESS	PHYSICAL	FIBER	TOTAL
465.853	325.747	274.189	43.418	1.109.207
42,0%	29,4%	24,7%	3,9%	100%

HIGHEST TESTS OF EACH TYPE

TEST	TYPE	QUANTITY
Azo-Dyes(A3-01)	ECOLOGICAL	152287
Pthalates (A3-04)	ECOLOGICAL	72301
Metals(A3-08)	ECOLOGICAL	64266
pH(A2-03-ISO 3071:2005)	ECOLOGICAL	60831
Formaldehyde (A2-04 / ISO 14184-1:2011)	ECOLOGICAL	54481
TOTAL ECOLOGICAL TEST TYPES		36 TESTS
Water(ISO 105 E01:2010)	FASTNESS	55233
CF to Washing (ISO 105 C06:2010)	FASTNESS	54020
Perspiration Acidic(ISO 105 E04:2013)	FASTNESS	41427
CF to Alkali Perspiration(ISO 105 E04:2008)	FASTNESS	41415
Rubbing(ISO 105 X12:2001)	FASTNESS	39349
TOTAL COLOUR FASTNESS TEST TYPES		31 TESTS
Mass Per Unit(ISO 3801:1977)	PHYSICAL	44314
Dim.St.Was(ISO 6330:2000+ AMD 1 2008,ISO3759:2011)	PHYSICAL	28885
Pilling(ISO 12945-1:2000)	PHYSICAL	28884
Bursting Strength(ISO 13938-2:1999)	PHYSICAL	21979
Post Wash Appearance (H3-02/LCW METOT KMS 02)	PHYSICAL	20771
TOTAL PHYSICAL TEST TYPES		64 TESTS