



## BRAND PERFORMANCE CHECK

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Takko Holding GmbH

this report covers the evaluation period 01-05-2013 to 30-04-2014

## ABOUT THE BRAND PERFORMANCE CHECK

Fair Wear Foundation believes that improving conditions for apparel factory workers requires change at multiple levels. Traditional efforts to improve conditions focus primarily on the factory. FWF, however, believes that the management decisions of the clothing brands have an enormous influence for good or ill on factory conditions.

FWF's Brand Performance Check is a tool to evaluate and report on the activities of FWF's affiliate members. The Checks examine how affiliate management systems support FWF's Code of Labour Practices.

In most apparel supply chains, clothing brands do not own factories, and most factories work for many different brands. This means that in most cases FWF affiliates have influence, but not direct control, over working conditions. As a result, the Brand Performance Checks focus primarily on verifying the efforts of affiliates. Outcomes at the factory level are assessed via audits and complaint reports, however the complexity of the supply chains means that even the best efforts of FWF affiliates cannot guarantee results.

Even if outcomes at the factory level cannot be guaranteed, the importance of good management practices by affiliates cannot be understated. Even one concerned customer at a factory 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 factory 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.

Improvement of supply chains is a step-by-step process, through which affiliates must address many different issues. FWF affiliates vary greatly in management structures, and have different strengths. The Performance Benchmarking system is designed to reflect these differences, and the many different ways that a company can support better working conditions.

During the Brand Performance Check, FWF staff speak to various employees at the affiliate who have important roles to play in the management of supply chains. FWF verifies the actions of affiliates based on several sources including documentation of activities, financial records, the affiliate's supplier register and staff interviews. Following the Brand Performance Check, FWF summarizes findings in this report, which is made public via [www.fairwear.org](http://www.fairwear.org). The [Brand Performance Check Guide](#) provides more information about the indicators and is available for download.

# BRAND PERFORMANCE CHECK OVERVIEW

Takko Holding GmbH

Evaluation Period: 01-05-2013 to 30-04-2014

| AFFILIATE INFORMATION   |   |
|---|---|
| Headquarters:   | Friedrichsdorf, Germany   |
| Member since:   | 01-10-2011  |
| Product types:  | Fashion   |
| Production in countries where FWF is active:                            | Bangladesh, Bulgaria, China, India, Italy, Poland, Portugal, Tunisia, Turkey, Vietnam |
| Production in other countries:  | Cambodia, Egypt, Myanmar, Pakistan, Serbia, Sri Lanka.                                |
| BASIC REQUIREMENTS  |   |
| Workplan for this evaluation period was submitted?                      | Yes   |
| Actual supplier register for this evaluation period has been submitted? | Yes   |
| Membership fee has been paid?   | Yes   |
| All suppliers have been notified of FWF membership?                     | Yes   |
| SCORING OVERVIEW  |   |
| % of own production under monitoring                                    | 73%   |
| Benchmarking score  | 61  |
| Category  | Good  |

## Summary:

Takko is in process of implementing FWFs management system requirements. 73% of the production volume is included in their monitoring system, which meets the threshold set by FWF. Significant steps have been made by Takko in the past year to ensure all relevant data for production locations, including subcontractors and those used by intermediaries, are included in their database. In the future Takko should work on more clearly distinguishing between production volumes at first tier suppliers and production at subcontractors.

Takko uses their own auditors to conduct factory audits, based on FWF methodology, including worker interviews, management interviews, document checks and visual checks. A Wage Ladder is included in the audit reports. Audit quality is improving, but there are areas that still need additional attention. Steps should be taken to ensure that auditors are aware of the full range of the country specific risks.

All audit information is included in the company database and is accessible for both CSR and purchasing staff. Takko has a system to track status of corrective action plans. The system should be enhanced to better document how Takko has contributed to the remediation and to give clear information on the status of all corrective action plans.

## PERFORMANCE CATEGORY OVERVIEW

**Leader:** This category is for affiliates who are doing exceptionally well, and are operating at an advanced level.

**Good:** It is FWF's belief that affiliates who are making a serious effort to implement the Code of Labour Practices—the vast majority of FWF affiliates—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 affiliates will receive a 'Good' rating.

**Needs Improvement:** Affiliates 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. Affiliates 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:** Affiliates 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. Affiliates 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 |
|---|--------|---|---|-------|-----|-----|
| 1.1 Percentage of production volume from suppliers where affiliate buys at least 10% of production capacity | 78%    | Affiliates with less than 10% of a factories' production capacity generally have limited influence on factory managers to make changes. | Supplier information provided by affiliate. | 4     | 4   | 0   |

**Comment:** Next to their list of main suppliers used in the financial year, Takko shared a list of subcontractors used by their main suppliers. Not for all these locations figures for the volume produced for Takko are known. The percentage used here is based on the figures for the main suppliers.

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| 1.2 Percentage of production volume from suppliers where a business relationship has existed for at least five years | 49% | Stable business relationships support most aspects of the Code of Labour Practices, and give factories a reason to invest in improving working conditions. | Supplier information provided by affiliate. | 2 | 4 | 0 |
|--|-----|--|---|---|---|---|

**Recommendation:** Takko has made a start in consolidating their suppliers for denim products. FWF recommends Takko to further consolidate also for other product categories. FWF recommends Takko to increase the more 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.

**Comment:** Takko has initiated a process to significantly reduce the numbers of suppliers for denim products. The number of suppliers for this type of product was reduced more than 50%. (from 44 to 19) (which represents close to 10% of the total production volume). This process will be applied also for other products in the coming years. The expectation is that this will also have a positive effect for the coming years on maintaining longer business relations with suppliers.

|  |     |   |                           |   |   |   |
|--|-----|---|---------------------------|---|---|---|
| 1.3 All new suppliers are required to sign and return the Code of Labour Practices before first orders are placed. | Yes | The CoLP is the foundation of all work between factories and brands, and the first step in developing a commitment to improvements. | Signed CoLPs are on file. | 2 | 2 | 0 |
|--|-----|---|---------------------------|---|---|---|

**Comment:** Takko has ensured in its system, that no orders can be placed at production locations where no questionnaire is returned. All new production locations need to have a number in the system, which is provided only after the questionnaire is returned and the information sheets are received. Without that number, no orders can be placed.

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| 1.4 Company conducts human rights due diligence at all new suppliers before placing orders. | Yes | 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. | 4 | 4 | 0 |
|---|-----|---|---|---|---|---|

**Recommendation:** FWF advises to use information from FWF country studies and wage ladders. The affiliate can cooperate with local stakeholders to further investigate the situation in a specific country, particularly with regards to building safety in Bangladesh and excessive overtime. FWF can offer information on local stakeholders.

**Comment:** For possible new suppliers commercial performance is checked, including a detailed look at the legal side, payments history, analysis of other customers etc. This is input for a swot analysis. In this assessment performance on sustainability is included. A supplier is visited before added as new supplier.

|  |  |  |   |   |   |   |
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| 1.5 Supplier compliance with Code of Labour Practices is evaluated in a systematic manner. | Yes, and performance improvement is rewarded | 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:** A rating system has been introduced, with colours (red, green, yellow). This has been applied for denim products. The grading is introduced in the database with suppliers. This is not yet in the same software system as used by merchandisers to keep track of suppliers. The two systems will be linked in the coming period. Now this is done manually for the 'coming together meetings' with the purchase staff. The weighting factor for CSR is put next to the commercial system before conclusions are drawn. For those locations with a red rating, this means that serious issues are found related to labour conditions. No new orders can be placed in those locations, till it has moved up to another colour.

|   |                           |   |   |   |   |   |
|---|---------------------------|---|---|---|---|---|
| 1.6 The affiliate's production planning systems support reasonable working hours. | General or ad-hoc system. | Affiliate production planning systems can have a significant impact on the levels of excessive overtime at factories. | Documentation of robust planning systems. | 2 | 4 | 0 |
|---|---------------------------|---|---|---|---|---|

**Recommendation:** Now that a new system has been introduced, FWF recommends to frequently gather feedback from suppliers, and cross check information from audit reports on overtime, to see whether the improved planning has influence on reducing excessive overtime.

**Comment:** In december the company started with a new system of placing orders. Forecasting is done from the headquarter; for the long term category this is done 60 weeks in advance, for midterm 34 weeks and short term 21 weeks. With this system, the main production locations are informed well in advance about capacity needed for Takko products. This information is quarterly updated. Takko knows for the production locations the production capacity. Repeat orders remain difficult to plan in advance.

|  |                      |  |   |   |   |   |
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| 1.7 Degree to which affiliate mitigates root causes of excessive overtime. | Intermediate efforts | Some production delays are outside of the control of affiliates; however there are a number of steps that can be taken to address production delays without resorting to excessive overtime. | Documentation of root cause analysis and positive steps taken to manage production delays or improve factory processes. | 3 | 6 | 0 |
|--|----------------------|--|---|---|---|---|

**Requirement:** For those production locations where excessive overtime was found, a root cause analysis of excessive overtime should be done to investigate which steps can be most effective to reduce overtime.

**Comment:** With the new forecasting system, including the fact that Takko nominates zippers etc. transparency has increased and factories can buy components in advance. The number of on time deliveries has increased, some deliveries arrive 3-6 months ahead. This has made that the lead time was reduced, from 9 months to 6 in denim project. No actions have had to be taken for late deliveries. With this production planning, still most orders are produced off season.

Excessive overtime was found during FWF audits for the period under review. Except for the changes in order forecasting, no further action has been taken to analyse possible other root causes of excessive overtime.

|  |                      |  |  |   |   |   |
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| 1.8 Affiliate's pricing policy allows for payment of at least the legal minimum wages in production countries. | Country-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. | 2 | 4 | 0 |
|--|----------------------|--|--|---|---|---|

**Requirement:** The affiliate needs to develop a pricing policy where the affiliate knows the labour cost of garments in order to know that it allows the payment of at least legal minimum wages in production countries and makes it possible to increase wages to a living wage level.

**Comment:** Takko uses a price range per supplier. The company calculates with general minutes per product, taking into consideration efficiency. There is no clarity for product what the share is of labour costs in the cmt price.

|   |                                   |  |   |   |   |    |
|---|-----------------------------------|--|---|---|---|----|
| 1.9 Affiliate actively responds if suppliers fail to pay legal minimum wages. | No minimum wage problems reported | If a supplier fails to pay minimum wage, FWF affiliates 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 |
|---|-----------------------------------|--|---|---|---|----|

|   |    |  |  |   |   |    |
|---|----|--|--|---|---|----|
| 1.10 Evidence of late payments to suppliers by affiliate. | No | Late payments to suppliers can have a negative impact on factories 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 factory and affiliate financial documents. | 0 | 0 | -1 |
|---|----|--|--|---|---|----|

|   |                |   |  |   |   |   |
|---|----------------|---|--|---|---|---|
| 1.11 Degree to which affiliate assesses root causes of wages lower than living wages with suppliers and takes steps towards the implementation of living wages. | Basic approach | Sustained progress towards living wages requires adjustments to affiliates' policies. | Documentation of policy assessments and/or concrete progress towards living wages. | 2 | 8 | 0 |
|---|----------------|---|--|---|---|---|

**Requirement:** Takko has to take adequate steps to move towards living wages as estimated by local stakeholders. Affiliate is expected to take an active role in discussing living wages with its suppliers. The FWF wage ladder can be used as a tool to discuss living wages.

**Recommendation:** FWF recommends to start a project for a supplier where the company has high leverage, to get insight in the pay gap between current wages and a living wage benchmark.

**Comment:** Takko uses the wage ladders from FWF audits, and also includes them in their own auditing.

|   |      |   |   |     |   |   |
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| 1.12 Affiliate sources from an FWF factory member.                          | No   | When possible, FWF encourages affiliates to source from FWF factory members. On account of the small number of factories this is a 'bonus' indicator. Extra points are possible, but the indicator will not negatively affect an affiliate's score. | Supplier information provided by affiliate. | N/A | 1 | 0 |
| 1.13 Percentage of production volume from factories owned by the affiliate. | 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 affiliate's score. | Supplier information provided by affiliate. | N/A | 2 | 0 |

## PURCHASING PRACTICES

Possible Points: 40

Earned Points: 25

## 2. MONITORING AND REMEDIATION

| BASIC MEASUREMENTS  | RESULT | COMMENTS   |
|---|--------|--|
| % of own production under standard monitoring (excluding low-risk countries)                          | 73%    |  |
| % of own production in low risk production countries where FWF's Low Risk policy has been implemented |        | FWF low risk policy should be implemented. 0 = policy is not implemented correctly. N/A = no production in low risk countries. |
| Total of own production under monitoring  | 73%    | Minimums: 1 year: 40%; 2 years 60%; 3 years+: 90% 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: Takko has a CSR responsible in their headquarters and in their local offices in Bangladesh, India and China.

|   |              |   |   |   |   |    |
|---|--------------|---|---|---|---|----|
| 2.2 Degree of progress towards resolution of existing Corrective Action Plans | Intermediate | FWF considers efforts to resolve CAPs to be one of the most important things that affiliates can do towards improving working conditions. | Documentation of remediation and followup actions taken by affiliate. | 4 | 8 | -2 |
|---|--------------|---|---|---|---|----|

**Requirement:** Resolving and remediating non-compliances is one of the most important criteria FWF affiliates can do towards improving working conditions. FWF expects affiliates to examine and support remediation of any problem that they encounter. Coordinated efforts between different departments are required to ensure sustained responses to CAPs.

**Comment:** A selection of follow up on corrective action plans was checked. This gave partly insight in the current status of earlier findings. Several problems were remediated. It was not clear however from the documents shared, what the status was regarding all findings and if/how Takko supported the remediation.

|   |     |   |   |   |   |   |
|---|-----|---|---|---|---|---|
| 2.3 Percentage of production volume from suppliers that have been visited by the affiliate in the past financial year | 75% | Formal audits should be augmented by annual visits by affiliate staff or local representatives. They reinforce to factory managers that affiliates are serious about implementing the Code of Labour Practices. | Affiliates should document all factory visits with at least the date and name of the visitor. | 4 | 4 | 0 |
|---|-----|---|---|---|---|---|

**Recommendation:** It is recommended to get further insight in when the subcontractors for garment production are used, and to include them also in visiting schedules and monitoring.

**Comment:** Except for low risk countries, and countries where Takko has only very small amount of production (for ex. Turkey), production locations of their main suppliers have been visited frequently by local staff of Takko.

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|--|-----|---|--|---|---|---|
| 2.4 Existing audit reports from other sources are collected. | Yes | 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. | 1 | 3 | 0 |
|--|-----|---|--|---|---|---|

**Comment:** Takko uses other audit reports as information where available, but ensures to have their own audits done at their production locations.

|  |     |   |  |   |   |    |
|--|-----|---|--|---|---|----|
| 2.5 Audit Report and Corrective Action Plan (CAP) findings are shared with factory. Improvement timelines are established in a timely manner | Yes | FWF audit reports should be shared and discussed with suppliers within two months of audit receipt. Timely sharing of information and agreement on corrective actions is essential for improvement. A reasonable time frame should be specified for resolving findings. | Corrective Action Plans, emails; findings of followup audits; brand representative present during audit exit meeting, etc. | 2 | 2 | -1 |
|--|-----|---|--|---|---|----|

**Comment:** Takko ensures that signatures are collected as proof documents are shared and seen by suppliers.

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|--|-----------------------|---|--|---|---|---|
| 2.6 High risk issues specific to the affiliate's supply chain are identified and addressed by the monitoring system. | Intermediate Capacity | Different countries and products have different risks associated with them; monitoring systems should be adapted to allow appropriate human rights due diligence for the specific risks in each affiliates' supply chain. | Documentation may take many forms; additional research, specific FWF project participation; extra monitoring activities, extra mitigation activities, etc. | 3 | 6 | 0 |
|--|-----------------------|---|--|---|---|---|

**Recommendation:** Knowing the country specific risks facilitates the starting point for discussing this with suppliers. Affiliates can agree on additional commitments that are required to mitigate risks. The affiliate can provide additional measures for support and integrate that in the monitoring system. Examples of additional support for suppliers is offering training related to the specific risks, facilitating support of a consultant, or organising a seminar for several suppliers in a country/region to discuss the specific risks.

**Comment:** Takko is aware of the FWF Myanmar policy and additional requirements for Bangladesh. Takko started to motivate their suppliers in Bangladesh to attend the Management workshops on Fire Safety of FWF. Takko has a policy stating that no abrasive and sandblasting is allowed, which is agreed and shared with their suppliers of denim products.

|   |                |   |  |    |   |    |
|---|----------------|---|--|----|---|----|
| 2.7 Affiliate cooperates with other customers in resolving corrective actions at shared suppliers | No cooperation | Cooperation between customers increases leverage and chances of successful outcomes. Cooperation also reduces the changes 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. | -1 | 2 | -1 |
|---|----------------|---|--|----|---|----|

**Recommendation:** Cooperation with other customers at the same factory, will increase the leverage and influence to ensure improvements are realised.

|  |    |   |   |   |   |   |
|--|----|---|---|---|---|---|
| 2.8 Monitoring requirements are fulfilled for production in low-risk countries | No | Low risk countries are determined by the presence and proper functioning of institutions which can guarantee compliance with basic standards. | Documentation of visits, notification of suppliers of FWF membership; posting of worker information sheets, completed questionnaires. | 0 | 2 | 0 |
|--|----|---|---|---|---|---|

**Requirement:** Monitoring requirements need to be fulfilled for production in low-risk countries in order for it to be counted towards the monitoring threshold. All production sites in low-risk countries must:

- Be visited at least annually by affiliate representatives;
- Be informed of FWF membership and return the completed CoLP questionnaire before production orders are placed;
- Post the FWF Worker Information Sheet in local languages.

**Comment:** Takko has started a process for coming financial year that some low risk locations will also be audited by a third party. Takko is aware of the risks for Italy, as indicated in the FWF risk assessment for Italy. Information sheets for workers have been shared with all suppliers. There is no proof of the factories having posted the sheet.

|  |                           |  |                             |     |   |   |
|--|---------------------------|--|-----------------------------|-----|---|---|
| 2.9 External brands resold by the affiliate who have completed and returned the external brand questionnaire. (% of external sales volume) | 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 | 3 | 0 |
|--|---------------------------|--|-----------------------------|-----|---|---|

|   |                           |   |   |     |   |   |
|---|---------------------------|---|---|-----|---|---|
| 2.10 External brands resold by affiliates that are members of another credible initiative. (% of external sales volume) | No external brands resold | FWF believes affiliates who resell products should be rewarded for choosing to stock external brands who also take their supply chain responsibilities seriously. | Supplier register; Documentation of sales volumes of products made by FWF or FLA members. | N/A | 3 | 0 |
|---|---------------------------|---|---|-----|---|---|

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## MONITORING AND REMEDIATION

Possible Points: 27

Earned Points: 15

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### Additional comments on Monitoring and Remediation:

Takko uses their own auditors to conduct factory audits. Local teams of Takko have had introduction trainings from FWF and use similar templates as FWF audits, include worker interviews next to management interviews, documents check and visual checks and include a Wage Ladder in the reports. For this performance check the own audit reports have been included in the monitoring threshold. FWF does want to make some remarks regarding the quality of the audits. For some smaller countries audit teams have been used from a neighbouring country. FWF requires the use of auditors familiar with local legislation and language and therefore prefers local auditors. Next to that Takko auditors have to ensure for all conclusions regarding labour standards that several sources of information are used including relevant stakeholder information related to specific risks. One clear example is the occurrence of excessive overtime at factories in Bangladesh and the use of double bookkeeping. Auditors should be sufficiently aware of that risk in order to make proper conclusions. In older audit reports no information was included regarding purchasing and monitoring practices of Takko and on discrimination. This has been tackled by introducing new templates.

The threshold for the monitoring percentage has been calculated based on the available figures for the main suppliers, as FOB volumes for subcontractors were not known. Takko needs to ensure information on the share of production volumes done by the subcontractors, in order to include them also in the monitoring system.

### 3. COMPLAINTS HANDLING

| BASIC MEASUREMENTS                                       | RESULT | COMMENTS   |
|--|--------|--|
| Number of worker complaints received since last check    | 7      | 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 | 0      |  |
| Number of worker complaints resolved since last check    | 7      |  |

| 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  |
| 3.2 System exists 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 factory visits, etc. | 2     | 2   | 0   |

**Recommendation:** Takko needs to reinforce the system to check whether Worker Information sheets are posted in countries with low production and no own staff visiting the locations (for ex. for Turkey, Cambodia).

**Comment:** In most factories local staff (auditors, merchandisers or quality staff) is visiting the locations and has possibilities to check the information sheet is posted. In low risk countries and countries with low production and no local staff, no visits are done by Takko staff to the production locations. Takko needs to actively involve their partners (agents or other intermediaries) to ensure and check whether the sheets are posted.

|  |     |  |  |   |   |    |
|--|-----|--|--|---|---|----|
| 3.3 Percentage of FWF-audited factories where at least half of workers are aware of the FWF worker helpline. | 13% | The FWF complaints procedure is a crucial element of verification. If factory-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. Factory participation in the Workplace Education Programme also count towards this indicator. | Percentage of audited factories where at least 50% of interviewed workers indicate awareness of the FWF complaints mechanism + percentage of factories in WEP programme. | 1 | 4 | -2 |
|--|-----|--|--|---|---|----|

**Requirement:** Takko should inform the factory managers about the existence of the FWF helpline. The affiliate should have a routine to ensure the worker information sheet with complaints handlers contact details is posted in a place freely accessible to workers. The information sheet is the first step towards awareness raising about the existence and functioning of FWFs worker hotline.

**Recommendation:** Takko can stimulate more suppliers to participate in FWF WEP trainings or other basic trainings, to raise awareness about the existence and the functioning of FWF's worker hotline and labour standards. In addition to sending the worker information sheet, affiliates can use the worker information cards (which are also distributed in training sessions) available for download on FWF's website.

**Comment:** In 1 out of the 8 FWF audits done at least half of workers was aware of the FWF helpline.

|  |     |   |   |   |   |    |
|--|-----|---|---|---|---|----|
| 3.4 All complaints received from factory 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. Affiliate involvement is often essential to resolving issues. | Documentation that affiliate has completed all required steps in the complaints handling process. | 3 | 6 | -2 |
|--|-----|---|---|---|---|----|

**Comment:** Takko has received 7 complaints in the financial year under review. On the complaints has communicated with the suppliers on the steps that needed to be taken. It has been a learning process to get a better grip and understanding on different points of views regarding problems at the work floor.

|  |  |  |  |     |   |    |
|--|--|--|--|-----|---|----|
| 3.5 Cooperation with other customers in addressing worker complaints at shared suppliers | No complaints or cooperation not possible / necessary. | Because most factories supply several customers with products, involvement of other customers by the FWF affiliate can be critical in resolving a complaint at a supplier. | Documentation of joint efforts, e.g. emails, sharing of complaint data, etc. | N/A | 2 | -2 |
|--|--|--|--|-----|---|----|

## COMPLAINTS HANDLING

Possible Points: 13

Earned Points: 7

## 4. TRAINING AND CAPACITY BUILDING

| PERFORMANCE INDICATORS                                     | RESULT | RELEVANCE OF INDICATOR   | DOCUMENTATION                                      | SCORE | MAX | MIN |
|--|--------|--|--|-------|-----|-----|
| 4.1 All staff is made aware of FWF membership requirements | 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: Information on FWF is included in the introduction session for new employees. Takko ran a big project to also inform staff involved with sales. Information on FWF was included in sharing information on the steps Takko took on increase sustainability.

|  |     |  |   |   |   |   |
|--|-----|--|---|---|---|---|
| 4.2 Ongoing training in support of FWF requirements is provided to staff in direct contact with suppliers. | 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 | 0 |
|--|-----|--|---|---|---|---|

Comment: Both the CSR responsible and sourcing manager have participated in the FWF seminar for affiliates, and participate in FWF webinars and the annual conference.

|  |     |   |   |   |   |    |
|--|-----|---|---|---|---|----|
| 4.3 All sourcing contractors/agents are informed about FWF's Code of Labour Practices. | Yes | Agents have the potential to either support or disrupt CoLP implementation. It is the responsibility of affiliate to ensure agents actively support the implementation of the CoLP. | Correspondence with agents, trainings for agents, FWF audit findings. | 1 | 2 | -2 |
|--|-----|---|---|---|---|----|

Recommendation: As some buying houses/agents are doing the main communication with the production locations, it is recommended to involve them more actively in monitoring the implementation of the FWF Code of Labour Practices and ensure they have a good level of awareness and understanding.

Comment: Agents are informed and local offices supervise.

|   |     |  |  |   |   |   |
|---|-----|--|--|---|---|---|
| 4.4 Factory participation in Workplace Education Programme (where WEP is offered; by production volume) | 12% | Lack of knowledge and skills on best practices related to labour standards is a common issue in factories. Good quality training of workers and managers is a key step towards sustainable improvements. | Documentation of relevant trainings; participation in Workplace Education Programme. | 2 | 6 | 0 |
|---|-----|--|--|---|---|---|

**Requirement:** Manufacturers and their workers should be systematically informed about FWF and the implementation of the Code of Labour Practices. All factory management and workers should be informed and aware about the relevant labour standards and grievance mechanisms.

**Recommendation:** In order to ensure awareness and enhance understanding of the relevant labour standards, grievance mechanisms and the importance of a good mechanism for communication between employers and workers in the workplace, FWF developed the Workplace Education Programme. This programme is offered in the 4 priority countries. The affiliate should motivate its main supplier(s) to join WEP trainings.

**Comment:** 15 factories supplying Takko are participating in the WEP programme in Bangladesh and 4 in china.

|   |    |  |   |   |   |   |
|---|----|--|---|---|---|---|
| 4.5 Factory participation in trainings (where WEP is not offered; by production volume) | 0% | In areas where the Workplace Education Programme is not yet offered, affiliates 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 |
|---|----|--|---|---|---|---|

**Recommendation:** Whenever the FWF affiliate contacts a new supplier, this new supplier must be informed on the implications of FWF membership. All factory workers should be informed about the labour standards and the process of monitoring and remediation. In order to further communication between employers and workers in the workplace FWF recommends affiliates to ensure suppliers participate in trainings. Trainings must meet FWF quality standards to receive credit for this indicator: top management, supervisors and workers should be included in the trainings, separately. Workplace standards and dispute handling should be included in the training. At least 10-20% of the workforce must be trained, depending on the size of the factory. Worker participations should be balanced and representative.

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## TRAINING AND CAPACITY BUILDING

Possible Points: 15

Earned Points: 6

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## 5. INFORMATION MANAGEMENT

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

**Requirement:** After the end of each financial year, affiliates must confirm their list of suppliers and provide relevant financial data. A complete suppliers list means all production locations as described in the guide are included with the financial data.

**Comment:** Next to the main supplier list, Takko handed in a subcontractor list. Information from FWF audit reports on subcontractors used by the factories audited, resulted to be already included in the subcontractor list of Takko. Takko does not have information yet, on production volumes produced by the subcontractors. The company needs to take further steps, to know what share of the production volume is given to the subcontractor, and accordingly also include those in the monitoring system.

At the moment of handing in the work plan for FWF, it is not yet known which new suppliers will be added by the purchasing department for the current year. It is agreed that Takko will update FWF on a monthly basis to update this information.

|  |     |  |   |   |   |    |
|--|-----|--|---|---|---|----|
| 5.2 A system exists to allow purchasing, CSR and other relevant staff to share information with each other about working conditions at suppliers | 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:** Information regarding the production locations is entered in a database, which is accessible for relevant staff. The IT systems for the purchasing colleagues, is not yet linked to the system in which CSR information is saved. This will be arranged the coming year. Information from both systems is shared in the meetings of the purchasing staff and with the board.

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## INFORMATION MANAGEMENT

Possible Points: 7

Earned Points: 7

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## 6. TRANSPARENCY

| PERFORMANCE INDICATORS  | RESULT | RELEVANCE OF INDICATOR  | DOCUMENTATION   | SCORE | MAX | MIN |
|---|--------|---|---|-------|-----|-----|
| 6.1 Communication about FWF membership adheres to the FWF communications policy | Yes    | FWF membership should be communicated in a clear and accurate manner. FWF guidelines are designed to prevent misleading claims. | Logo is placed on website; other communications in line with policy. Affiliates may lose points if there is evidence that they did not comply with the communications policy. | 1     | 1   | -2  |

Comment: Next to the two main brand logo's, also the other logo's for Takkos garment products should be added to the FWF website.

|   |                                  |   |   |   |   |    |
|---|----------------------------------|---|---|---|---|----|
| 6.2 Affiliate engages in advanced reporting activities                        | No                               | Good reporting by members helps to ensure the transparency of FWF's work and shares best practices with the industry. | Affiliate publishes one or more of the following on their website: Brand Performance Check, Audit Reports, Supplier List. | 0 | 1 | 0  |
| 6.3 Social Report is submitted to FWF and is published on affiliate's website | Published on affiliate's website | The Social Report is an important tool for brands to transparently share their efforts with stakeholders.             | Report adheres to FWF guidelines for Social Report content.   | 2 | 2 | -2 |

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## TRANSPARENCY

Possible Points: 4

Earned Points: 3

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## 7. EVALUATION

| PERFORMANCE INDICATORS   | RESULT | RELEVANCE OF INDICATOR  | DOCUMENTATION  | SCORE | MAX | MIN |
|--|--------|---|--|-------|-----|-----|
| 7.1 Systemic annual evaluation of FWF membership is conducted with involvement of top management | Yes    | An annual evaluation involving top management ensures that FWF policies are integrated into the structure of the company. | Meeting minutes, verbal reporting, Powerpoints, etc. | 2     | 2   | 0   |

Comment: Every 8 weeks management and board level is updated.

|   |     |   |  |   |   |    |
|---|-----|---|--|---|---|----|
| 7.2 Percentage of required changes from previous Brand Performance Check implemented by affiliate | 57% | In each Brand Performance Check report, FWF may include requirements for changes to management practices. Adherence to these requirements is an important part of FWF membership. | Affiliate should show documentation related to the specific requirements made in the previous Brand Performance Check. | 6 | 8 | -4 |
|---|-----|---|--|---|---|----|

**Requirement:** The next steps to complete the full supplier information (including production volumes of subcontractors) have to be made. Next to that further action is required on reducing excessive overtime and increasing wages towards a living wage level.

**Comment:** On 8 of the 14 requirements in the former brand performance check, significant action has been taken. The supplier list information has improved, the production planning system has been further developed, more efforts have been invested in ensuring information on the Code of Labour practices is available in the factories, more factories have participated in the WEP program and the social report is now accessible on the different country websites.

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## EVALUATION

Possible Points: 10

Earned Points: 8

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## RECOMMENDATIONS TO FWF

- FWF could during a next stakeholder meeting discuss/share best practices how to inform workers
- Changes in business set up should be informed to members

## SCORING OVERVIEW

| CATEGORY                       | EARNED | POSSIBLE |
|--------------------------------|--------|----------|
| Purchasing Practices           | 25     | 40       |
| Monitoring and Remediation     | 15     | 27       |
| Complaints Handling            | 7      | 13       |
| Training and Capacity Building | 6      | 15       |
| Information Management         | 7      | 7        |
| Transparency                   | 3      | 4        |
| Evaluation                     | 8      | 10       |
| Totals:                        | 71     | 116      |

### BENCHMARKING SCORE (EARNED POINTS ÷ POSSIBLE POINTS)

61

### PERFORMANCE BENCHMARKING CATEGORY

Good

## BRAND PERFORMANCE CHECK DETAILS

Date of Brand Performance Check:

19-08-2014

Conducted by:

Margreet Vrieling

Interviews with:

Inga Schürhörster CSR Coordinator, Stephan Wilkes General Manager Purchase Department & Product Development, Jutta Melchers Head of PR, Stephanie Bendlin Sales

Audit Summary:

Publication of the audit summary section previously included in Brand Performance Checks has been suspended while Fair Wear Foundation develops a new information system to manage and summarize the data. Future Brand Performance Checks will include improved usability and transparency for audit data.