

ACCOUNTABLE

ASSESSMENT

KOOTKEET

ADDIS ABABA, ETHIOPIA MAY 2017

NEXT AUDIT WILL BE COMPLETE BY JUNE 2020

ACCOUNTABLE is a reporting system that provides unprecedented transparency into the social impact of employment and manufacturing practices, particularly the impact on women.

Independent auditors are sent to assess a company, and this report is the outcome of both the initial assessment and the 90-day corrective action period following.

These audit results are from 2017, and will be updated after the supplier undergoes another full audit by June 2020. Page 7 outlines key steps taken since 2017 to improve their business.

Hello,

Several years ago, we began looking for ways to quantify the impact of our manufacturing. How many jobs are we creating? Are the workers impacted by our business thriving, or merely surviving? How is our business doing in terms of providing a long-term change in someone's life and enabling them to break a cycle of generational poverty?

We searched (and searched) for thorough assessments or certification programs that would prove the impact we're having in our manufacturing communities abroad and at home. There were two things missing that we wanted for auditing ourselves: 1) a level of transparency that published everything, including wages, in a clear way to empower consumers, and 2) creating an audit that focused on challenges facing women and that had thorough, on-site employee interviews.

So we decided to create the type of social impact measurement platform that we had hoped to find. That is how ACCOUNTABLE was born.

We hired two brilliant consultants, who had previously consulted major Fortune 500 companies, and worked with them to detail the content and process for a new type of social impact assessment. The ACCOUNTABLE assessment includes personal interviews, anonymous surveys, and double verification of company claims. It focuses on safety, equality and wages.

Our vision for ACCOUNTABLE is much bigger than our own brand, ABLE. We are in process of converting to a stand-alone non-profit for other brands to use. It will be for brands that believe that their consumers don't want spin or half-truths, but that customer loyalty will go to the brands that engage their consumers sharing their wages, as well as areas they are excelling and also need to improve. We have found our customers want to be on the journey of improvement with us. ACCOUNTABLE is becoming an asset to the global manufacturing community and a solution for brands that are working to measure and implement change. We want ACCOUNTABLE to lead, first and foremost, in a new standard of transparency.

Most importantly, we want ACCOUNTABLE to create an atmosphere where brands don't feel they have to be perfect before they can be honest. Consumers must demand progress, and also give brands room to make improvements (albeit rapid ones!), if we truly want to change labor abuses in fashion.

Because at the end of the day: wouldn't it be amazing and radical to have a 'nutrition label' on our consumer goods, scoring safety, equality and wages? Wouldn't it be a relief to know what your money is going toward before you ever swipe your credit card?

We hope you'll join us on our journey towards more transparent manufacturing; this report is the first step!

Best,
Barrett Ward



- BARRETT EXECUTIVE LETTER
- ACCOUNTABLE OVERVIEW
- EXECUTIVE SUMMARY
- 2019 WAGES + CORRECTIVE ACTIONS
- SCORECARD SUMMARY
- DETAILED SCORECARD
 - WAGES
 - EQUALITY
 - SAFETY

Included in this report, you will find:

- An executive summary giving a high-level overview of company findings and recommended corrective actions
- Overview of current 2019 wages and improvements made from 2017–2019 following the original audit
- Detailed original 2017 scoring information, showing specific line-item scores contributing to the total

SCORING

25% of the final score is based on the livable wage score and 75% is equally shared across all other metrics

Each score can have a minimum of 0 and a maximum of 3

New questions were added after our in person assessment and will be included in the 2019 audit

Bonus points are available for social impact practices that exceed expectations in support of the individual or society

Total points include both the core and bonus questions

OVERALL COMPANY FINDINGS

Missional Fit - Strong focus on empowering women and a growing emphasis on vulnerable communities.

Great leadership team with high employee retention and overall job satisfaction.

Lack of documentation to support many business and operational claims.

Hiring staff at aggressive speed; may create unwanted situation of too many full time employees without demand.

3 BIGGEST COSTS

Raw materials: tannery/leather costs are steep and some bag styles result in excessive waste that is not recyclable or resellable

Labor: costs increasing due to more workers needed to produce the volume and pace of demand

Rent: is expensive given the building location and size of the workplace

KEY NEXT STEPS

Review assessment and provide any updates or validation information to Accountable within 7 business days

Determine which priority issues in the corrective action plan they will commit to improving during the corrective action period

Provide necessary verification for metrics during the corrective action period for score to be valid and counted towards final score, valid 1 year

Fashionable: review brand version of the assessment, and provide an incentive proposal for KootKeet if they achieve their corrective goals

Accountable: finalize the assessment, score and mutual incentives during the corrective action period

CORRECTIVE ACTION PRIORITIES

Determine a path to paying all workers livable wage during their corrective action period

Formalize employee handbook

Formalize basic healthcare/medical benefit/stipend support for FT employees

Support workers with financial literacy/savings plan

Formalize target of supporting vulnerable communities (ie. blind)

Create an independent and safe process for employees to report issues

KootKeet

Addis Ababa, Ethiopia



Lowest Wage	2,000 birr/month
Living Wage¹	4,000 birr/month
Total # of Employees	44
% of employees above a living wage	36.4%
% of employees below a living wage	63.6%

Scores²

Equality	81%
Safety	57%
Wages	86%

¹The lowest wage was updated in October 2019 but the scores reflect the full audit results in 2017. The only update made was to the lowest wage.

²Data from Trading Economics, Wage Indicator, local data, and ACCOUNTABLE survey data.

³Informed by on-site audits, employee interviews and verified company documents

After the original audit in May 2017, KootKeet has implemented the following steps to improve the working conditions in their factory.

- Started a training program that offers training to employees at company's expense
- Increased staff #s significantly, hiring more workers overall with a specific focus on hiring more women
- Increased production floor flow and safety (through new machinery and more ergonomic setups)
- Has made progress on living wage
- Actively working to create opportunities for, and is staffing from, Addis' deaf community. KootKeet has received awards for this effort.

Living Wage Calculation

Rent	500 - 1000 Birr/mo
Food	500 - 1500 Birr/mo
Transportation, Utility + Phone Bills	500 - 600 Birr/mo
Healthcare, Childcare, Clothing	900 - 1200 Birr/mo
Education	500 - 1000 Birr/mo
Savings for unexpected events	500 - 1000 Birr/mo
Calculated Living Wage	4000 Birr
Salary in USD	\$135 USD

Living wages are specific to the cost of living in a particular place, so the most important comparison is a worker's wage compared to the local living wage.

However, conversion to USD is useful to illustrate how little it would take to bring all workers to a living wage. Doing so requires commitment from both the brand and manufacturer.

LIVING WAGES

Living Wages are critical to providing a basic and decent lifestyle for a worker and his/her family. **Short term impact:** Greater self-sufficiency and education, access to health care, decreased crime, fewer vulnerabilities for exploitation.

Long term impact: Permanent upward mobility out of poverty, less child labor and exploitation, better health.

Below Minimum

Minimum

Livable

Progressive

LIVING WAGE CALCULATION

Living wage is determined by an evaluation of leading resources—Trading Economics and WageIndicator—as well as local data and ACCOUNTABLE survey data.

Methodology: The Living Wage is based on local cost of living for housing, transportation, food, healthcare, education, other necessary expenses, and savings. It also takes into account local taxes.

SECTION	ITEM	KOOTKEET
Points Total		
	Core	71
	Bonus	10
Base Score		
	Core	69.6%
	Core + Bonus	79.4%
Weighted Score (LW @ 25%)		
	Core	61.4%
	Core + Bonus	68.9%
Weighted Score (LW @ 25%)		
	Core	-8.2%
	Core + Bonus	-10.5%
Progress Score (LW weighted + Supplier pays full LW)		
	Core	78.0%
	Core + Bonus	85.6%
Score Change (LW weighted + Supplier pays full LW)		
	Core	16.7%
	Core + Bonus	16.7%

METRIC	0	1	2	3	KOOT KEET	EMPLOYEE VARIFIED	DOC VARIFIED
<p>Employees (not including owners) are paid a monthly livable wage for an individual living in Addis Ababa, Ethiopia (base salary, not including overtime). Estimated at 4000 Birr/mo.</p> <p>Local Prices (ranges):</p> <ul style="list-style-type: none"> - Rent decent housing in or near the city center - est: 500-1000 Birr/mo - Buy healthy food and clean water - est: ~500-1500 Birr/mo - Pay for transportation, utility bills and a phone - est: ~500-600 Birr/mo - Pay for healthcare, childcare and clothing - est: ~900-1200 Birr/mo - Pay for education - est: ~500-1000 Birr/mo - Have savings for unexpected events - est: ~500-1000 Birr/mo) 	Company is paying < 25% of Livable Wage target (including Overtime)	Company is paying 26% - 70% of Livable Wage target (including Overtime)	Company is paying 71% - 99% of Livable Wage target (including Overtime)	Company is paying 100% of Livable Wage target (including Overtime)	1	Still Needed	Accepted
Employees do not need to work more than one job or overtime to pay for living expenses	76-100% of employees need to work more than one job / work overtime	26-75% of employees need to work more than one job / work overtime	1-25% of employees need to work more than one job / work overtime	0% of employees need to work more than one job / work overtime	1	Accepted	Not Required
Employees do not need their children or younger siblings to work in order to help pay living expenses	76-100% of employees children/ siblings need to work	26-75% of employees children/ siblings need to work	1-25% of employees children/ siblings need to work	0% of employees children/ siblings need to work	3	Accepted	Not Required

METRIC	0	1	2	3	KOOT KEET	EMPLOYEE VARIFIED	DOC VARIFIED
Employers officially pays all legally required deductions (e.g. pension, income tax)	< 100% of all employees	n/a	n/a	100% of all employees	3	Still Needed	Accepted
Employees receive base pay and overtime in a timely manner and are not subject to unclear withholdings	< 100% of all employees	n/a	n/a	100% of all employees	2	Still Needed	Not Required
Employees have a dual signature, written employment contract (Incl. name, address, age, work card number, employment type, workplace, wage rate, calculation method, wage payment, interval, duration)	0-50% of all employees	50-74% of all employees	75-99% of all employees	100% of all employees	2	Still Needed	Still Needed
Employees are paid overtime according to local law (125% of normal hourly rate if working between 6am-10pm; 150% between 10 p.m. to 06 a.m. 200% of normal hourly rate for work on a weekly rest day; 250% for work on a public holiday)	Not paying any overtime rates	Paying below legal requirements (but above regular pay)	Paying legal requirements	Paying above legal requirements	NEW	Still Needed	Still Needed

METRIC	0	1	2	3	KOOT KEET	EMPLOYEE VARIFIED	DOC VARIFIED
Employers officially pays all legally required deductions (e.g. pension, income tax)	< 100% of all employees	n/a	n/a	100% of all employees	3	Accepted	Still Needed
Part time, non-permanent employees work no more than 30 hours per week	0-50% of all PT employees	50-74% of all PT employees	75-99% of all PT employees	100% of all PT employees	OMIT	Accepted	Accepted
Overtime hours do not exceed 2 hours per day or 20 hours in a month	< 100% of all employees	n/a	n/a	100% of all employees	0	Still Needed	Still Needed
Employees (FT) are expected to work at least 7-8 hours, but no more than 10 hours, in the office per day	< 100% of all employees	n/a	n/a	100% of all employees	3	Accepted	Still Needed
Employer observes public holiday schedule on a paid basis for all full time, permanent employees	< 100% of all employees	n/a	n/a	100% of all employees	NEW	Still Needed	Still Needed

METRIC	0	1	2	3	KOOT KEET	EMPLOYEE VARIFIED	DOC VARIFIED
Office is accessible by public transportation and a majority of employees (FT) have under 1 hour commute	< 51% of all employees	51% of all employees	52-79% of all employees	80-100% of all employees	3	Accepted	Not Required
Employees (FT) can choose flexible working hours as needed (e.g. child-care, parental care, medical, etc)	Not offered	FT management team only	All FT (only if applicable)	All FT & PT (only if applicable)	0	Not Required	Not Required
Employees (FT) have the flexibility and option to work from home	Not offered	FT management team only	All FT (only if applicable)	All FT & PT (only if applicable)	0	Accepted	Still Needed

METRIC	0	1	2	3	KOOT KEET	EMPLOYEE VARIFIED	DOC VARIFIED
Employer offers an official Maternity Leave policy (Legal requirement: 90 days maternity leave with full pay)	Does not offer / have an official policy	Offering policy but below legal requirements	Offering policy that meets legal requirements	Offering policy that goes above legal requirements	2	Still Needed	Still Needed
Employer offers professional and/or accredited training to grow employee skill sets	Offered to <10% of employees	Offered to 10-25% of employees	Offered to 26-75% of employees	Offered to 76-100% of employees	3	Accepted	Still Needed
Employer has not attempted to restrict an employee union and/or freedom of collective bargaining	Does not allow; restricted	Allows, but discourages	Allows (formal or informal)	Supports (formal or informal)	3	Still Needed	Not Required
Employer offers an official Sick Leave policy (Legal requirement: 6 months sick leave - Month 1: 100% pay / Month 2 & 3: 50% pay / Month 4-6: 0% pay)	Does not offer / have an official policy	Offering policy but below legal requirements	Offering policy that meets legal requirements	Offering policy that goes above legal requirements	NEW	Still Needed	Still Needed
Employer offers an official Annual Leave policy (Legal requirement: At least 14 days annual leave after one complete year of work for FT employees)	Does not offer / have an official policy	Offering policy but below legal requirements	Offering policy that meets legal requirements	Offering policy that goes above legal requirements	NEW	Still Needed	Still Needed

METRIC	0	1	2	3	KOOT KEET	EMPLOYEE VARIFIED	DOC VARIFIED
Employer offers a savings program with accredited bank to support financial literacy/stability	No savings program offered	Helps employee open savings account (e.g. traditional savings, IRA, etc.) and provides some kind of formal financial literacy education (e.g. savings best practices, financial planning, etc.)	Employer gives a bonus to employees who opens an account and saves for a set period of time or amount	Employer matches employee savings amount (at least 25% or more)	0	Not Required	Not Required
Employer offers a basic medical allowance (not mandated by government)	None	Ad Hoc Only	Guaranteed Check-up	Official Healthcare coverage/policy	1	Accepted	Still Needed
Employer offers a transportation allowance (in addition to reimbursement for work related travel)	No	-	-	Yes	0	Not Required	Not Required
Employer offers a mobile allowance (in addition to reimbursement for work related communication)	No	-	-	Yes	0	Not Required	Not Required

METRIC	0	1	2	3	KOOT KEET	EMPLOYEE VARIFIED	DOC VARIFIED
Employer is an active employer of women	< 40%	40-49% are women	50-75% are women	76-100% are women	3	Accepted	Still Needed
Women are equally represented in leadership roles compared to men (e.g. Manager, Supervisor, Director, Vice President, etc)	< 25% representation	25%-49% representaiton	50% (or equal) representation	Greater than 50% representation	3	Accepted	Still Needed
Women are given the same opportunity for promotion as men	0% of employees feel equal opportunity	0-25% of employees feel equal opportunity	26-75% of employees feel equal opportunity	76-100% of employees feel equal opportunity	3	Accepted	Still Needed
Women are paid the same as men for the same position	< 50%	50-75% paid the same	76% - 99% paid the same	100% paid the same	NEW	Still Needed	Still Needed

METRIC	0	1	2	3	KOOT KEET	EMPLOYEE VARIFIED	DOC VARIFIED
Vision/mission statement of the company specifically includes employment and empowerment of women	Not part of mission	Verbally communicated	Stated in company materials (e.g. Handbook, website, etc.)	Target goals established and tracked	1	Accepted	Still Needed
Women are provided career support and coaching	Not encouraged	Encouraged informally	Encouraged formally through company materials/policies	Women are actively coached and supported by a designated mentor	1	Accepted	Still Needed
Female ownership (part of full) of the company	No female owners	-	-	1 or more female owners	0	Not Required	Not Required

METRIC	0	1	2	3	KOOT KEET	EMPLOYEE VARIFIED	DOC VARIFIED
Company is an equal opportunity employer and does not discriminate based on race, color, religion, creed, sex, national origin, age, disability, marital status, or any other status protected by applicable law	Complaints against employer	-	-	No complaints against employer	3	Accepted	Still Needed
Vulnerable employees are paid the same wages as non-vulnerable employees	Paid > 20% less	Paid < 20% less	Paid equally	Paid above regular wages	NEW	Still Needed	Still Needed
Employer offers all jobs, including management positions, to vulnerable communities	No vulnerable employees employed	Vulnerable employee represented in all positions, except for leadership / management positions	Vulnerable employee in at least one management position	Vulnerable employee(s) in more than 10% of management positions	NEW	Still Needed	Still Needed
Employer actively hires from vulnerable communities (e.g. HIV/AIDS, refugee, homeless, blind, etc.)	No	-	-	Yes	3	Accepted	Still Needed
Employer states the benefit and positive impact in giving jobs to vulnerable communities.	Not part of mission	Offering policy but below legal requirements	Offering policy that meets legal requirements	Offering policy that goes above legal requirements	1	Still Needed	Still Needed

METRIC	0	1	2	3	KOOT KEET	EMPLOYEE VARIFIED	DOC VARIFIED
Employer offers full time, permanent work for tasks of permanent nature	< 50% are full time employees	50%-75% are full time employees	76-90% are full time employees	> 90% are full time employees	3	Accepted	Still Needed
Employer has more full time women workers than part time women workers	Zero FT women	Number of FT women < Number of PT women	Number of FT women = Number of PT women	Number of FT women > Number of PT women	3	Accepted	Still Needed
Employer hires majority of their part time, temporary staff from holiday / peak season	Zero PT staff is hired	< 25% of PT staff is hired	26-75% of PT staff is hired	76-100% of PT staff is hired	3	Still Needed	Still Needed
Employer offers part time employees the same benefits as permanent workers	No benefits given	At least one benefit given (e.g. pension matching, healthcare, paid maternity leave, paid sick leave)	Two benefits given (e.g. pension matching, healthcare, paid maternity leave, paid sick leave)	More than two benefits given (e.g. pension matching, healthcare, paid maternity leave, paid sick leave)	0	Not Required	Not Required

METRIC	0	1	2	3	KOOT KEET	EMPLOYEE VARIFIED	DOC VARIFIED
Employees are all above the age of 14: no child labor exists // HIGHER WEIGHT	Employees under the age of 14	Some employees are age 14-18	No employee is under the age of 14	No employee is under the age of 18	3	Accepted	Still Needed
Employer has sufficient and rigorous safety checks to ensure no child under age 14 is employed	No process	Checks all employees identification card to confirm birth date	Requests a second form of identification (e.g. passport) to confirm birth date	Verifies identification of employees with government resources	1	Still Needed	Still Needed
Employer knows the child labor policies of their suppliers with proof of responsible business practices	Not aware	Verbal discussion with supplier on their policies	Written confirmation from supplier on their policies	Validated confirmation from supplier on their policies	0	Not Required	Not Required
Employer communicates their policy of no child labor to employees; employees know where to report illegal employment or exploitation of children	Nothing stated	Verbally communicated	Written policy communicated in handbook	Education and training provided to employees on how to report child labor	0	Not Required	Not Required
Employer offers additional education to employees between the ages of 15-18 (if applicable)	No education offered	Informal education offered with clear outcomes for success	Formal education offered with clear outcomes for success	Employee earns some form of school credit for education received	0	Not Required	Not Required

METRIC	0	1	2	3	KOOT KEET	EMPLOYEE VARIFIED	DOC VARIFIED
Employees are not in debt to the employer or held to their job through manipulated debt	At least one employee is in debt or held to their job (*not a cash advance)	-	-	No employee is in debt or held to their job	3	Accepted	Still Needed
Employees are free from forced labor / modern day slavery (*Definition: work that is performed involuntarily and under the menace of any penalty. It refers to situations in which persons are coerced to work through the use of violence or intimidation, or by more subtle means such as manipulated debt, retention of identity papers or threats of denunciation to immigration authorities)	No	-	-	Yes	3	Accepted	Still Needed
Employees feel exploited or under the menace of penalty, BUT they can quit the job if they want (exploitation not slavery)	4 or more employee accounts of coercion, intimidation, manipulation or threats	2-3 employee accounts of coercion, intimidation, manipulation or threats	No more than 1 account of coercion, intimidation, manipulation or threats	No employee account of coercion, intimidation, manipulation or threats	3	Accepted	Still Needed

METRIC	0	1	2	3	KOOT KEET	EMPLOYEE VARIFIED	DOC VARIFIED
Employees can leave work for emergencies without fear of losing their jobs	Less than 10% said yes	Between 10%-80% said yes	Between 81-99% said yes	100% said yes	2	Accepted	Still Needed
Employer knows the forced labor policies of their suppliers with proof of responsible business practices	Not aware	Verbal discussion with supplier on their policies	Written confirmation from supplier on their policies	Validated confirmation from supplier on their policies	0	Still Needed	Still Needed
Employees know where to report forced or exploitative labor practices	Not aware	Name of organization provided	Organization contact information provided (address, telephone number, email, website)	Designated office or representative at organization established	0	Not Required	Not Required

METRIC	0	1	2	3	KOOT KEET	EMPLOYEE VARIFIED	DOC VARIFIED
Employees have a handbook with clearly defined legal rights and company policies	No handbook	Handbook detailing all legal rights	Handbook detailing legal rights + all non-legally required company policies	Employees receive official training/ orientation on handbook with ongoing/annual updates	0	Not Required	Not Required
Employer knows the forced labor policies of their suppliers with proof of responsible business practices	No safety equipment is provided or required	Some safety equipment provided free of charge to workers but not comprehensive and not required to use them	All necessary safety equipment provided free of charge to workers but not required to use them	All necessary safety equipment provided free of charge to workers and they're required to use them	1	Accepted	Not Required
Employees know where to report forced or exploitative labor practices	No safety protocols have been considered or developed	Some safety protocols in place	Some safety protocols are in place and documented for employees	All necessary safety protocols are documented and active	0	Not Required	Not Required

METRIC	0	1	2	3	KOOT KEET	EMPLOYEE VARIFIED	DOC VARIFIED
Employer provides a working environment where workers feel safe from injury	< 25% feel safe from injury	25-50% feel safe from injury	51-99% feel safe from injury	100% feel safe from injury	3	Accepted	Still Needed
Employees feel safe from physical or emotional harassment at work	Employees have expressed they don't feel safe	-	-	All employees have expressed they feel safe	3	Accepted	Not Required
Employees feel safe in the workplace during work hours and arriving/departing from the office	0-24% feel safe	25-74% feel safe	75-99% feel safe	100% feel safe	2	Accepted	Not Required
Employer offers a safe way for employees to report a crime or incident	0-24% feel safe	25-74% feel safe	75-99% feel safe	100% feel safe	2	Accepted	Still Needed

METRIC	0	1	2	3	KOOT KEET	EMPLOYEE VARIFIED	DOC VARIFIED
Employer takes proper precautions to prevent fire	- Doors locked shut illegally during working hours, no emergency exit and/or no fire protection method	- Unlocked doors, emergency exit and fire protection method (e.g. sprinklers, fire extinguisher) - No regular training/ awareness exercise - No specific employees responsible for oversight	- Unlocked doors, emergency exit and fire protection method (e.g. sprinklers, fire extinguisher) - Consistent training/ awareness exercise or - Specific employees responsible for oversight	- Unlocked doors, emergency exit and fire protection method (e.g. sprinklers, fire extinguisher) - Consistent training/ awareness exercise and - Specific employees responsible for oversight	NEW	Still Needed	Still Needed
Women feel safe from sexual harassment going to, being at and leaving from work	Legal complaints or non-legal formal internal written complaints against employer; more than 1 documented incidents	No formal complaints registered with employer but informal complaints noted in survey; 1 documented incident	No formal or informal employee complaints against employer; no documented incidents	Formal measures in place to ensure women are specifically safe from sexual harassment going to, being at and leaving work; no documented incidents	NEW	Still Needed	Still Needed

METRIC	0	1	2	3	KOOT KEET	EMPLOYEE VARIFIED	DOC VARIFIED
Women are not allowed in types of work that are particularly arduous or harmful to women's health in compliance with Ethiopian Law	Woman are in roles that are particularly arduous or harmful to women's health	N/A	N/A	Women are not in any roles that are particularly arduous or harmful to women's health	NEW	Still Needed	Still Needed
Employees have been given formal safety training (e.g. machinery, workplace, emergencies)	No training/ classes/ education to reduce incidents or documentation /tracking of incidents	Informal training/ classes/ education to reduce incidents	Formal training/ classes/ education to reduce incidents	Formal training/ classes/ education to reduce incidents with all safety incidents documented/ tracked	NEW	Still Needed	Still Needed
Employer has an official policy of offering women a taxi (or other safe transport) to return to their homes if they work past 8pm	No	-	-	Yes	0	Not Required	Not Required