

A woman with dark hair, wearing a black leather motorcycle jacket over a dark blue button-down shirt, stands in a rugged, mountainous landscape. She is smiling slightly and looking towards the camera. The background shows steep, rocky hills under a clear sky. A yellow horizontal bar is visible on the left side of the image.

SOURCING REPORT

2014/2015

TAKKO



Preface

Accepting our responsibility for what we do in business and in the world and society around us is an important part of Takko's policy. Our mission is to showcase trends that will make our customers happy – and not just when they look in the mirror, but also when they think of how their clothes were made.

Following this commitment, we are always working on our processes to ensure sustainable practices at every link in the chain. We are working with the Fair Wear Foundation, which we joined in 2011, to live up to our social responsibility. We understand our efforts as a lasting process of continuous improvement.

The management of Takko Holding GmbH



17,000
employees

1,900
stores

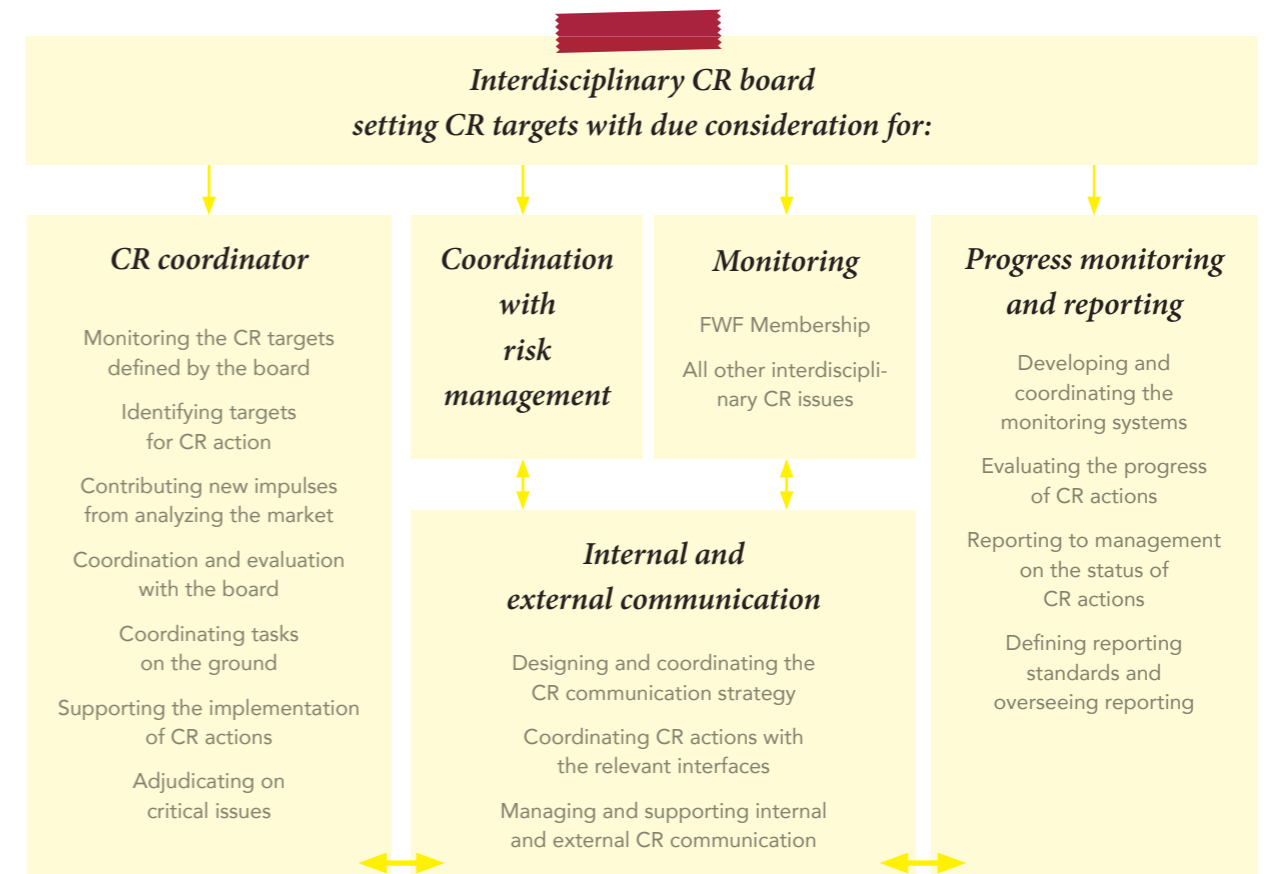
17
countries

Our CR mission and our CR organization

As a fashion company operating around the world, we have accepted responsibility for 17,000 members of staff, working in our head offices in Telgte, at our logistics hubs, in sourcing, in more than 1,900 stores across 17 countries, and in our procurement offices in Asia. As a direct importer, we also consider ourselves responsible for the people making our products in the many countries we are sourcing from. Our notion of sustainability means that we want to design all processes to be as efficient as possible in terms of the means and resources they use, we want to set social and environmental standards, and we want to fulfil our social responsibility even beyond our core business.

At all links in our value chain, we are committed to ecological, economical, and social considerations. We are aware of our responsibility and want to optimize our processes to live up to it every single day. Our focus lies primarily on corporate responsibility (CR) issues that are particularly relevant for our core business: Our products, our employees, and our customers. This includes compliance with environmental and social standards in procurement, responsibility for our products, the safety and wellbeing of our employees, and our relations with the people we are working with.

All strategic goals for our CR activities are determined by our executive managers. Defining and acting on these goals is the responsibility of our dedicated CR board, which brings together leading managers from the areas and departments that are involved with the key issues concerning our corporate responsibility. The strategic direction chosen by our top management is used by the CR board to set up project groups and plan ways to reach our goals. An independent CR coordinator monitors and reports on the progress of these measures and has joint responsibility with the project teams on the ground for their success in our everyday operations. Our CR coordinator is also responsible for CR reporting, using dedicated indicators to find opportunities for improvement, set new targets, and keep track of relevant developments.





THE STORY OF TAKKO

*Fashion for women and the ones they love – at great value for money:
That is the mission of the approx. 17,000 people that make the Takko brand.*

In 1982, the first Takko store opened its doors in Rheda-Wiedenbrück under the original Modea brand. In 2000, we took our brand to the international stage.

Today, we are committed to making women happy in Germany, Austria, Switzerland, the Netherlands, the Czech Republic, Slovakia, Hungary, Romania, Poland, Belgium, Slovenia, Estonia, Lithuania, Croatia, Italy, Serbia, and (with our joint venture partners) Russia by giving them the mainstream trends they want. Our success proves us right: In its 30 years of history, Takko has become one of the leading fashion retailers in Europe.

All processes from the design of our fashion or the management of our personnel to our marketing are coordinated at our head offices in Telgte in Westphalia. Takko's sourcing is handled in Friedrichsdorf in Hessen, before our Takko products are distributed from our four major hubs in Telgte, Winsen, Schnelldorf, and Senec in Slovakia to around 1,900 stores in Germany and abroad.

From our roots as a traditional discounter with an extensive range of food and non-food products, the Takko brand has experienced an unprecedented evolution in the recent past. Concentrating on fashion and accessories and relaunching our brand and store portfolio in 2009 were the milestones on our road towards a modern Takko. In 2014, we again reinvented our brand and now consider ourselves a favorite specialist discounter where our customers come to find new trends and everyday fashion for themselves and the ones they love. That is our mission which we will continue to pursue with lots of passion and enthusiasm.



FOR THE
WOMAN AND
THE ONES
SHE LOVES





ACCEPTING RESPONSIBILITY

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OUR CORPORATE RESPONSIBILITY IN SOURCING

a) Commitment

Our own commitment to social responsibility in sourcing and the standards of the Fair Wear Foundation underlie the following principles:

- We aim for maximum transparency about all production sites manufacturing goods for Takko.
- We form and develop the partnerships with our suppliers.
- We want to improve the working conditions for the employees of all of our manufacturers and suppliers step by step.
- We are building the necessary internal competences to promote and support the necessary processes in the best possible way.

b) Development

In its early history, Takko had no established procurement structure and relied exclusively on working with importers. In 2004, we took the decision to change these practices and began the vertical integration of sourcing. One important reason for this decision was the lack of transparency about the countries and companies from whom we were sourcing our products.

In order to exert more influence in this area, we gradually established the required sourcing structures. By late 2005/early 2006, we were already sourcing 41 % of our goods internally. In early 2007, this share had risen to almost 70 %.

This increasing share of direct sourcing and the responsibility it brought for us made it necessary to revise our former terms and conditions in sourcing. As part of this process, Takko decided to join the Verband der Fertigwaren-Importeure (VFI). As signatories of the VFI code of conduct for suppliers and producers, we developed our own Takko code of conduct in line with the requirements of the ILO standards.



The key principles of our code of conduct are:

- No forced labor
- No discrimination in the workplace
- No child labor
- Freedom of association and the right to collective representation
- A living wage
- No excessive working hours
- Safe and healthy workplaces
- Lawful employment
- Protection of the environment
- Other legal requirements

The code of conduct was introduced first with our suppliers in India in 2008. At the same time, dedicated audit teams were established, and compliance with the code of conduct checked in a first set of factories. By now, the share of goods imported by our own organization had reached 90 %.

The actions taken to enforce our code of conduct in India were later copied to Bangladesh. A first Social Complaints Audit & Monitoring Manual was produced. At the end of the financial year 2008/2009 (end of April 2009), our direct imports amounted to 95 %.

In 2009, the code of conduct was finally implemented in China, where it is audited in cooperation with the TÜV Rheinland in local TÜV audits. At the same time, we began establishing our own auditing team in China.

After the successful restructuring of our sourcing structures and processes, we began tackling the other challenges relating to auditing and monitoring in the area with the aid of external partners. After intensive discussions, Takko decided to become a member of the Fair Wear Foundation on 1 October 2011.

Today, all sourcing is handled by our own sourcing team. The implementation of our own supplier evaluation tool gives us full transparency about orders as well as being a means for recording any breaches of our code of conduct and introducing the required corrective actions. In addition to the TÜV Rheinland, we are also working with the consultants of Sumations to conduct audits at our manufacturers in China and Bangladesh.

c) Past and future targets

Targets achieved in FY 2014/2015

In the financial year 2014/2015, a total of 443 audits were conducted at manufacturers (including follow-up visits to audited factories).

90.4 % of all products were sourced directly from audited companies. This means that the target set by the Fair Wear Foundation was achieved already in the third year of membership.

We also managed to improve the transparency of the supply chain considerably in the denim product range in particular:

- Reduced the number of factories by about a quarter
- Reduced the number of total production sites by half
- Reduced the number of fabric mills approx. by half
- Improved cooperation with fully integrated partners (from threads to packages)
- Coordinated production capacities with the core supply partners for improved production processes and less overtime for workers

Targets for FY 2015/2016

For the financial year 2015/2016, we have agreed the following targets with the Fair Wear Foundation:

- To reduce the number of production sites by 10 %
- To increase the rate of audited product supplies substantially above 90 %
- To concentrate materials and components for an optimized workflow with improved product consistency and legal compliance
- To make more use of Oeko-Tex®
- To optimize order planning and internal processes to avoid production peaks at the manufacturers
- To cooperate with other members of the Fair Wear Foundation on safety and management and employee training in the producing countries
- To expand our product and fabric tests for greater conformity



OUR SOURCING PROCESS

a) Sourcing strategy and organizational structure

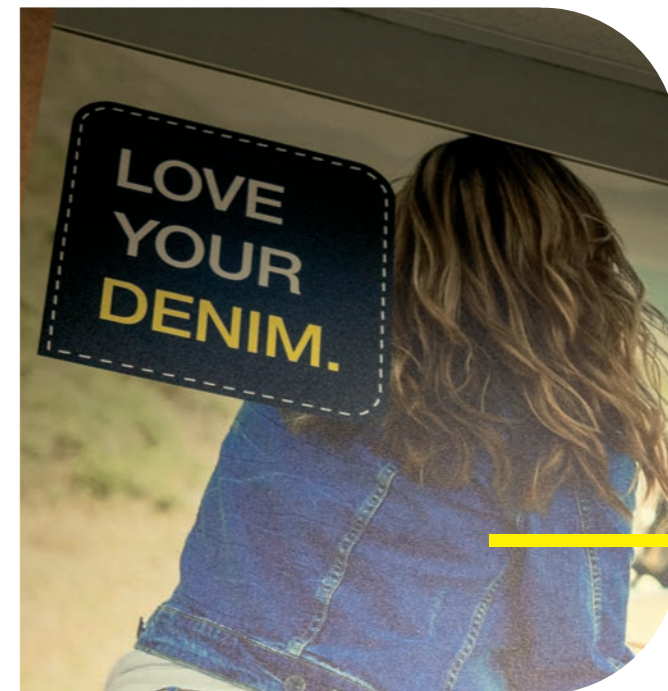
In order to be able to maintain and constantly improve on the exacting CR standards that we have chosen to apply in sourcing, a clearly defined organizational structure is paramount. The high priority awarded to this topic at Takko is immediately visible in that responsibility for it is allocated directly to our Chief Purchase Officer.

In Germany, our CR activities are managed by a dedicated department that collates and records all information, documents, audit reports, and corrective action plans. Our suppliers in India, Bangladesh, and China are supported by local Takko offices with their own CR units. These are also responsible for conducting audits and monitoring action plans, and they again report directly to the CPO.

New manufacturers and suppliers are selected on the basis of an exact review by our procurement team and our colleagues in the country. Important factors for a new business partnership include the capacities and manufacturing abilities as well as the quality and pricing of the products. On-time delivery and correct lead times also need to be guaranteed. We pay particular attention to the social standards at our potential partners, which we test in the form of pre-audits conducted by our national offices before any contractual partnership is established.

Before we start doing business with a potential partner, we inform them about our membership in the Fair Wear Foundation and ask them to sign our own code of conduct.

We also inform potential Bangladeshi partners of our role as signatories of the "Accord on Fire and Building Safety in Bangladesh". If even a single item is rejected, we will not enter any partnership with the supplier. We will also terminate any partnership with companies that fail to take corrective action when grievances were recorded in an audit.



b) Standards in sourcing

The principles that we have chosen to commit to on the basis of the International Labour Organization (ILO) standards include the following items:

1. Fair working conditions

1.1 No forced labor

Employment is voluntary. Our manufacturers use no forced or unfree labor (e.g. inmate labor etc.)

1.2 No workplace discrimination

Recruitment, compensation, access to training, retirement, and all other forms of occupational relations are based on principles of equality and are not influenced by the following factors: Race, skin color, religion, political belief, social origin, nationality, or disability.

1.3 No child labor

There must be no child labor. The minimum age for employment must not be under the legal school leaving age and must not be under the age of 15 in any case.

There must be no form of slavery or related practice, such as the trade in children, bonded labor, or forced labor, including the forced or bonded employment of children.

Young people between the ages of 15 and 18 must not do any work that could damage their wellbeing, safety, or moral development by its nature or by force of the conditions in place.

1.4 Freedom of association and the right to collective representation

Our manufacturers respect the right of employees to associate, organize, and engage in collective negotiations in a lawful and peaceful manner. Employees have the right to negotiate with the employer as a group. The manufacturers shall not penalize any employees for expressing their wishes or concerns.

If the freedom of association and right to collective representation is limited by law, the manufacturer must not obstruct any other lawful form of collective negotiation or labor organizations. Employee representatives must not be subject to discrimination and must have access to all workplaces required in order to fulfill their roles.

1.5 A living wage

Salaries and bonus payments for regular weekly work must meet the legal minimum wage or industry standard and must always be sufficient to satisfy the basic needs of the employees and their families and furnish them with sufficient discretionary income. No salary deductions are allowed as disciplinary measures, nor are any deductions allowed unless covered by national laws. Deductions must never mean that the employee in question earns less than the applicable minimum wage. All employees are to be informed appropriately and clearly about all components of their salary, including the wage rates and calculation periods.

1.6 No excessive working hours

The working hours of employees must be within the legal limits and industry standards. Employees must not be required to do more than 48 hours of regular work per week and must be given one free day in every seven-day period. Overtime must be voluntary, must not exceed 12 hours per week, must not be required on a regular basis, and must be compensated for with overtime pay on top of regular remuneration.

1.7 A safe and healthy workplace

A safe and hygienic work environment must be provided and health and safety at work must be promoted to the best current knowledge in the industry concerning potential risks. Due attention needs to be paid to risks specific in the industry and a safe and hygienic workplace is required. Rules for the prevention of accidents and avoidance of health risks are to be followed. There must be adequate access to safe drinking water and sanitary installations. Fire safety, adequate lighting, and ventilation are required. Manufacturers must ensure the same health and safety standards in all buildings used by their employees. All managers must treat their employees with dignity and respect. Physical threats, abuse, or injury, unusual penalties or disciplinary actions, sexual or other harassment, and general threats are prohibited.

1.8 Lawful employment

The employer's obligations in terms of the employees' labor and social rights and the obligations arising from regular employment must be complied with and not avoided by using agency labor or trainee programmes not intended for the acquisition of competences or achievement of regular employment. Younger workers must have an opportunity to take part in training and education.

2. Environment

All applicable environmental protection laws and regulations are to be followed.

3. Other laws

All other applicable laws and regulations need to be complied with. This applies to production, pricing calculation, sales, and logistics. Applicable laws and regulations covers local and national codes, rules, and guidelines as well as relevant contracts and voluntary industry accords.

4. Subcontracting

No subcontractors must be used to manufacture Takko products or parts thereof, unless these have also signed and are complying with the company's code of conduct.



5. Monitoring and acceptance

Takko or third parties authorized by Takko must be allowed to engage in monitoring and auditing activities to check compliance with the code of conduct. This includes such activities as unannounced visits to check working conditions or the living conditions in employee housing, access to records and files concerning employees, and confidential interviews with employees. The production sites are to maintain the records required to prove compliance with the code of conduct.

6. Publication

The principles of the code of conduct must be communicated to all members of staff. A copy of the code must be posted in the local language and in an easily accessible location for employees.

7. No sandblasting

In order to prevent any health risks caused by sandblasting, sandblasting is prohibited as a finishing process in the entire supply chain for denim products. This has been the case since the introduction of the "No sandblasting policy" in 2012. The procedure, which exposes denim to a high-pressure jet of sand or similar material is strictly forbidden. To achieve the desired finish, alternative methods must be used that have no negative effect on the health of employees.

8. No fur

In May 2013, Takko became an official partner of the international "Fur Free Retailer" initiative. Takko is committed to removing fur from its entire collection. The initiative includes fashion retailers that have agreed in writing to avoid all use of fur in their products.

c) Production cycle in sourcing

It is our explicit ambition to provide our customers with stylish casuals, basic, and trend pieces for themselves and the ones they love. That is why our design team is regularly active in the fashion centers of the world to get inspired and scout for new trends. We adjust these to match the wishes and expectations of our customers and design clothes that they love.

The designs of Takko's products are born in our in-house product management unit in Telgte. Our colleagues send their finished designs to their counterparts in sourcing in Friedrichsdorf who have been overseeing the entire sourcing of Takko's products since mid-2014 and commission products from suppliers around the world to help us produce high-quality products at a perfect value for money. Our international offices then oversee the manufacturing of our pieces in the chosen countries.

We generally only purchase finished goods. We do not procure raw materials or other materials for our garments. Our purchasing prices are calculated by means of the "cost-sheet" process.

Since the production run is not immediately connected with the lead time for long or medium-term orders in particular, we order most of our products in the low season. The standard lead time for our orders depends on the style and product in question, but usually ranges from seven to nine months. Before our sourcing team clears entire orders for production, we receive samples from each supplier to check for quality, fit, and design in our in-house quality control labs at Telgte. After these checks have been passed and the order cleared, the products are ready to be manufactured. They are dispatched in cargo containers from their place of origin to national and international ports in the region. In Europe, the articles are distributed from our logistics hubs in Telgte, Winsen, Schnellendorf, and Senec in Slovakia to around 1,900 stores in Germany and abroad – before finally making their way to the wardrobes of our customers.



e) Quality commitment and quality assurance

We offer our customers high-quality fashion at great value for money. The quality of our products is safeguarded by stringent standards that go beyond the legal requirements: Before any product hits the stores, we inspect, check, and measure its make, material, finish, and fit. Only products that pass these tests receive our seal of approval.

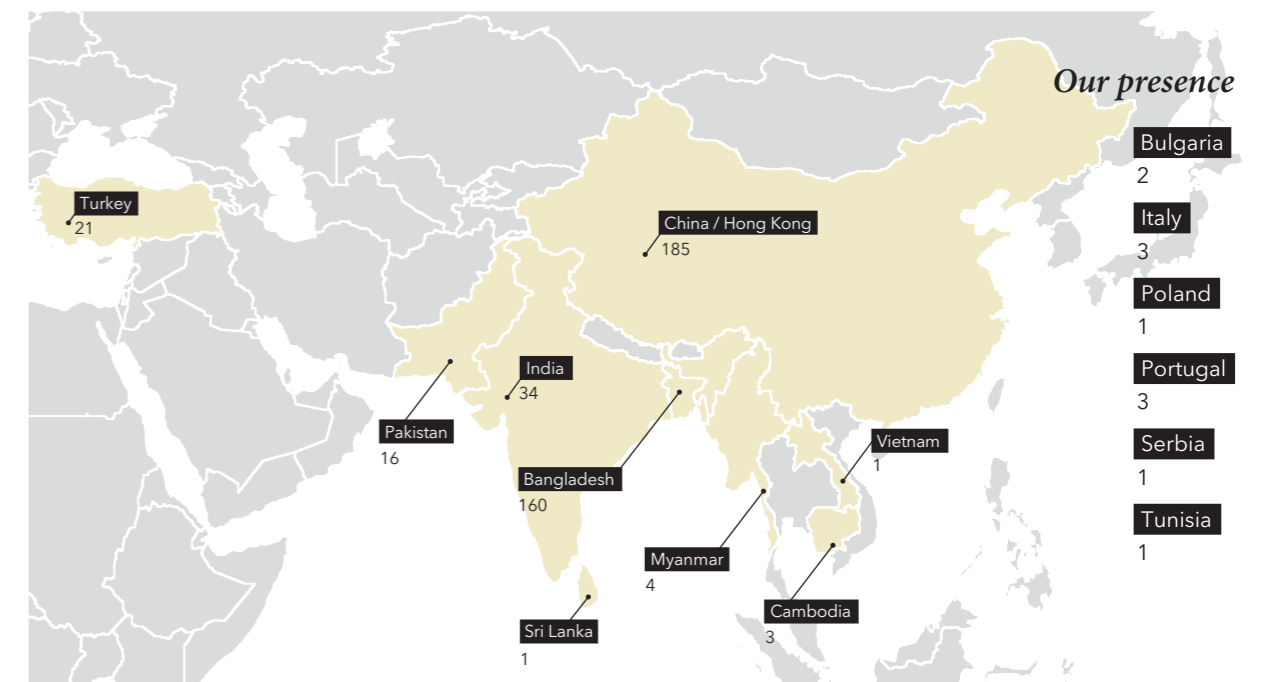
We believe in the principle of keeping all critical processes in-house. Strong operational processes mean being able to produce and distribute large quantities of high-quality products efficiently, quickly, and on an industrial scale.

Common standards for our processes, products, and components represent the foundations for lasting quality. Our quality assurance specialists work closely with design, product management, and sourcing in the product development process. When we plan our new collections, our buyers and designers apply the strict standards that we have chosen for our company. They are always looking for innovative solutions to comply with our norms and standards without compromising on style.

Our quality assurance team monitors compliance with our standards before and during each step in the production process. The products are checked a final time on-site and in our in-house lab for their quality and fit. We test such properties as color fastness, durability of the seams, and shrinkage after washing as well as the limits concerning hazardous substances required by law or suggested by consumer protection agencies. Our compliance with the legal limits concerning pollutants and harmful substances is tested again by independent and fully accredited institutes. With everybody involved in product development cooperating to the best of their ability, we can improve product quality, develop new products faster, and seize important synergies in product development and sourcing.

We hold our manufacturers to the same standards as ourselves: We expect absolute fairness, honesty, and responsibility in every part of their business. Our mission is lasting and trusting co-operation for the good of our customers.

Number of production sites



OUR SUPPLIERS (DATE: WEEK 14/2015),
INCLUDING ALL CURRENT VERTICAL PARTNERS



f) Auditing process

We conduct audits at production sites and in factories not exclusively as a means of recording any necessary improvements. Our audit teams in India and Bangladesh, the representatives of the TÜV in China, and the German auditing specialists at Sumations also assist local managers and offer support with the right actions to improve social standards on the ground.

By analyzing their audit findings, our local audit teams can define specific priorities for their support for the producers. In this way, we can contribute effectively to improving the standards in the factories where our products are made. Any findings relating to the norms required by the Fair Wear Foundation are followed up on in order to achieve basic and general improvements

of the conditions for workers. The audits are particularly revealing when it comes to questions of workplace safety.

Considering the goods ordered (directly) from the various countries, a majority of our products from India, Bangladesh, and China already comes from sites and factories that are part of the auditing process. In the financial year 2014/2015, a total of 443* audits was conducted.

Auditing reach by FOB

<i>Bangladesh</i>	98.27 %
<i>India / Sri Lanka</i>	98.39 %
<i>China</i>	93.08 %
<i>Pakistan</i>	77.67 %
<i>Rest of World</i>	44.12 %

↓
For all countries, this means a total of 90.40 %.

Number of audits A total of 443* audits were conducted in the following countries:

<i>Bangladesh</i>	321
<i>India / Sri Lanka</i>	50
<i>China</i>	57
<i>Pakistan</i>	9
<i>Rest of World</i>	6

* This includes pre-audits, follow-ups, and surprise audits at already audited sites.

A MEMBER OF THE FAIR WEAR FOUNDATION

a) Complaints and grievances

One essential element of our membership in the Fair Wear Foundation is our use of a comprehensive complaints and reporting system that guarantees for transparency. The system allows the people employed by our suppliers and manufacturers to report any incidents and grievances directly to us. We want to make sure that the system always works. That is why information about the different ways to reach us is posted in the local language, including the right ways to contact our country office or the complaints hotline of the Fair Wear Foundation. Other incidents or grievances are also reported by third parties, such as NGOs active in the regions.

It does not matter how and where we learn about grievances or complaints: We will always take immediate action on them. This is done in close cooperation with the colleagues of our country organizations, the members of the audit teams, and representatives of the Fair Wear Foundation. Transparency is key for all people involved in any such process.

We consider every single complaint to be positive proof that our system is working and that the employees on the ground accept it as a source of real help. A working complaints system is an indispensable instrument when it comes to achieving lasting change for the male and female employees in the countries producing our products. In the financial year 2014/2015, we received eight complaints, most of which have already been brought to a satisfactory conclusion for all people involved. The incidents and our responses are outlined in the following.

For more detailed reports, please see the homepage of the Fair Wear Foundation: www.fairwear.org

Case 1

COUNTRY

Bangladesh

COMPLAINT RECEIVED

17 May 2014

THE INCIDENT

Twelve employees stated that they had received less salary than in the previous month and that no pay slips had been given to them. They had also done unpaid overtime and were being forced by management, with verbal and physical threats, to continue to do so.

TAKKO’S RESPONSE

We immediately contacted the manufacturer’s local management.

BACKGROUND INFORMATION

The site had been audited by the FWF in 2013, which had recorded certain discrepancies concerning payroll accounting, overtime, and conditions in the workplace. It was also recorded that employees were not given sufficient information about their rights. A committee against worker abuse had been formed, but was not being used as a place to report grievances.

STATEMENT BY THE FACTORY

The local management denied the accusations and stated that progress had been made since the audit in 2013. A further audit was requested to furnish proof.

THE PROCESS

A new audit in September 2014 revealed that salaries were not paid in full in all areas and that there remained ambiguous practices in salary accounting. Interviews with employees also revealed that managers were not fully trained about the correct way of treating employees.

Takko responded immediately and requested the employees to be paid their due wages, including overtime pay. The factory was also asked to introduce correct and transparent payroll accounting practices.

The local management had already taken part in FWF training on improving conditions for workers. The top executives of the company are in regular contact with the country representatives of the FWF.

CASE STATUS

Unresolved

CORRECTIVE ACTIONS

The remedy process is still under way. Since November 2014, twenty individual complaints, concerning resignations, verbal conflicts, or payment during pregnancy, were resolved by an internal grievance process. In 2015, the local workforce were surveyed about their salaries, which again revealed inconsistencies concerning full payment. The case is still under review.

Case 2

COUNTRY

Pakistan

COMPLAINT RECEIVED

1 July 2014

THE INCIDENT

The factory was alleged to have prevented a referendum for the formation of a union. Workers had also been made redundant for supporting the party Ittefaq Mazdoor. The factory’s managers were also alleged to interfere with union practice. Workers were required to do unpaid overtime and were not paid sufficiently for their work.

TAKKO’S RESPONSE

Takko requested a statement from the factory and contacted other organizations and companies who commissioned products from the factory. An audit plan was defined.

STATEMENT BY THE FACTORY

The local management do not recognize the lawfully established union IMU. There are, however, two unions that are recognized by management.

THE PROCESS

Incomplete documents made it impossible to establish whether overtime was being done. A correct recording of overtime is to be introduced to provide proof in future. It was also recorded that around 30 employees working for a sub-contractor were not paid correct wages and were not sufficiently informed about their salaries. To remedy the situation, a Corrective Action Plan (CAP) was introduced. There were protests after a fatal accident at the factory, after which several employees were made redundant for disciplinary reasons.

CASE STATUS

Unresolved: The lawfulness of the redundancies is still being debated.

Case 3

COUNTRY

India

COMPLAINT RECEIVED

16 July 2014

THE INCIDENT

A former worker contacted the FWF about money owed to him by his previous employer. He stated that he had left the company to start his own business, for which he took a loan from the company. The company is refusing to pay due pension provisions.

TAKKO’S RESPONSE

Takko contacted the local managers immediately.

STATEMENT BY THE FACTORY

The factory’s managers stated that all due payments had been made.

THE PROCESS

On Takko’s request, the local management provided complete proof of the correct payments.

CASE STATUS

Resolved: The complainant could not be reached by phone over a period of several months.

Case 4

COUNTRY

Bangladesh

COMPLAINT RECEIVED

10 August 2014

THE INCIDENT

Several employees notified the FWF that a colleague from the cutting unit had disappeared after a conflict with a superior. They assumed that managers had kidnapped him after the incident. The workers had begun a silent strike as a result and demanded the release of the missing person.

BACKGROUND INFORMATION

The FWF had to ask for patience, as the man had been missing for less than 24 hours at the time. The accusations led to disorder at the factory, with the police being called in. The FWF conducted interviews with 30 employees who confirmed the disorder.

TAKKO’S RESPONSE

Takko contacted local management immediately.

STATEMENT BY THE FACTORY

No comments: The ongoing disorder meant that no meeting between the FWF and the local managers was possible. The factory was closed for a period of three days while the demonstrations were still going on.

THE PROCESS

According to the police, the missing person was found unharmed two days after the initial report and taken into custody. He and his family were prohibited from speaking about the incident, which prevented further investigation by the FWF.

During the processing of the case, it was reported that 93 members of staff were reported by managers for violence during the demonstration. The photos of 13 of these were posted on a black list at the factory. Takko intervened to have the list removed, which was done. The FWF’s intensive intervention prevented the damage to the accused persons’ reputation. Although the managers upheld their accusations, the workers were cleared in court.

CASE STATUS

Resolved: The complainants are happy with the course of the incident. Takko is in contact with the factory to receive regular news.

Case 5

COUNTRY

Bangladesh

COMPLAINT RECEIVED

14 August 2014

THE INCIDENT

The SGSF union reported that a large group of employees had been made redundant in July 2014 without severance pay. The FWF was asked to take part in negotiations to support the workers and facilitate the process.

TAKKO’S RESPONSE

Takko contacted the local agent and the site’s management immediately.

STATEMENT BY THE FACTORY

The local managers stated that no worker had been made redundant. All workers who had resigned had received bonus payments and severance pay. The management agreed to meet the SGSF.

THE PROCESS

The SGSF stated that it would resolve the case independently. The FWF withdrew from the process and offered further support when needed. No meeting between the site’s management and the SGSF was held. The case is currently being adjudicated.

CASE STATUS

Resolved: There is no further opportunity for intervention as the case is currently in judicial review.

Case 6

COUNTRY

Bangladesh

COMPLAINT RECEIVED

15 August 2014

THE INCIDENT

A worker stated that he was pressurized into resigning as a result of his age. He asked for readmission, as he was worried about not finding any more employment at age 50.

TAKKO’S RESPONSE

Takko contacted the local agent immediately.

STATEMENT BY THE FACTORY

The local managers were very keen to resolve the case as quickly as possible. According to their statement, the worker in question had been reprimanded several times for physical threats to managers in the past and was frequently absent from work. He had resigned voluntarily.

THE PROCESS

When the FWF wanted to review the case, the worker informed the FWF that he had called upon the SGSF union. No meeting between the local managers and the SGSF could be arranged. The case was brought to court by mutual agreement. After this point, no further intervention by the FWF was possible. The FWF offered the union support where needed.

CASE STATUS

Resolved

Case 7

COUNTRY

Bangladesh

COMPLAINT RECEIVED

22 September 2014

THE INCIDENT

A female employee complained about discrimination from a male supervisor. She was accused of having her mobile phone with her at work and was searched by a female colleague in the presence of the supervisor. No phone was found. The employee complained about the behavior of the supervisor towards her and other female colleagues.

BACKGROUND INFORMATION

The factory had already participated in anti-discrimination training offered by the FWF. The FWF recommended that the employee contact the internal committee on the matter, and contacted managers to speed up the corrective process. About one month later, the employee contacted the FWF again, because the situation had deteriorated.

TAKKO’S RESPONSE

The FWF only notified Takko in mid-November, which prevented an earlier response.

CASE STATUS

Unresolved

CORRECTIVE ACTIONS

The factory is currently taking part in FWF training on the correct treatment of female employees.

Case 8

COUNTRY

Bangladesh

COMPLAINT RECEIVED

31 December 2014

THE INCIDENT

A female employee who was herself a member of the anti-harassment committee called the FWF help-line because of pressure put on her to resign. She was accused of encouraging other workers to form a group. She asked to remain anonymous and to resolve the incident herself. She later stated that the internal complaints system was not working and complained officially with the FWF.

BACKGROUND INFORMATION

The factory in question is part of the FWF’s Workplace Education Programme on how to reduce and prevent harassment.

TAKKO’S RESPONSE

Takko contacted the national FWF representative and delivered a report.

STATEMENT BY THE FACTORY

The local managers stated that the employee had resigned voluntarily. She had received her due pay in full as well as one month’s pay to help her with the treatment for her sick daughter.

THE PROCESS

The employee insisted that she had been made to resign under duress, but admitted that she had received her full salary plus bonus. A meeting with the employee, the local managers, the FWF, and a Takko representative was held, leading to an additional payment for the employee.

CASE STATUS

Resolved



b) Information and communication

Keeping our employees up to date about our sustainability efforts matters a lot to us. Our people are the most important ambassadors of our brand and the company, and they are the face of Takko that our customers see. Our colleagues in the many areas of our organization are also the engine of our success at Takko.

To keep them updated about current CR targets and activities, we employ a range of means of communication: Background information and interesting news are available on our homepage, which also includes the Sourcing Report. Our employees also receive regular progress reports about our CR projects in our in-house magazine and our weekly management newsletter, the "Friday Message".

Over the course of 2013, all of our employees received training with detailed information about our FWF membership, the auditing processes, and the social responsibility we express in them. The CR briefing for our new employees is a permanent part of the onboarding phase that every employee goes through when starting his or her new job with us.

We also put a lot of emphasis on communicating with our external partners. We need to work together to achieve lasting improvements in the working conditions at our manufacturers and reach the goals we have set for ourselves.

Our established business partners were notified immediately about our decision to join the Fair Wear Foundation and the duties and obligations that it entails. When we establish new business partnerships, social standards and corporate responsibility are a regular part of our contract negotiations.

The Takko offices near our manufacturers give our partners and their employees the information they need in the language they can use. The Fair Wear Foundation supports our endeavors by providing information leaflets and posters that explain the Takko code of conduct and the principles of the Fair Wear Foundation. These are checked whenever our audit teams or buyers are on site.

c) Training

We are keeping our suppliers and manufacturers constantly informed about our sustainability targets and standards to improve the conditions in manufacturing. On top of that, we regularly invite them to training and seminars on a range of issues, hosted in partnership with the Fair Wear Foundation.

Our efforts place particular emphasis on Workplace Education Programs (WEP), which include local training for the managers of factories and their employees as well as special supervisor training. The aim is to empower managers and workers for internal communication and for resolving their internal conflicts as a means of raising the working standards for everybody involved. In the past financial year, a total of 13 manufacturers from Bangladesh and two from China took part in these Workplace Education Programs. Twelve other Indian sites are already registered for the next round of the programs. 17 Indian sites also took part in a training on „Code of Labour Practices“.

The Fair Wear Foundation has also conducted a special seminar on "Fire and Safety Compliance" in December 2014 and April 2015 in Bangladesh, which a total of 49 producers working for Takko attended.

Three of our Turkish manufacturers were present at the Fair Wear Foundation seminar on "A sustainability value chain in the fashion industry", hosted in April 2014 in Istanbul. For the first time ever, we also partnered up with the Fair Wear Foundation to host a seminar on "Preventing violence against women" in Bangladesh.

Our international offices and their audit teams are regularly trained by the Fair Wear Foundation to maintain and constantly improve the quality of their audits.

SUPPORTING THE ACCORD ON FIRE AND BUILDING SAFETY BANGLADESH

After the collapse of a factory in Bangladesh in April 2014 shocked the world, a new “Accord on Fire and Building Safety” was introduced to ensure better building standards and fire safety in Bangladeshi factories. The Accord is a legally binding agreement between the international unions IndustriALL and UNI Global, the unions in the country, and international retailers and fashion brands. The International Labour Organization ILO is the independent overseer of the accord.

To date, 200 international fashion brands, retailers, and importers from more than 20 nations have become signatories of the Accord. Regular inspections of factories and production sites in the member companies and training for the owners of the factories and the workers on site are meant to ensure that safety is improved for the long term. The audit reports are made available to the company owners, relevant business partners, and labor representatives, paving the way for corrective action plans (CAP) with clear timeframes and budgets. The main responsibility for acting on the CAPs lies with the so-called lead brands, the companies responsible for the majority of orders at the site in question. To encourage factories to fulfill their corrective duties in line with the Accord, the member brands and retailers have introduced special terms of business with their suppliers, which will make the new requirements financially sustainable for the factories. This will protect jobs on the ground while helping to remedy any grievances.

In the case of a temporary full or partial closure of a factory during construction, the member companies require their suppliers to continue paying their workers for a period of six months. Failure to comply with these requirements can lead to contractual penalties or the termination of the business partnership as a whole.

The inspection reports are published regularly via the website of the Accord. Takko currently maintains business relations with 159 of the total of 1,498 factories that are covered by the Accord, acting as lead brand in 42 cases. A total of 128 of these factories have been inspected already, with 27 sites that have Takko as lead brand (as of May 2015).

Working with the Accord representatives and the managers of the factories in question, corrective action plans have been defined to remedy any identified problems in the near future. Our local audit teams are following this process with constant monitoring, and Takko’s sourcing specialists in Germany are keeping track of the progress for each CAP.

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