



BRAND PERFORMANCE CHECK

Takko Holding GmbH

PUBLICATION DATE: SEPTEMBER 2019

this report covers the evaluation period 01-02-2018 to 31-01-2019

ABOUT THE BRAND PERFORMANCE CHECK

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

FWF's Brand Performance Check is a tool to evaluate and report on the activities of FWF's member companies. The Checks examine how member company management systems support FWF's Code of Labour Practices. They evaluate the parts of member company supply chains where clothing is assembled. This is the most labour intensive part of garment supply chains, and where brands can have the most influence over working conditions.

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

Even if outcomes at the product location level cannot be guaranteed, the importance of good management practices by member companies cannot be understated. Even one concerned customer at a product location can have significant positive impacts on a range of issues like health and safety conditions or freedom of association. And if one customer at a product location can demonstrate that improvements are possible, other customers no longer have an excuse not to act. The development and sharing of these types of best practices has long been a core part of FWF's work.

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

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

BRAND PERFORMANCE CHECK OVERVIEW

Takko Holding GmbH

Evaluation Period: 01-02-2018 to 31-01-2019

| MEMBER COMPANY INFORMATION | |
|--|--|
| Headquarters: | Friedrichsdorf and Telgte , Germany |
| Member since: | 01-10-2011 |
| Product types: | Fashion |
| Production in countries where FWF is active: | Bangladesh, China, India, Myanmar, Turkey |
| Production in other countries: | Cambodia, Ethiopia, Italy, Pakistan, Poland, Portugal, Sri Lanka |
| BASIC REQUIREMENTS | |
| Workplan and projected production location data for upcoming year have been submitted? | Yes |
| Actual production location data for evaluation period was submitted? | Yes |
| Membership fee has been paid? | Yes |
| SCORING OVERVIEW | |
| % of own production under monitoring | 98% |
| Benchmarking score | 71 |
| Category | Good |

Summary:

Takko has shown progress and met most of FWF's performance requirements. Takko's monitoring threshold of 98% exceeds monitoring requirements (80%). With a benchmarking score of 71, Takko is awarded the 'Good' category.

For Takko FWF membership is of strategic relevance and several new steps were taken further increase social performance, like the start of a living wage approach, with first steps in open costing and engagement with a supplier in India. Takko started to conduct a base-line analysis that will enable the brand to measure changes during the process.

FWF recommends Takko to continue their living wage projects with new steps, including gaining more insight into the labour minute costs, setting of target wages at suppliers and involvement of worker representation. This will help to systematically demonstrate the link between their buying price and wage levels and see the impact of Takko's actions related to the target wages above legal minimum wage with some of the key production locations.

Takko has developed a new procurement compliance manual that structures and describes steps to be taken, including the integration of the FWF related activities with purchasing and quality assessment. This year, Takko invested in IT solutions and developed a new innovative IT dashboard to strengthen and digitalize the monitoring of all the Takko suppliers. The dashboard improved the monitoring capacity of Takko in a sense that it discloses information from audits on a more detailed level and that it supports the CSR team with automatic notifications, pop-ups, and other reminders.

For this year excessive overtime remained a challenge. FWF advises Takko to closely monitor to what extent it sees changes after the introduction of the new procurement compliance manual and working hours evaluation approach.

PERFORMANCE CATEGORY OVERVIEW

Leader: This category is for member companies who are doing exceptionally well, and are operating at an advanced level. Leaders show best practices in complex areas such as living wages and freedom of association.

Good: It is FWF's belief that member companies who are making a serious effort to implement the Code of Labour Practices—the vast majority of FWF member companies—are 'doing good' and deserve to be recognized as such. They are also doing more than the average clothing company, and have allowed their internal processes to be examined and publicly reported on by an independent NGO. The majority of member companies will receive a 'Good' rating.

Needs Improvement: Member companies are most likely to find themselves in this category when major unexpected problems have arisen, or if they are unable or unwilling to seriously work towards CoLP implementation. Member companies may be in this category for one year only after which they should either move up to Good, or will be moved to suspended.

Suspended: Member companies who either fail to meet one of the Basic Requirements, have had major internal changes which means membership must be put on hold for a maximum of one year, or have been in Needs Improvement for more than one year. Member companies may remain in this category for one year maximum, after which termination proceedings will come into force.

Categories are calculated based on a combination of benchmarking score and the percentage of own production under monitoring. The specific requirements for each category are outlined in the Brand Performance Check Guide.

1. PURCHASING PRACTICES

| PERFORMANCE INDICATORS | RESULT | RELEVANCE OF INDICATOR | DOCUMENTATION | SCORE | MAX | MIN |
|---|--------|--|--|-------|-----|-----|
| 1.1a Percentage of production volume from production locations where member company buys at least 10% of production capacity. | 77% | Member companies with less than 10% of a production location's production capacity generally have limited influence on production location managers to make changes. | Supplier information provided by member company. | 4 | 4 | 0 |

Comment: At 77% of its production locations, Takko buys at least 10% of the production capacity. At 35% of Takko's production volume, the brand's leverage even exceeds 50%, which makes Takko the main client at these production locations of its supply chain.

| PERFORMANCE INDICATORS | RESULT | RELEVANCE OF INDICATOR | DOCUMENTATION | SCORE | MAX | MIN |
|---|--------|---|---|-------|-----|-----|
| 1.1b Percentage of production volume from production locations where member company buys less than 2% of its total FOB. | 84% | FWF provides incentives to clothing brands to consolidate their supplier base, especially at the tail end, as much as possible, and rewards those members who have a small tail end. Shortening the tail end reduces social compliance risks and enhances the impact of efficient use of capital and remediation efforts. | Production location information as provided to FWF. | 0 | 4 | 0 |

Comment: 84% of the production volume comes from production locations where Takko buys less than 2% of its total FOB, which means that the brand has a relatively long 'tail end' for production. At 34% of the production volume, the brand buys less than 0.5% of its total FOB. This is due to Takko's wide range of products and due to factories' sometimes limited production capacities in comparison to the needs of Takko.

Takko has started an internal process to limit the number of production sites and place bigger orders with fewer factories. While during the previous financial year the number of production locations decreased, this financial year the number remained stable, approximately 300 main production locations. This is because several new products were added and because some licensees, like Lego, require that Takko produces its products in nominated factories, which will remain relatively small for Takko.

Recommendation: FWF recommends Takko to continue its efforts to consolidate its supply base by limiting the number of suppliers in its 'tail end'. To achieve this, Takko should determine whether suppliers, where they buy a relatively small percentage (less than 0.5%) of its FOB, are of strategic relevance. Shortening the tail will reduce the social compliance risks the member is exposed to and will allow the member to improve working conditions in a more efficient and effective way.

| PERFORMANCE INDICATORS | RESULT | RELEVANCE OF INDICATOR | DOCUMENTATION | SCORE | MAX | MIN |
|--|--------|---|--|-------|-----|-----|
| 1.2 Percentage of production volume from production locations where a business relationship has existed for at least five years. | 80% | Stable business relationships support most aspects of the Code of Labour Practices, and give production locations a reason to invest in improving working conditions. | Supplier information provided by member company. | 4 | 4 | 0 |

Comment: 80% of Takko's production volume is sourced from production locations where the brand's business relationship has existed for at least five years. This is an increase of 7% in comparison to the previous financial year (73%). The policy strategy of Takko is focused on long-lasting partnerships with suppliers to deliver good quality products consistently. Agents working for Takko are well-aware of this policy and focus on long-term relationships as well.

| PERFORMANCE INDICATORS | RESULT | RELEVANCE OF INDICATOR | DOCUMENTATION | SCORE | MAX | MIN |
|---|--------|--|---------------------------|-------|-----|-----|
| 1.3 All (new) production locations are required to sign and return the questionnaire with the Code of Labour Practices before first bulk orders are placed. | Yes | The CoLP is the foundation of all work between production locations and brands, and the first step in developing a commitment to improvements. | Signed CoLPs are on file. | 2 | 2 | 0 |

Comment: Takko has added 38 new suppliers in 2018. Takko could show proof of the signed FWF Code of Labour Practices of a randomly chosen sample of suppliers.

A new factory can be added in the relevant IT system and confirmed by CSR department only after the questionnaire has been received from the supplier (see indicator 1.4). The CSR department confirms that a factory cannot be added to the relevant IT system before the questionnaire is returned. Then the first bulk orders can be placed.

| PERFORMANCE INDICATORS | RESULT | RELEVANCE OF INDICATOR | DOCUMENTATION | SCORE | MAX | MIN |
|---|----------|---|---|-------|-----|-----|
| 1.4 Member company conducts human rights due diligence at all (new) production locations before placing orders. | Advanced | Due diligence helps to identify, prevent and mitigate potential human rights problems at suppliers. | Documentation may include pre-audits, existing audits, other types of risk assessments. | 4 | 4 | 0 |

Comment: The onboarding process of new production locations is a systematic, step-by-step approach in which the CSR department has moments to approve or disapprove, based on the assessment of the gathered information. Top management supports this veto of the CSR department, which means in practice, that there are no discussions between buyers and CSR about a specific production location.

The purchasing department establishes a potential new contact and requests a factory to fill out and sign an onboarding package of relevant documents, including the factory evaluation form, 'no sandblasting' policy, code of conduct, and introduction letter to Takko requirements.

New suppliers have to share a recent (not older than 1 year) and complete (so no summary report) third-party audit report, including a corrective action plan. For Bangladesh, there is a check of if factories are covered by the Accord. If needed, the CSR department will discuss the progress in remediation. Based on this input, the CSR department can decide to approve or refuse new suppliers. During the performance check, examples were mentioned of factories that were refused, varying from a general unwillingness to improve on critical findings to more specific items such as payment below the minimum wage.

The next step is that local teams visit the production location before starting production. Information from the audit results is considered and discussed during this visit. Local Takko teams are subsequently following up on quality or social compliance directly and regularly with the factory, which means it has a good understanding of the production locations and can exercise leverage to work effectively on remediation. In several countries (Bangladesh, India, Myanmar, Cambodia, and China), Takko will always conduct a pre-audit before starting to source there. The agents and intermediaries working for Takko, are only allowed to place orders at a pool of pre-approved suppliers, after approval of the new production locations based on valid third-party audit or Takko audit.

During this financial year, Takko started a pilot with a web-based audit tool available on tablets in Bangladesh and India which in 2019 will be implemented in China and Myanmar. On the tablet (as well as on other devices) the CSR and local teams work together and share information about audits, including the timeframes and deadlines of CAPs on a detailed level of actions. The local teams have the possibility to upload photos and to access information during the visits. The IT system has a dashboard that provides a rich overview per factory and CAP status. Takko plans to further develop this tool and to introduce it in their other sourcing countries.

| PERFORMANCE INDICATORS | RESULT | RELEVANCE OF INDICATOR | DOCUMENTATION | SCORE | MAX | MIN |
|---|--|--|---|-------|-----|-----|
| 1.5 Production location compliance with Code of Labour Practices is evaluated in a systematic manner. | Yes, and leads to production decisions | A systemic approach is required to integrate social compliance into normal business processes, and supports good decisionmaking. | Documentation of systemic approach: rating systems, checklists, databases, etc. | 2 | 2 | 0 |

Comment: Suppliers are evaluated with a scorecard system, with categories varying from excellent to needs improvement, on a yearly basis including purchasing, CSR and QM. In the PLM system, Takko can temporarily block suppliers for non-compliance or low performance. This does not affect running orders. The evaluations are communicated to the relevant supplier and strengths and weaknesses are mentioned. When a supplier is blocked, the CSR department works with the supplier to improve.

There is a new IT system, which is developed and now running for India and Bangladesh and will be further developed and implemented, in which the progress in remediation will be shown for all suppliers. The audit tool is incorporated in PLM system.

Suppliers that perform well are rewarded with additional orders. Another way to reward a supplier is a letter from the Sourcing Director with congratulations on the performance. Takko experienced that the supplier that received the letter was very proud and even more motivated to take any additional steps.

| PERFORMANCE INDICATORS | RESULT | RELEVANCE OF INDICATOR | DOCUMENTATION | SCORE | MAX | MIN |
|--|---------------------------|---|---|-------|-----|-----|
| 1.6 The member company's production planning systems support reasonable working hours. | General or ad-hoc system. | Member company production planning systems can have a significant impact on the levels of excessive overtime at production locations. | Documentation of robust planning systems. | 2 | 4 | 0 |

Comment: Takko introduced a new procurement compliance manual and works with a 12-month capacity plan, which is reviewed on a monthly basis to identify if there is overbooking. Planning is shared with purchasing, local teams, and agents. In the case of overbooking, orders are spread over time or shifted to other facilities. In low season, where there are relatively fewer orders, production locations can already start production earlier.

Starting from September 2018, Takko cross-checks the capacity booked in the factories comparing it to the working hours of the workers. The first experience is that this is easier when the brand has higher leverage than when the brand has a lower leverage. Several specific cases were mentioned where Takko intervened, for example in Myanmar there was an issue where workers had to work on a public holiday due to QC inspections of another brand. Knowledge about the capacity is helpful for Takko in realizing on-time deliveries; suppliers will not receive extra orders, even when they ask if according to the capacity versus order calculation of Takko, this might increase a risk of late deliveries.

With the analysis, Takko aims to gain insight into which factories planning is more problematic and whether risk of late deliveries and overtime are higher. The next step would be to train these production locations on how to improve.

Recommendation: FWF recommends Takko to learn more about the standard minute per style and how the production of its products impacts the total production capacity of the factory. Especially considering the brand's ambition to develop a living wage project which is unscalable to many factories, this might be particularly relevant to include in the new approach.

Furthermore, FWF recommends Takko to discuss with the factories how to deal with planning of production during peak season to prevent excessive overtime.

| PERFORMANCE INDICATORS | RESULT | RELEVANCE OF INDICATOR | DOCUMENTATION | SCORE | MAX | MIN |
|---|----------------------|--|--|-------|-----|-----|
| 1.7 Degree to which member company mitigates root causes of excessive overtime. | Intermediate efforts | Some production delays are outside of the control of member companies; however there are a number of steps that can be taken to address production delays without resorting to excessive overtime. | Evidence of how member responds to excessive overtime and strategies that help reduce the risk of excessive overtime, such as: root cause analysis, reports, correspondence with factories, etc. | 3 | 6 | 0 |

Comment: In the FWF audits of 2018, excessive overtime is a frequent finding at FWF audits in different countries, including in one audit where Takko is the major client.

The local teams discuss excessive overtime with the factories and root causes are identified. The main reasons mentioned are late fabric delivery, fabric rejection due to poor quality and low worker attendance. Together with the factory, Takko tries to find solutions. In some cases, order cycles have been adjusted, flexibility with the delivery date or discussions with other clients about excessive overtime and how to mitigate this together were mentioned.

For Takko transparency about a delay is key. Suppliers are informed that Takko can penalize delays they are not transparent about.

Recommendation: With the data collected about production planning and capacity at the supplier level, FWF recommends Takko to systematically investigate and monitor to what extent its current buying practices have an effect on the working hours at the supplier level.

| PERFORMANCE INDICATORS | RESULT | RELEVANCE OF INDICATOR | DOCUMENTATION | SCORE | MAX | MIN |
|--|--------------|---|--|-------|-----|-----|
| 1.8 Member company can demonstrate the link between its buying prices and wage levels in production locations. | Intermediate | Understanding the labour component of buying prices is an essential first step for member companies towards ensuring the payment of minimum wages – and towards the implementation of living wages. | Interviews with production staff, documents related to member's pricing policy and system, buying contracts. | 2 | 4 | 0 |

Comment: During its last financial year, Takko has initiated an open costing pilot in India with suppliers to gain deeper insights into cost breakdowns and to determine whether their prices are sufficient to cover at least legal minimum wages. This pilot is at the moment in the starting phase; at this stage, Takko cannot yet demonstrate the link between their buying prices and wage levels in the country conclusively. Takko has used the available FWF costing sheets and started calculation the labour minute costs per style. Takko is considering the CMT price (which they know) and information available from audits and visits, such as the number of workers, the salaries, capacity and leverage.

Takko discussed with another FWF member brand, that is participating in the living wage incubator, how they approach living wage and decided to take that approach as a blueprint for their own approach. The brand is still in the process of finding out how calculations are done, how target wages are set. This is now done manually, but simultaneously Takko develops a process to do this calculation in an IT application matched to the PLM system.

There is a time plan with specific deadlines for 2019, to further role out and continue with a living wage project. Takko emphasized that it needs FWF support for this, specifically related to the issue of how to upscale a living wage project.

Recommendation: FWF recommends Takko to expand their knowledge of cost break downs of all product groups in different countries. A next step would be to calculate the labour minute costs of its products to be able to calculate the exact costs of labour and link this to their own buying prices. The first priority would be to make sure this level of transparency can be achieved with their suppliers.

Takko is encouraged to provide the local teams, CSR and buyers (or other employees involved in price negotiations with suppliers) training on cost breakdown. Takko could provide suppliers who don't use open costing training on product costing and how to quote prices including (direct and indirect) labour costs.

| PERFORMANCE INDICATORS | RESULT | RELEVANCE OF INDICATOR | DOCUMENTATION | SCORE | MAX | MIN |
|---|--------|--|---|-------|-----|-----|
| 1.9 Member company actively responds if production locations fail to pay legal minimum wages and/or fail to provide wage data to verify minimum wage is paid. | Yes | If a supplier fails to pay minimum wage or minimum wage payments cannot be verified, FWF member companies are expected to hold management of the supplier accountable for respecting local labour law. Payment below minimum wage must be remediated urgently. | Complaint reports, CAPs, additional emails, FWF Audit Reports or additional monitoring visits by a FWF auditor, or other documents that show minimum wage issue is reported/resolved. | 0 | 0 | -2 |

Comment: In none of the 2018 FWF audit, it was reported that the supplier failed to pay minimum wage. In one of the Chinese audits, the wage level could not be analyzed because of the lack of availability of complete and accurate attendance records. In the most recent update of the CAP of that supplier, the proof of time-bound and specific efforts to mitigate and remediate was shown.

| PERFORMANCE INDICATORS | RESULT | RELEVANCE OF INDICATOR | DOCUMENTATION | SCORE | MAX | MIN |
|--|--------|---|---|-------|-----|-----|
| 1.10 Evidence of late payments to suppliers by member company. | No | Late payments to suppliers can have a negative impact on production locations and their ability to pay workers on time. Most garment workers have minimal savings, and even a brief delay in payments can cause serious problems. | Based on a complaint or audit report; review of production location and member company financial documents. | 0 | 0 | -1 |

| PERFORMANCE INDICATORS | RESULT | RELEVANCE OF INDICATOR | DOCUMENTATION | SCORE | MAX | MIN |
|--|--------------|--|---|-------|-----|-----|
| 1.11 Degree to which member company assesses and responds to root causes for wages that are lower than living wages in production locations. | Intermediate | Assessing the root causes for wages lower than living wages will determine what strategies/interventions are needed for increasing wages, which will result in a systemic approach | Evidence of how payment below living wage was addressed, such as: Internal policy and strategy documents, reports, correspondence with factories, etc | 4 | 6 | 0 |

Comment: During 2018 the living wage project was flagged as a priority by Takko and it has started to increase knowledge and build its own capacity on the topic by reviewing FWF's guidance material and engaging with more advanced members to learn from their experience.

In their Indian production locations, Takko has started to assess wage levels systematically and increases its understanding of cost breakdowns. The concept of living wage is introduced and explained to factory management where Takko started to work on a living wage approach. The wage ladder approach and transparency about wage related data is discussed.

Takko started a baseline study in India calculating the wages for six positions in the factory before decisions were made about interventions during the living wage process. With this baseline study, Takko can gain insight into what the changes are and what the role of Takko is. Worker representation or unions are not yet involved. Takko first likes to have more clarity and knowledge about their approach. Next steps with this supplier is to start calculating the relationship between prices and wages and the root cause analysis why at this specific location the wage is lower than living wage.

Requirement: Takko must assess the root causes of wages that are lower than living wages, taking into account its leverage and effect of its own pricing policy. Takko 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 implement living wages, to document, monitor, negotiate and evaluate the improvements at its suppliers.

Recommendation: FWF encourages Takko to involve worker representatives and local organizations in assessing the root causes of wages lower than living wages and discussing the approach. It is advised that the outcomes of the root cause analysis are discussed internally and with top management, to form a basis for an embedded strategy.

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

| PERFORMANCE INDICATORS | RESULT | RELEVANCE OF INDICATOR | DOCUMENTATION | SCORE | MAX | MIN |
|--|--------|---|--|-------|-----|-----|
| 1.13 Member company determines and finances wage increases | None | Assessing the root causes for wages lower than living wages will determine what strategies/interventions are needed for increasing wages, which will result in a systemic approach. | Evidence of how payment below living wage was addressed, such as: internal policy and strategy documents, reports, correspondence with factories, etc. | 0 | 4 | 0 |

Comment: In the living wage approach of Takko, the brand already has taken several steps (see indicator 1.11). At this point in its living wage approach, Takko has not yet systematically agreed on target wages with suppliers and developed a strategy on how to finance the gap between current and target wages.

At this moment Takko buys 18% of its production volume from factories where the brand buys between 60-100% of the factories' production. At one Chinese supplier, accounting for 1% of its total production volume, it buys 100% of the factories' annual production.

Requirement: In case Takko buys (almost) exclusively at a production location, the member company has full or very high influence over the wages and should be able to pay prices that enables the factory to pay a living wage. Takko should analyze what is needed to increase wages and develop a strategy to finance the costs of wage increases.

Recommendation: To support companies in analyzing the wage gap, FWF has developed a calculation model that estimates the effect on FOB and retail prices under different pricing models.

It is advised that the strategy for how to finance wage increases is agreed upon by top management. In determining what is needed and how wages should be increased, it is recommended to involve worker representation.

FWF advises companies to avoid the concept of a one-time charitable contribution. We strongly recommend members to integrate the financing of wage increases in its own systems, herewith committing to a long term process that leads to sustainable implementation of living wages.

| PERFORMANCE INDICATORS | RESULT | RELEVANCE OF INDICATOR | DOCUMENTATION | SCORE | MAX | MIN |
|---|--------|--|---|-------|-----|-----|
| 1.14 Percentage of production volume where the member company pays its share of the target wage | 0% | FWF member companies are challenged to adopt approaches that absorb the extra costs of increasing wages. | Member company's own documentation, evidence of target wage implementation, such as wage reports, factory documentation, communication with factories, etc. | 0 | 3 | 0 |

Comment: Takko has not yet agreed on target wages with suppliers, hence their share of the target wage is not yet paid.

Requirement: Takko is expected to begin setting a target wage for its production locations.

PURCHASING PRACTICES

Possible Points: 47

Earned Points: 27

2. MONITORING AND REMEDIATION

| BASIC MEASUREMENTS | RESULT | COMMENTS |
|---|--------|--|
| % of own production under standard monitoring (excluding low-risk countries) | 26% | |
| % of production volume where monitoring requirements for low-risk countries are fulfilled | 0% | To be counted towards the monitoring threshold. FWF low-risk policy should be implemented. See indicator 2.9. (N/A = no production in low risk countries.) |
| Meets monitoring requirements for tail-end production locations. | Yes | |
| Requirement(s) for next performance check | | |
| Total of own production under monitoring | 98% | Measured as percentage of production volume (Minimums: 1 year: 40%; 2 years 60%; 3 years+: 80-100%) |

| 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: The CSR team is designated to follow up on monitoring.

| PERFORMANCE INDICATORS | RESULT | RELEVANCE OF INDICATOR | DOCUMENTATION | SCORE | MAX | MIN |
|---|--------|---|-----------------------------------|-------|-----|-----|
| 2.2 Quality of own auditing system meets FWF standards. | Yes | In case FWF teams cannot be used, the member companies' own auditing system must ensure sufficient quality in order for FWF to approve the auditing system. | Information on audit methodology. | 0 | 0 | -1 |

Comment: Takko has shared a sample of the 2018 Takko audit reports and CAPs for the brand performance check. The structure, approach, and way of working are comparable with the FWF audits. Like already mentioned in the previous brand performance check report, often specific information regarding living wages (focus is on legal minimum wage) and information regarding excessive overtime are not always in line with the FWF audits. Especially information about the living wage benchmarks (like Asian Floor Wage or another available benchmark), is missing, which makes it more difficult to place and compare the audit results. In the audit of the Ethiopian supplier, no information was found about the level of wages paid to the workers.

During regular team meetings, unique findings observed in a factory will be shared by the auditors and included in the audit checklist. Takko also strengthened its audits by conducting off-site worker interviews. To this end, workers are interviewed in their homes in the evening during the days of the audit.

Recommendation: FWF has moved to a new audit template in a new IT system. FWF recommends Takko to check the consistency between Takko's own audit template and the new FWF audit template.

| PERFORMANCE INDICATORS | RESULT | RELEVANCE OF INDICATOR | DOCUMENTATION | SCORE | MAX | MIN |
|--|--------|---|--|-------|-----|-----|
| 2.3 Audit Report and Corrective Action Plan (CAP) findings are shared with factory and worker representation where applicable. Improvement timelines are established in a timely manner. | Yes | 2 part indicator: FWF audit reports were shared and discussed with suppliers within two months of audit receipt AND a reasonable time frame was specified for resolving findings. | Corrective Action Plans, emails; findings of followup audits; brand representative present during audit exit meeting, etc. | 2 | 2 | -1 |

Comment: After an audit, the local Takko team will send the report and CAP to the agent and/or production location. The production location has to sign the CAP with commitments as to the timelines. The follow up of the supplier is checked by the local teams. Part of the methodology of follow-up is a surprise visit to follow up on suspected cases.

In addition to factory management, the worker representation, as well as related departments, are invited during the opening and closing meetings of Takko audits. For Takko this is an important moment to inform the supplier about updates and educate about how to follow-up. Takko organizes separate sessions to meet with the worker representatives.

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

Comment: Takko could show follow-up on CAPS in a random sample of FWF and Takko audits. The CSR team at Takko headquarters was able to share information on the status of CAP findings. The local Takko teams and the CSR team discuss the audits and follow-up of the CAPS with factory management. Where applicable, agents are involved and included to approach suppliers to follow up on corrective actions.

In the CAPs, the findings during the visits are documented well, including new findings. Takko states that where applicable, worker representation is informed. In the sample of CAPs shared, this was more difficult to find and trace than the reaction of the factory management. In addition, the results of a root cause analysis were more difficult to trace in the CAPs, as in some CAPs the type of actions are formulated in a general way. For example 'Management should take necessary steps in this regard' or 'facility needs to reduce excessive working hours as per law', even though findings are more specific.

This year Takko further developed their method of monitoring and remediation. It has built an IT tool in which CAPs are included. This enables Takko to organize the remediation process digitally. The system alerts Takko (and in future possibly the supplier as well) on a detailed level, for example with an automatic reminder for a deadline for a specific action within the CAP. In 2018 there was a pilot in India and Bangladesh: the system is tested and the CSR and local team have identified improvements they would like. Next year the improved version of the system will also be implemented in other countries where Takko sources.

Recommendation: It is advised to include worker representation in the remediation process and document their input towards remediation. Either to engage workers in identifying and implementing improvements or to verify realized improvements.

| PERFORMANCE INDICATORS | RESULT | RELEVANCE OF INDICATOR | DOCUMENTATION | SCORE | MAX | MIN |
|--|--------|--|---|-------|-----|-----|
| 2.5 Percentage of production volume from production locations that have been visited by the member company in the previous financial year. | 81% | Formal audits should be augmented by annual visits by member company staff or local representatives. They reinforce to production location managers that member companies are serious about implementing the Code of Labour Practices. | Member companies should document all production location visits with at least the date and name of the visitor. | 4 | 4 | 0 |

Comment: 81% of all production locations are visited in the previous financial year. Takko does not count Takko audits as visits.

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

Comment: During the onboarding process of a new supplier, Takko always requests existing full-audit reports, assesses the status and the quality of the report and is asking questions about the follow-up on corrective actions. Orders can only be placed after a full third-party audit is available or Takko has conducted an audit.

| PERFORMANCE INDICATORS | RESULT | RELEVANCE OF INDICATOR | DOCUMENTATION | SCORE | MAX | MIN |
|--|--|---|---|-------|-----|-----|
| 2.7 Compliance with FWF risk policies. | Average score depending on the number of applicable policies and results | Aside from regular monitoring and remediation requirements under FWF membership, countries, specific areas within countries or specific product groups may pose specific risks that require additional steps to address and remediate those risks. FWF requires member companies to be aware of those risks and implement policy requirements as prescribed by FWF. | Policy documents, inspection reports, evidence of cooperation with other customers sourcing at the same factories, reports of meetings with suppliers, reports of additional activities and/or attendance lists as mentioned in policy documents. | 4 | 6 | -2 |
| Compliance with FWF enhanced monitoring programme Bangladesh | Advanced | | | 6 | 6 | -2 |
| Compliance with FWF Myanmar policy | Intermediate | | | 3 | 6 | -2 |
| Compliance with FWF guidance on abrasive blasting | Advanced | | | 6 | 6 | -2 |
| Compliance with FWF guidance on risks related to Turkish garment factories employing Syrian refugees | Intermediate | | | 3 | 6 | -2 |
| Other risks specific to the member's supply chain are addressed by its monitoring system | Intermediate | | | 3 | 6 | -2 |

Comment: Bangladesh

All suppliers in Bangladesh are audited by FWF or Takko. Takko is a member of the Accord and all Takko suppliers have been inspected by the Accord. Reports are available. Training is provided by the Accord and support is made available to establish safety committees. Takko is the lead brand for a large number of factories for the Accord. The brand is proud that it has an overall remediation rate of 95% compared to a 90% average of the Accord. During the last financial year, Takko enrolled eight suppliers into the WEP Prevention of Violence against Women or Gender-Based Violence.

Myanmar

Takko sources from seven suppliers in Myanmar and has more than 10% leverage at six of these. This year Takko has worked with these suppliers to establish more trust and now there is more willingness to be audited. Two local staff members in Myanmar work together with the local FWF representative to decrease excessive overtime.

All seven are audited by FWF or the Takko auditors. Two suppliers stopped working with Takko, there was some last shipment in 2018 and therefore they are in the supplier list. For the five suppliers where Takko placed orders in 2018, the brand has published a wage ladder in its sourcing report. In addition, five complaints in Myanmar that FWF published on the website, are included in the sourcing report. Six factories are enrolled in the WEP Basic and Takko plans more training related to enhanced social dialogue in each production location for their Myanmar suppliers in 2019. The list of production locations of all FWF member companies in Myanmar is published on the FWF website.

Abrasive blasting

The policy that prohibits abrasive blasting must be signed by all suppliers. Local Takko staff verifies that the policy is adhered to during visits.

Turkey

A small percentage of Takko's production volume is sourced from Turkey. Takko has shared information with its suppliers about risks associated with Syrian refugee workers. All its Turkish suppliers are audited or visited. According to Takko, there are no Syrian refugees.

Other risks

Other country-specific and product-specific risks and possible actions and approaches are discussed in the so-called 'Saturday meetings'.

Recommendation: Takko could find out if one of their Turkish suppliers is interested to find Syrian workers. In that case, FWF cooperates with a local NGO that can further assist how to proceed. Takko could discuss what support they can offer when Syrian workers are employed, such as covering the costs of work permits and supporting HR where needed.

| PERFORMANCE INDICATORS | RESULT | RELEVANCE OF INDICATOR | DOCUMENTATION | SCORE | MAX | MIN |
|--|---|---|--|-------|-----|-----|
| 2.8 Member company cooperates with other FWF member companies in resolving corrective actions at shared suppliers. | No CAPs active, no shared production locations or refusal of other company to cooperate | Cooperation between customers increases leverage and chances of successful outcomes. Cooperation also reduces the chances of a factory having to conduct multiple Corrective Action Plans about the same issue with multiple customers. | Shared CAPs, evidence of cooperation with other customers. | N/A | 2 | -1 |

Comment: Takko reached to one other member for an audit and cooperation in CAP follow-up, which did not respond.

| PERFORMANCE INDICATORS | RESULT | RELEVANCE OF INDICATOR | DOCUMENTATION | SCORE | MAX | MIN |
|---|--|---|---|-------|-----|-----|
| 2.9 Percentage of production volume where monitoring requirements for low-risk countries are fulfilled. | 50-100% AND member undertakes additional activities to monitor suppliers | Low-risk countries are determined by the presence and proper functioning of institutions which can guarantee compliance with national and international standards and laws. FWF has defined minimum monitoring requirements for production locations in low-risk countries. | Documentation of visits, notification of suppliers of FWF membership; posting of worker information sheets, completed questionnaires. | 3 | 3 | 0 |

Comment: Takko has 8 suppliers in low-risk countries, which collectively account for less than one percent of its total production volume. Takko visited all production locations, except for one of the suppliers, that was audited in 2018. The suppliers in low-risk countries have returned the CoLP and the WIS is posted.

| PERFORMANCE INDICATORS | RESULT | RELEVANCE OF INDICATOR | DOCUMENTATION | SCORE | MAX | MIN |
|---|--------|---|--|-------|-----|-----|
| 2.10 Extra bonus indicator: in case FWF member company conducts full audits at tail-end production locations (when the minimum required monitoring threshold is met). | Yes | FWF encourages its members to monitor 100% of its production locations and rewards those members who conduct full audits above the minimum required monitoring threshold. | Production location information as provided to FWF and recent Audit Reports. | 2 | 2 | 0 |

Comment: Takko consistently audits its suppliers, during the most recent closed financial year 98% of Takko's total purchasing volume received one or more FWF or Takko audits.

| PERFORMANCE INDICATORS | RESULT | RELEVANCE OF INDICATOR | DOCUMENTATION | SCORE | MAX | MIN |
|--|---|--|-----------------------------|-------|-----|-----|
| 2.11 Questionnaire is sent and information is collected from external brands resold by the member company. | Yes, and member has collected necessary information | 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. | 2 | 2 | 0 |

Comment: Takko has received the questionnaire of the one external brand that it resells.

| PERFORMANCE INDICATORS | RESULT | RELEVANCE OF INDICATOR | DOCUMENTATION | SCORE | MAX | MIN |
|---|--------|--|---|-------|-----|-----|
| 2.12 External brands resold by member companies that are members of another credible initiative (% of external sales volume). | 0% | FWF believes members who resell products should be rewarded for choosing to sell external brands who also take their supply chain responsibilities seriously and are open about in which countries they produce goods. | External production data in FWF's information management system. Documentation of sales volumes of products made by FWF or FLA members. | 0 | 3 | 0 |

| PERFORMANCE INDICATORS | RESULT | RELEVANCE OF INDICATOR | DOCUMENTATION | SCORE | MAX | MIN |
|---|--------------|---|---|-------|-----|-----|
| 2.13 Questionnaire is sent and information is collected from licensees. | No licensees | FWF believes it is important for member companies to know if the licensee is committed to the implementation of the same labour standards and has a monitoring system in place. | Questionnaires are on file. Contracts with licensees. | N/A | 1 | 0 |

MONITORING AND REMEDIATION

Possible Points: 35

Earned Points: 28

Additional comments on Monitoring and Remediation:

98% of the supply chain of Takko is monitored. Two Chinese suppliers where Takko has a leverage of more than 10% were unwilling to receive a social audit. Consequently, Takko has now stopped production at these suppliers.

3. COMPLAINTS HANDLING

| BASIC MEASUREMENTS | RESULT | COMMENTS |
|--|--------|--|
| Number of worker complaints received since last check | 28 | 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 | 19 | |
| Number of worker complaints resolved since last check | 9 | |

| PERFORMANCE INDICATORS | RESULT | RELEVANCE OF INDICATOR | DOCUMENTATION | SCORE | MAX | MIN |
|--|--------|--|--|-------|-----|-----|
| 3.1 A specific employee has been designated to address worker complaints | Yes | Followup is a serious part of FWF membership, and cannot be successfully managed on an ad-hoc basis. | Manuals, emails, etc., demonstrating who the designated staff person is. | 1 | 1 | -1 |

Comment: The CSR team is responsible to address any complaint received.

| PERFORMANCE INDICATORS | RESULT | RELEVANCE OF INDICATOR | DOCUMENTATION | SCORE | MAX | MIN |
|---|--------|--|--|-------|-----|-----|
| 3.2 Member company has informed factory management and workers about the FWF CoLP and complaints hotline. | Yes | Informing both management and workers about the FWF Code of Labour Practices and complaints hotline is a first step in alerting workers to their rights. The Worker Information Sheet is a tool to do this and should be visibly posted at all production locations. | Photos by company staff, audit reports, checklists from production location visits, etc. | 2 | 2 | -2 |

Comment: Takko checks that the Worker Information Sheet is posted during visits of the local team and can demonstrate proof.

| PERFORMANCE INDICATORS | RESULT | RELEVANCE OF INDICATOR | DOCUMENTATION | SCORE | MAX | MIN |
|--|--------|--|--|-------|-----|-----|
| 3.3 Degree to which member company has actively raised awareness of the FWF CoLP and complaints hotline. | 10% | After informing workers and management of the FWF CoLP and the complaints hotline, additional awareness raising and training is needed to ensure sustainable improvements and structural worker-management dialogue. | Training reports, FWF's data on factories enrolled in the WEP basic module. For alternative training activities: curriculum, training content, participation and outcomes. | 4 | 6 | 0 |

Comment: Twelve production locations have participated in FWF's Workplace Education Programme basic module in 2016 and 2017 collectively accounting for 10% of the production volume in high-risk countries. The factories are located in Turkey, Myanmar, and China.

Takko tried to enroll factory management in FWF Factory Guide but experienced that it was too voluntary for supplier and too difficult to access.

Recommendation: FWF recommends members to actively raise awareness about the FWF Code of Labour Practices and FWF complaint hotline among a larger portion of its suppliers. Takko should ensure good quality systematic training of workers and management on these topics. To this end, members can either use FWF's Workplace Education Programme (WEP) basic module or implement training related to the FWF CoLP and complaint hotline through service providers or brand staff. FWF guidance on good quality training is available on the Member Hub.

Takko could consider implementing additional activities to raise awareness about the FWF Code of Labour Practices and FWF complaint hotline next to providing good quality training. This could include providing the FWF worker information cards to workers during visits or when handing out pay slips, making use of FWF's Factory Guide, stimulating peer-to-peer learning among workers and ensuring factory management regularly informs workers, in particular, new workers, about their rights and available grievance mechanisms.

| PERFORMANCE INDICATORS | RESULT | RELEVANCE OF INDICATOR | DOCUMENTATION | SCORE | MAX | MIN |
|--|--------|--|--|-------|-----|-----|
| 3.4 All complaints received from production location workers are addressed in accordance with the FWF Complaints Procedure | Yes | Providing access to remedy when problems arise is a key element of responsible supply chain management. Member company involvement is often essential to resolving issues. | Documentation that member company has completed all required steps in the complaints handling process. | 3 | 6 | -2 |

Comment: Takko received 28 complaints this year and is well aware of the FWF complaints procedure. For Bangladesh and Myanmar Takko directly approaches the FWF country manager for Bangladesh and Myanmar to communicate on how to follow-up and which steps to take. For the other countries, Takko communicates with FWF brand liaisons. Takko actively addresses the complaints and aims to take preventative steps.

During brand performance check, both Takko and FWF agreed to continue this way of working.

Recommendation: It is recommended to uncover the root causes of complaints and prevent them from recurring.

| PERFORMANCE INDICATORS | RESULT | RELEVANCE OF INDICATOR | DOCUMENTATION | SCORE | MAX | MIN |
|--|---|--|--|-------|-----|-----|
| 3.5 Cooperation with other customers in addressing worker complaints at shared suppliers | No complaints or cooperation not possible / necessary | Because most production locations supply several customers with products, involvement of other customers by the FWF member company can be critical in resolving a complaint at a supplier. | Documentation of joint efforts, e.g. emails, sharing of complaint data, etc. | N/A | 2 | 0 |

COMPLAINTS HANDLING

Possible Points: 15

Earned Points: 10

4. TRAINING AND CAPACITY BUILDING

| PERFORMANCE INDICATORS | RESULT | RELEVANCE OF INDICATOR | DOCUMENTATION | SCORE | MAX | MIN |
|---|--------|--|--|-------|-----|-----|
| 4.1 All staff at member company are made aware of FWF membership. | Yes | Preventing and remediating problems often requires the involvement of many different departments; making all staff aware of FWF membership requirements helps to support cross-departmental collaboration when needed. | Emails, trainings, presentation, newsletters, etc. | 1 | 1 | 0 |

Comment: For all staff members, there is training once a year which includes Takko's FWF membership and Accord membership. A new colleague receives a welcome email and a welcome bag with an information flyer that explains FWF. In the stores there are many part-time workers. FWF updates are shared in the internal newsletter to staff and stores.

| PERFORMANCE INDICATORS | RESULT | RELEVANCE OF INDICATOR | DOCUMENTATION | SCORE | MAX | MIN |
|--|--------|--|---|-------|-----|-----|
| 4.2 All staff in direct contact with suppliers are informed of FWF requirements. | Yes | Sourcing, purchasing and CSR staff at a minimum should possess the knowledge necessary to implement FWF requirements and advocate for change within their organisations. | FWF Seminars or equivalent trainings provided; presentations, curricula, etc. | 2 | 2 | -1 |

Comment: Purchasing staff and local staff who are in contact with suppliers are more intensively trained than other staff. In this training on FWF membership requirements, there is specific attention for the onboarding process. The purchasing department invites the CSR department to discuss outstanding CAP issues when suppliers visit the German Office.

| PERFORMANCE INDICATORS | RESULT | RELEVANCE OF INDICATOR | DOCUMENTATION | SCORE | MAX | MIN |
|--|-----------------------------|--|---|-------|-----|-----|
| 4.3 All sourcing contractors/agents are informed about FWF's Code of Labour Practices. | Yes + actively support COLP | Agents have the potential to either support or disrupt CoLP implementation. It is the responsibility of member company to ensure agents actively support the implementation of the CoLP. | Correspondence with agents, trainings for agents, FWF audit findings. | 2 | 2 | 0 |

Comment: All agents are informed about FWF membership requirements by the CSR department when the agent visits the headquarters or the local staff, which involves agents in audits and complaints remediation.

All policy documents are shared with agents. All agent offices also have a social auditor, who usually joins the Takko audit team during visits. Takko requires the agent to be involved during audits and complaints follow-up.

Takko has a supplier hub, where all policies from different departments and supporting documents, Code of Conduct, FWF worker info sheets and the Standard Operating Procedure (SOP) for CSR can be found. Each supplier has own log-in for this hub.

| PERFORMANCE INDICATORS | RESULT | RELEVANCE OF INDICATOR | DOCUMENTATION | SCORE | MAX | MIN |
|---|--------|--|---|-------|-----|-----|
| 4.4 Factory participation in training programmes that support transformative processes related to human rights. | 17% | Complex human rights issues such as freedom of association or gender-based violence require more in-depth trainings that support factory-level transformative processes. FWF has developed several modules, however, other (member-led) programmes may also count. | Training reports, FWF's data on factories enrolled in training programmes. For alternative training activities: curriculum, training content, participation and outcomes. | 2 | 6 | 0 |

Comment: Twenty seven production locations in Bangladesh and one in Myanmar have participated in advanced training through FWF's Workplace Education Programme in the violence prevention and communication module. These locations together account for 17% of Takko's production volume in high-risk countries.

Recommendation: FWF recommends members to implement training programmes that support factory-level transformation such as establishing functional internal grievance mechanisms, improving worker-management dialogue and communication skills or addressing gender-based violence. Training assessed under this indicator should go beyond raising awareness and focus on behavioural change and long-term structures to improve working conditions. To this end, members can make use of FWF's Workplace Education Programme communication or violence prevention module or implement advanced training through service providers or brand staff. FWF guidance on good quality training is available on the Member Hub.

| PERFORMANCE INDICATORS | RESULT | RELEVANCE OF INDICATOR | DOCUMENTATION | SCORE | MAX | MIN |
|---|------------------|---|--|-------|-----|-----|
| 4.5 Degree to which member company follows up after a training programme. | Active follow-up | After factory-level training programmes, complementary activities such as remediation and changes on brand level will achieve a lasting impact. | Documentation of discussions with factory management and worker representatives, minutes of regular worker-management dialogue meetings or anti-harassment committees. | 2 | 2 | 0 |

Comment: Takko is supporting the established anti-harassment committees that give active follow-up after the WEP communication training.

TRAINING AND CAPACITY BUILDING

Possible Points: 13

Earned Points: 9

5. INFORMATION MANAGEMENT

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

Comment: The Takko supplier database can be accessed by all staff. Only after a successful onboarding system, including returning all relevant signed documents and visits by the local teams, orders can be placed.

One of the documents that have to be filled in is the factory datasheet where suppliers indicate which production steps they have in-house, and which subcontractors will use for the different steps in production. In communication, Takko is very clear to suppliers that illegal subcontracting has consequences.

Approximately 80% of the production is sourced from countries where Takko has a local team, The local team visits the factories regularly for quality control or compliance issues. With the frequent visits of factories, Takko closely monitors where production takes place.

In countries where Takko does not have local staff, this is more challenging to conduct regular visits and thus monitor these production locations as closely as in other countries.

Takko distinguishes between main suppliers, which includes all production locations where CMT takes place (even when one subcontracts to the other), and subcontractors, which includes all locations where additional tasks such as washing, printing, etc, take place. In Bangladesh and China, the subcontractors are audited and it is verified whether worker information sheets are posted.

| PERFORMANCE INDICATORS | RESULT | RELEVANCE OF INDICATOR | DOCUMENTATION | SCORE | MAX | MIN |
|---|--------|--|---|-------|-----|-----|
| 5.2 CSR and other relevant staff actively share information with each other about working conditions at production locations. | Yes | CSR, purchasing and other staff who interact with suppliers need to be able to share information in order to establish a coherent and effective strategy for improvements. | Internal information system; status CAPs, reports of meetings of purchasing/CSR; systematic way of storing information. | 1 | 1 | -1 |

Comment: The CSR team works closely together with the local offices and with purchasing and technicians. Information about working conditions at production sites is accessible to all through a database. CSR also has specific briefings for purchase during visits, including checkpoints during visits, mostly related to health and safety.

INFORMATION MANAGEMENT

Possible Points: 7

Earned Points: 7

6. TRANSPARENCY

| PERFORMANCE INDICATORS | RESULT | RELEVANCE OF INDICATOR | DOCUMENTATION | SCORE | MAX | MIN |
|---|---|---|--|-------|-----|-----|
| 6.1 Degree of member company compliance with FWF Communications Policy. | Minimum communications requirements are met AND no significant problems found | FWF's communications policy exists to ensure transparency for consumers and stakeholders, and to ensure that member communications about FWF are accurate. Members will be held accountable for their own communications as well as the communications behaviour of 3rd-party retailers, resellers and customers. | FWF membership is communicated on member's website; other communications in line with FWF communications policy. | 2 | 2 | -3 |

Comment: Takko's public communication about FWF membership complies with FWF's Communication Policy. The FWF Logo and brief explanation about their membership are displayed on their website. Since 2018 FWF is communicated instore, which was checked with FWF before publication.

| PERFORMANCE INDICATORS | RESULT | RELEVANCE OF INDICATOR | DOCUMENTATION | SCORE | MAX | MIN |
|---|---|---|--|-------|-----|-----|
| 6.2 Member company engages in advanced reporting activities | Published Brand Performance Checks, audit reports, and/or other efforts lead to increased transparency. | Good reporting by members helps to ensure the transparency of FWF's work and shares best practices with the industry. | Member company publishes one or more of the following on their website: Brand Performance Check, Audit Reports, Supplier List. | 1 | 2 | 0 |

Comment: Takko's website links to their latest FWF Brand Performance Check report.

| PERFORMANCE INDICATORS | RESULT | RELEVANCE OF INDICATOR | DOCUMENTATION | SCORE | MAX | MIN |
|--|--|---|--|-------|-----|-----|
| 6.3 Social Report is submitted to FWF and is published on member company's website | Complete and accurate report submitted to FWF AND published on member's website. | The social report is an important tool for members to transparently share their efforts with stakeholders. Member companies should not make any claims in their social report that do not correspond with FWF's communication policy. | Social report that is in line with FWF's communication policy. | 2 | 2 | -1 |

Comment: Takko has submitted its social report to FWF and has published the report on its website in German and English.

TRANSPARENCY

Possible Points: 6

Earned Points: 5

7. EVALUATION

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

Comment: FWF membership is considered of strategic relevance for Takko. CSR is working closely with top management on a day to day basis. The requirements and recommendations of last year's Brand Performance Check were discussed with top management.

| PERFORMANCE INDICATORS | RESULT | RELEVANCE OF INDICATOR | DOCUMENTATION | SCORE | MAX | MIN |
|--|--------|---|---|-------|-----|-----|
| 7.2 Level of action/progress made on required changes from previous Brand Performance Check implemented by member company. | 57% | In each Brand Performance Check report, FWF may include requirements for changes to management practices. Progress on achieving these requirements is an important part of FWF membership and its process approach. | Member company should show documentation related to the specific requirements made in the previous Brand Performance Check. | 4 | 4 | -2 |

Comment: In the 2018 report Takko received seven requirements:

1. Indicator 1.7: overtime remains a challenge for Takko and the requirement is repeated
 2. Indicator 1.8: Takko started working on the link between the buying price and wages with the introduction of open costing
 3. Indicator 1.11: although several steps are made towards a living wage approach, the actual assessment of root causes on the factory level why a living wage is not yet paid, has to be started.
 4. Indicator 2.4: Takko could show proof of monitoring in accordance with the tail-end requirements of indicator 2.4
 5. Indicator 2.7: the enhanced monitoring program for Myanmar is applicable for all seven locations.
 6. Indicator 2.9: Takko has made improvements in monitoring in low-risk countries.
 7. Indicator 7.2: Takko has taken notable steps with regard to the second, fourth, fifth and sixth requirement, but has not been able to make progress on the other requirements.
-

EVALUATION

Possible Points: 6

Earned Points: 6

RECOMMENDATIONS TO FWF

FWF should avoid that the audit template of the CAP is only available in one language.
Takko suggests FWF includes an anti-corruption policy in its approach.

SCORING OVERVIEW

| CATEGORY | EARNED | POSSIBLE |
|--------------------------------|--------|----------|
| Purchasing Practices | 27 | 47 |
| Monitoring and Remediation | 28 | 35 |
| Complaints Handling | 10 | 15 |
| Training and Capacity Building | 9 | 13 |
| Information Management | 7 | 7 |
| Transparency | 5 | 6 |
| Evaluation | 6 | 6 |
| Totals: | 92 | 129 |

BENCHMARKING SCORE (EARNED POINTS DIVIDED BY POSSIBLE POINTS)

71

PERFORMANCE BENCHMARKING CATEGORY

Good

BRAND PERFORMANCE CHECK DETAILS

Date of Brand Performance Check:

27-05-2019

Conducted by:

Mariette van Amstel

Interviews with:

Mattschull, Alexander - CEO

Mattschull, Birthe - Senior Executive Director Sourcing

Ciesielski, Thomas - Senior Director QM & CSR

Zuelch, Patricia - Expert Procurement Compliance

Makoveienko, Iryna - Coordinator Procurement Compliance

Shan, Nancy - General Manager Xiamen Office

Lin, Frank - General Manager Xiamen Office

C. Deenathayalapandian - Chief Executive Officer of Bangladesh Office, Srilanka Office, and Tiripur Office

Meindl, Katrin - Specialist Support