



## **Brand Performance Check**

### **Takko Holding GmbH**

**Publication date: September 2021**

This report covers the evaluation period 01-02-2020 to 31-01-2021

## About the Brand Performance Check

Fair Wear Foundation (Fair Wear) 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. Fair Wear, however, believes that the management decisions of clothing brands have an enormous influence for good or ill on product location conditions.

Fair Wear's Brand Performance Check is a tool to evaluate and report on the activities of Fair Wear's member companies. The Checks examine how member company management systems support Fair Wear'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 Fair Wear 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 Fair Wear 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 Fair Wear'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](http://www.fairwear.org). The online [Brand Performance Check Guide](#) provides more information about the indicators.

*This years' report covers the response of our members and the impact on their supply chain due to the Covid-19 pandemic which started in 2020. The outbreak of the Covid-19 pandemic limited the brands' ability to visit and audit factories. To ensure the monitoring of working conditions throughout the pandemic, Fair Wear and its member brands made use of additional monitoring tools, such as complaints reports, surveys, and the consultation of local stakeholders. These sources may not provide as detailed insights as audit reports. To assess outcomes at production location level, we have included all available types of evidence to provide an accurate overview of the brands' management systems and their efforts to improve working conditions. Nevertheless, brands should resume verifying working conditions through audits when the situation allows for.*

# Brand Performance Check Overview

## Takko Holding GmbH

Evaluation Period: 01-02-2020 to 31-01-2021

Member company information	
Headquarters:	Friedrichsdorf , Germany.
Member since:	2011-09-30
Product types:	Garments, clothing, fashion apparel
Production in countries where Fair Wear is active:	Bangladesh, China, India, Myanmar, Turkey
Production in other countries:	Cambodia, Sri Lanka, Italy, Madagascar, Pakistan, Poland, Portugal, United Kingdom of Great Britain and Northern Ireland
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	97%
Benchmarking score	72
Category	Good

## Summary:

Takko has shown progress and met most of Fair Wear's performance requirements. With a score of 72 points, the brand is awarded the 'Good'-category. The brand reached a monitoring percentage of 97% of its total production volume.

## Corona Addendum:

During the COVID-19 pandemic, Takko was significantly hit as its shops had to close several times over the course of 2020. Throughout the year, all staff was on furlough (30-50%). The closing of shops also had a significant financial impact on Takko, although the brand was able to largely recover from this when shops were re-opened. Takko did not cancel any orders at suppliers, except for a few exceptions where the brand and supplier mutually agreed that cancelling the order was the better option. These orders were not yet in production. Furthermore, the brand also adhered to its payment terms and did not make any late payments.

As soon as the pandemic hit, the brand entered into a dialogue with its suppliers about production planning, and the impact on working conditions. The brand developed a Standard Operating Procedure on OHS for its suppliers. Takko systematically collected COVID-19 related risks through its own local staff, intermediaries, and organisations such as Fair Wear. It was able to link and check these risks at suppliers. When audits were not possible, the brand checked risks through dialogue and a show of proof. For example, the brand requested its Bangladeshi suppliers to send in wage records to check whether legal minimum wages were paid. As soon as audits were possible again, the brand returned to auditing but adapted its methodology to check for COVID-19 specific risks.

Throughout the COVID-19 crisis, the brand focused on preventing and identifying labour issues in its supply chain, especially on occupational health and safety, the payment of wages and a loss of jobs. Unfortunately, this hampered Takko's progress on living wages and training suppliers on the Fair Wear Code of Labour Practice and more advanced issues like gender-based violence. Fair Wear encourages Takko to continue its high level of identifying risks and integrating that into its systems. The brand could improve its systems even further by actively involving worker representatives. Fair Wear recommends Takko invests in training (where possible) and continue its work on living wages.

## 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 Fair Wear's belief that member companies who are making a serious effort to implement the Code of Labour Practices—the vast majority of Fair Wear 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.	78%	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:** In 2020, 78% of the brand's production volume came from production locations where Takko had at least 10% of production capacity. This is a decrease of 1% in comparison to the previous financial year (79%).

At 23% of Takko's production volume, the brand's leverage exceeds 50% leverage, 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.	89%	Fair Wear 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 Fair Wear.	0	4	0

**Comment:** 89% of the total production volume comes from production locations where Takko buys less than 2% of its total production volume (FOB). At 9,6% of its production volume, the brand sourced less than 0,5% of its total production volume. This is due to Takko's wide range of products and the limited factory production capacity.

**Recommendation:** Fair Wear recommends Takko to consolidate its supply base by limiting the number of production locations in its 'tail end'. To achieve this, Takko should determine whether production locations where they buy less than 2% of their 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. It is advised to describe the process of consolidation in a sourcing strategy that is agreed upon with top management/sourcing staff.



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.	74%	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.	3	4	0

**Comment:** 74% 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 similar to the previous financial year (74%). 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.

**Recommendation:** Fair Wear recommends Takko to maintain stable business relationships with suppliers. Long term relationships support most aspects of the Code of Labour Practices, and give factories a reason to invest in improving working conditions. It is advised to describe policies regarding maintaining long term business relationships in a sourcing strategy that is agreed upon with top management/sourcing staff.

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 started relationships with 39 new suppliers in 2020 as the brand expanded its product range. The Fair Wear Code of Labour Practices and Fair Wear questionnaire was signed by new suppliers before orders were placed.

The CSR team must confirm receipt of the signed Code of Labour Practice document before a first bulk order is 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:** Takko has a strong system in place to conduct human rights due diligence, including for new suppliers. In Bangladesh, China, India, Myanmar and Cambodia, the brand has local teams in place that collect human rights information and risks. These teams regularly audit factories. The brand developed an audit cycle per country. How often a factory is audited, depends on the risk profile of the country and factory. Bangladesh and Myanmar factories are audited at least twice a year, while in China factories with a higher production volume and risk profile are audited more often than others. The brand does not have local teams in place in Pakistan and Turkey. For all countries, CSR staff collects country-specific information for its country-risk analysis. The brand links country-specific risks to its suppliers, for example by adapting its audit methodology or checking specific risks in external audit reports.

When selecting new suppliers, Takko requires suppliers to complete an onboarding package of relevant documents, including the factory evaluation form, 'no sandblasting' policy, code of conduct, and introduction letter to Takko requirement. New suppliers have to share a recent (not older than 1 year) and complete a third-party audit report, including a corrective action plan. For Bangladesh, there is a check if factories are covered by the Accord. In countries where Takko has a local team, the team visits 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 always conducts 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 a valid third-party or Takko-audit. Human rights performance of suppliers plays an important role in purchasing decisions and the selection of suppliers.

During the COVID-19 pandemic, the brand's first step was to enter into a dialogue with suppliers, develop and share a Standard Operating Procedure on Occupational Health and Safety with suppliers and to send out a questionnaire with questions related to factory closures, wage payment and health and safety. Through its country teams and stakeholder information, such as from Fair Wear, the brand remained updated on country-specific risks. Intermediaries sent in a monthly update about the situation of their suppliers. Takko resumed auditing when the local situation allowed for it. In India and Bangladesh, the brand adapted its audit system by including a specific check on OHS related measures and the payment of wages. The brand also checked wage payments in Myanmar after the brand had received a complaint about the non-payment of wages during factory closure. The Chinese, Pakistani and Turkish suppliers were required to fill out a self-assessment and send pictures and videos on the OHS measures. The Chinese factories were audited by Takko when the situation allowed for, while most of the Pakistani suppliers were audited by another third party. During the pandemic, Takko prioritized the highest risks. The main risks identified were related to OHS, wages and loss of jobs. However, most of the audits showed that workers received at least the legal minimum wage during factory closure and a loss of jobs was limited.

**Recommendation:** Fair Wear recommends Takko to further improve its due diligence system, especially where the brand does not have local teams in place. Furthermore, Fair Wear encourages Takko to further include and integrate worker representatives in identifying and following up on issues at suppliers.

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 annually with a scorecard system, with categories varying from excellent to needs improvement. The evaluation includes indicators on purchasing, social standards and quality management. In the Product Lifecycle Management (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. Suppliers that perform well are rewarded with additional orders.

When the COVID-19 pandemic hit, the brand entered into a dialogue with its suppliers about its orders. The brand decided to secure the orders for its suppliers and to increase its stock in Germany to enable this. A small amount of orders were postponed. A very small amount of planned orders were cancelled after dialogue with and in agreement with the supplier. Takko ensured that the cancellation of the order would not significantly impact the supplier. According to Takko, cancellations were only done when the execution and delivery of the order would pose significant challenges for the supplier and Takko. Furthermore, in assigning orders, Takko prioritised factories that were significantly hit by order cancellations of other customers. It also supported suppliers by taking over garments from suppliers that were cancelled by other customers.

Performance indicators	Result	Relevance of Indicator	Documentation	Score	Max	Min
1.6 The member company's production planning systems support reasonable working hours.	Strong, integrated systems in place.	Member company production planning systems can have a significant impact on the levels of excessive overtime at production locations.	Documentation of robust planning systems.	4	4	0

**Comment:** Takko has a procurement compliance manual and works with a 12-month capacity plan with standard lead times of 7 to 12 months. This plan is reviewed on a monthly basis. Planning is shared with purchasing, local teams, and agents.

Takko knows the production capacity per supplier. Every month all production sites located in Bangladesh, Cambodia, China, Myanmar and Turkey (in total around 250 suppliers) are asked to hand in the working hour records of the previous month (in an excel per worker per department). To verify the working hours indicated by the supplier, the information is cross-checked with the hours worked of the previous months and audit report results. The working hour analysis per month per factory gives Takko the possibility to plan quantities for the coming months per factory in-depth. This prevents overbooking of production capacity by the factory. Indian factories are exempted from this cycle as these factories have proven to work without excessive overtime.

In case of overbooking, orders are spread over time or shifted to other facilities. In low season, when there are relatively fewer orders, production locations can already start production earlier.

During the COVID-19 pandemic, factories had to close, raw materials were delivered late and garments were sent late to Takko. In general, Takko accepted delays and moved delivery dates in dialogue with suppliers. The main focus was to ensure that factories were able to complete the orders. Furthermore, when Takko had to close its shops, factories could still send over their products which were then stored in Takko's warehouse. The brand had increased the capacity of its warehouse to take in extra stock.

**Recommendation:** Fair Wear recommends Takko to expand its approach to factories located in Pakistan, Madagascar and Sri Lanka. In addition, Takko could learn more about the standard minute per style and how the production of its products impacts the total production capacity of the factory.

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 2020, Fair Wear conducted six audits at production sites of Takko in China, Turkey, India and Bangladesh. Of these six audits, three reports of a Bangladeshi, Chinese and Turkish supplier reported excessive overtime. In several cases, documents were not in order.

The local teams discussed excessive overtime with the factories and identified root causes. 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 was provided or discussions with other clients about excessive overtime took place.

During the COVID-19 pandemic, Takko learned that some workers were not able to get back to the factory. Furthermore, when factories had to close the brand identified a risk of overtime when production resumed. The brand regularly checked on working hours and entered into dialogue with the factory about transport and lead times. Whenever needed, the brand would accept delays to reduce pressure on working hours.

**Recommendation:** Takko could discuss with factory management on the causes of excessive overtime and provide support to manage overtime. If necessary, Takko could hire local experts to analyse root cause of excessive overtime in cooperation with the supplier. Fair Wear could recommend qualified persons upon request. Furthermore, Takko could make use of the Fair Wear tool and guidance on excessive overtime to assess root causes of excessive overtime and discuss appropriate solutions with its suppliers.

Fair Wear recommends cooperating with other customers at the factory to increase leverage, when trying to mitigate excessive overtime hours.

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:** Takko can partially link its prices to the wages of workers. The member breaks down prices and can separate costs such as fabric and Cut-Make-Trim. The brand makes use of the Fair Wear labour minute costing calculator but has not yet applied this consistently for all its factories and all its products. The brand makes use of audits to establish whether its suppliers pay at least the legal minimum wage.

When negotiating and agreeing on prices, Takko estimates the costs of the garment which gives them an indication of a price. The member also compares prices of different factories and markets. The brand then enters into a discussion with the supplier about the price levels to reach an agreement. In several cases where factory management does not speak English, the agent is involved in negotiating prices.

During the COVID-19 pandemic, the brand partially included higher costs into its prices. These were mostly related to transport. The brand did not enter into discussion about the increased costs due to reduced productivity, occupational health and safety measures, etc.

**Recommendation:** Takko has knowledge of cost break downs of all product groups. 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. 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, agents and buyers (or other employees involved in price negotiations with suppliers) training on cost breakdown. Takko could provide training to suppliers on product costing and how to quote prices including (direct and indirect) labour costs.

Furthermore, Fair Wear recommends Takko to enter into discussions with its suppliers about the increased costs due to the COVID-19 pandemic.

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, Fair Wear 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, Fair Wear Audit Reports or additional monitoring visits by a Fair Wear auditor, or other documents that show minimum wage issue is reported/resolved.	0	0	-2

**Comment:** During the COVID-19 pandemic, Takko actively followed up on the risk of wage cuts. The member ensured that at least the legal minimum wage was paid to workers, even during factory closures.

The brand sent out a questionnaire to check with suppliers whether they were able to pay for at least the legal minimum wages. Furthermore, the brand also followed up on information from stakeholders, such as Fair Wear Foundation, in case they provided reports on non-payment of legal minimum wages.

When the brand was not able to audit the factories during the lockdowns, the brand required its factories in Bangladesh and Myanmar to send them the payrolls to check for the months that the factories were closed. The brand did this in Myanmar after the brand received a complaint of non-payment of wages in one factory.

As soon as audits were possible again, the brand ensured that its audits also checked whether wages were paid during factory closures and whether the factory made use of governmental support (where applicable). Takko could show that during the pandemic it actively followed up when factories had difficulties in paying wages and collaborated with factories to ensure workers received their due wages.

**Recommendation:** In case of a crisis such as COVID-19, Takko is encouraged to find solutions in collaboration with their suppliers to ensure they can continue payment of minimum wages to their workers. The member can for instance choose to pre-pay invoices for material or allow partial shipment of completed orders and paying immediately for this order portion.

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

**Comment:** Takko has a standard payment term of 90-120 upon receipt of the delivery confirmation documents (by the bank). In cases where the supplier wanted to deliver more than a month early, the brand discussed with the supplier to extend the payment term to a maximum of 150 days. In China and Bangladesh, the supplier is paid by the intermediary, while Takko pays the intermediary. Takko agreed with the intermediaries that they have to pay the supplier within the payment term of Takko. However, the brand does not have detailed insight into when a supplier is paid by the intermediary.

Takko could show that during the COVID-19 pandemic the brand did not pay late. At 11 Chinese suppliers, the member provided a pre-payment for its orders. During the crisis, suppliers could discuss shortening the payment term with Takko in case of a clear necessity. This was requested by several suppliers. Where it was possible for Takko to shorten the payment term (up to immediate payment), the member did so.

Takko did not ask for discounts, reduce prices or re-negotiate prices during the COVID-19 pandemic.

**Recommendation:** To support the liquidity of suppliers, Takko could consider shortening the payment terms. Furthermore, Fair Wear recommends Takko to assess whether there is a risk of late payment by its intermediaries, especially during the COVID-19 pandemic. The brand could check payment dates of the intermediary through supplier interviews or during its own audits.

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.	Insufficient	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	6	0

**Comment:** In 2018 and 2019, Takko started to take steps to analyse the root causes of the non-payment of living wages. The brand conducted a baseline study in one Indian factory and introduced the concept of living wages to factory management. The brand had planned to take this further in 2020. However, this was halted due to the COVID-19 pandemic. Before and during the pandemic, the brand collected the wage levels and wage benchmarks at its factories through its audits. The member prioritized ensuring factories were paying workers at least the legal minimum wage during lockdowns. Besides that, CSR staff were partially on furlough. This limited the brands' capacity to follow up on living wages.

**Recommendation:** Fair Wear recommends Takko to assess root causes of wages that are lower than living wages, taking into account its leverage and effect of its own pricing policy. Keeping its discussions on living wages with suppliers is a necessity.

Fair Wear encourages Takko to discuss with suppliers about different strategies to work towards higher wages. It is advised to start with suppliers where the member is responsible for a large percentage of production and long term business relationship.

Fair Wear encourages Takko to involve worker representatives and local organisations in assessing root causes of wages lower than living wages. As a good practice, Takko could discuss the outcomes of the root cause analysis 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.	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.	2	6	0

**Comment:** In 2019, Takko started a living wage project at one of its suppliers in India, Tamil Nadu. A starting point to determine a target wage was to use existing living wage benchmarks. These were Asia Floor Wage (Rs 23,588), the target wage of another Fair Wear member brand sourcing in India (Rs 14,048) and the Global Living Wage Coalition (Rs 14,670) - all amounts are from 2018. Takko then used the GLWC-benchmark.

The brand then established a living wage premium in agreement with factory management and worker representatives. An upcharge would be paid to the workers on a monthly basis. The first payment was done in February 2020 and the brand continued paying the upcharge during the COVID-19 pandemic.

**Recommendation:** Takko should develop a strategy to finance the costs of wage increases at the rest of its suppliers based on the learnings from the project supplier in India. To support companies in analyzing the wage gap, Fair Wear has developed a calculation model that estimates the effect on FOB and retail prices under different pricing models.

Fair Wear advises companies and 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%	Fair Wear 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	6	0

**Comment:** With one of its Indian factories, Takko agreed to increase the wages of workers to the target wage of the other Fair Wear member (Rs 14,048, 2018). The brand did not re-assess whether the benchmark had to be increased due to an increased cost of living in 2020. The production volume of the factory represents less than 1% of Takko's total production volume.

**Recommendation:** Fair Wear strongly recommends Takko to continue working on living wages and contributing its share of target wages.

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## **Purchasing Practices**

**Possible Points: 52**

**Earned Points: 26**

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## 2. Monitoring and Remediation

Basic measurements	Result	Comments
% of production volume where an audit took place.	97%	
% 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.)
Member meets monitoring requirements for tail-end production locations.	Yes	
Requirement(s) for next performance check		
Total monitoring threshold:	97%	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 Fair Wear 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 Fair Wear teams cannot be used, the member companies' own auditing system must ensure sufficient quality in order for Fair Wear to approve the auditing system.	Information on audit methodology.	0	0	-1

**Comment:** The brand makes use of its own audits in Bangladesh, India, Myanmar and China. It has local teams in place that regularly audit the factories. The audit methodology is in line with Fair Wear standards.

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: Fair Wear 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:** Takko has a system in place in which it can immediately share the audit report and CAP with the factory management after the closing meeting of an audit. The brand also shares Fair Wear audit reports and CAPs with factory management. The member actively works towards setting up timelines to remediate issues.

When Takko conducts audits, worker representatives are part of the opening and closing meetings. Audit results are shared with worker representatives only they do not receive a hard copy.

**Recommendation:** Fair Wear recommends Takko to ensure that worker representatives receive a copy of the audit report in a language that they can understand. Furthermore, Fair Wear encourages Takko to actively include worker representatives in discussions with factory management on follow up. Including workers when following up on audit reports gives them the opportunity to be informed of issues in the factory and have a voice in the prioritization of issues.

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	Fair Wear 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 has a system in place to follow up on CAPs. The local Takko teams and the CSR team discuss the audits and follow-up on the CAPs with factory management. Where applicable, agents are involved and included to approach suppliers to follow up on corrective actions. The findings during the visits are well documented in the CAPs. Takko has a robust and good system in place to follow up on corrective actions up. However, worker representatives are included during audits, but not yet in remediation.

During the COVID-19 pandemic, staff at the headquarters was partially on furlough in 2020, meaning that the CSR-staff members were not able to follow up on audits as in previous years. The CSR team then increased collaboration with the purchasers and the local teams to follow up on issues. Issues that were identified at the start of the pandemic were followed up, but not integrated in the CAPs. As soon as audits were possible again, the auditors also checked and integrated previously identified issues in the audit reports. Takko prioritized issues based on highest risks, especially on payment of legal minimum wages and occupational health and safety and focused on the factories where the member had higher leverage compared to other factories.

**Recommendation:** Fair Wear recommends Takko to include worker representation in the remediation process and document their input towards remediation.

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.	not applicable	Due to the Covid-19 pandemic, brands could often not visit their suppliers from March - December 2020. For consistency purposes, we therefore decided to score all our member brands N/A on visiting suppliers over the year 2020.	Member companies should document all production location visits with at least the date and name of the visitor.	N/A	4	0

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:** Takko actively collects external audit reports. New suppliers are requested to send existing audit reports. Furthermore, in Pakistan, Turkey, Sri Lanka and Madagascar, Takko does not have a local audit team and therefore collects existing audit reports from suppliers. The brand assesses the quality of the reports and follows up.

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 Fair Wear membership, countries, specific areas within countries or specific product groups may pose specific risks that require additional steps to address and remediate those risks. Fair Wear requires member companies to be aware of those risks and implement policy requirements as prescribed by Fair Wear.	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.	5	6	-2
Compliance with FWF enhanced monitoring programme Bangladesh	Advanced			6	6	-2
Compliance with FWF Myanmar policy	Advanced			6	6	-2
Compliance with FWF guidance on abrasive blasting	Policies are not relevant to the company's supply chain			N/A	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 Fair Wear or Takko. Takko is a signatory of the Transition 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. The overall remediation rate of its suppliers is 96% compared to a 93% average of the Accord. In 2020, Takko enrolled eight suppliers into its training programme on Prevention of Violence against Women.

Myanmar:

Takko sources from 14 suppliers in Myanmar and has more than 10% leverage at nine of these. All 14 production sites are part of Takko's audit cycle. The brand disclosed its Burmese suppliers on the Fair Wear website. For all suppliers where Takko placed orders in 2020, the brand published a wage ladder in its sourcing report. The brand followed up on last years' requirement by including the legal minimum wage, a Living Wage benchmark as well as the lowest and the median wage paid per department of the production site in its sourcing report. Complaints in Myanmar that Fair Wear published on the website, are included in the sourcing report. During the COVID-19 pandemic, the brand received a complaint from a worker in one of its factories that the workers did not receive the legal minimum wage during factory closure. The brand immediately followed up and subsequently checked other Burmese factories for the same issues.

Turkey:

Takko sources from 13 production locations in Turkey. The brand has a policy in place towards employment of Syrian refugees and has discussed this with its suppliers. As the brand does not have a local team in Turkey, the brand collects external audit reports to identify whether Syrian refugees are employed. Takko suppliers are working with ISKUR in Turkey, which operates as an official governmental employment office. Six factories participated in the WEP-basic module in 2019, but no training was provided to the other production locations in 2020. The brand identified several subcontractors. In 2020, only one supplier was audited by Fair Wear.

COVID-19:

Takko only cancelled very few orders in agreement with its suppliers. The brand did not pay late to its suppliers. The member entered into a dialogue with its suppliers about production and working conditions as soon as the pandemic hit. The brand identified and followed up on issues related to the payment of wages and a loss of jobs through audits, a questionnaire and other monitoring tools. Furthermore, the brand sent a Standard Operating Procedure on Occupational Health and Safety to guide and check whether the factories were incorporating OHS measures. The brand did not check whether worker representatives were actively included in COVID-19 remediation plans.

**Recommendation:** Turkey:

Fair Wear strongly recommends improving its system to identify subcontractors in Turkey, either by making use of Fair Wear audits that specifically look at subcontractors, or take other measures, such as the involvement of agents to monitor on-site production. Furthermore, Fair Wear recommends Takko to organize a WEP-Basic training at the other production locations.

Myanmar:

Fair Wear recommends Takko to further explain in its social report what issues the brand is facing at Burmese factories and what steps the brand is taking to mitigate those.

COVID-19:

Fair Wear recommends Takko to check with suppliers whether worker representatives are actively included in addressing and taking COVID-19 related measures

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.	Active cooperation	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.	2	2	-1

**Comment:** Where possible, Takko actively collaborates with other Fair Wear members.

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.	100%	Low-risk countries are determined by the presence and proper functioning of institutions which can guarantee compliance with national and international standards and laws. Fair Wear has defined minimum monitoring requirements for production locations in low-risk countries.	Documentation of visits, notification of suppliers of Fair Wear membership; posting of worker information sheets, completed questionnaires.	2	2	0

**Member undertakes additional activities to monitor suppliers.:** No (0)

**Comment:** Takko sources from eight suppliers in Portugal (5), Poland (2) and Italy (1). The brand has fulfilled all monitoring requirements for low-risk countries. In several cases, the brand collected third party audits. The combined production volume of Takko at suppliers in these countries is less than 1%.

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	Fair Wear 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 Fair Wear and recent Audit Reports.	2	2	0



**Comment:** Takko applies Fair Wears' regular monitoring requirements to all suppliers and has fulfilled the tail-end requirements. The brand has seven suppliers that fall within its tail-end. These suppliers are located in China, Cambodia and Pakistan. Eight out of nine suppliers have been audited by Takko in the last three years.

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.	No external brands resold	Fair Wear believes it is important for affiliates that have a retail/wholesale arm to at least know if the brands they resell are members of Fair Wear or a similar organisation, and in which countries those brands produce goods.	Questionnaires are on file.	N/A	2	0

**Comment:** The brand no longer made use of the two external brands it sold last year. Therefore, this indicator is rated n/a.

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).	No external brands resold	Fair Wear 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 Fair Wear's information management system. Documentation of sales volumes of products made by Fair Wear or FLA members.	N/A	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	Fair Wear 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

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## Monitoring and Remediation

**Possible Points: 26**

**Earned Points: 24**

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### 3. Complaints Handling

Basic measurements	Result	Comments
Number of worker complaints received since last check.	29	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.	22	
Number of worker complaints resolved since last check.	21	

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 Fair Wear 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 Fair Wear 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 informs factory management and workers of the Fair Wear CoLP and the complaints hotline. The brand checks whether the Worker Information Sheet is posted through photographic evidence or audits. Where there is a local office, local staff also checks whether the WIS is posted during visits.

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.	35%	After informing workers and management of the Fair Wear CoLP and the complaints hotline, additional awareness raising and training is needed to ensure sustainable improvements and structural worker-management dialogue.	Training reports, Fair Wear's data on factories enrolled in the WEP basic module. For alternative training activities: curriculum, training content, participation and outcomes.	4	6	0

**Comment:** At 77 production locations, Takko organised training in 2019, 2020 and at the start of 2021. The training focused on informing management and workers about workers' rights and the Fair Wear complaints mechanism. These sessions were provided to Bangladeshi and Indian suppliers.

During the COVID-19 pandemic, Takko also changed its training programme in Bangladesh with an online module on Occupational Health and Safety that was provided to the Anti-Harassment Committees.

**Recommendation:** Fair Wear recommends Takko to actively raise awareness about the Fair Wear Code of Labour Practices and Fair Wear complaint helpline among a larger portion of its suppliers in countries such as Myanmar, China, Turkey and Pakistan.

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 + Preventive steps taken	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.	6	6	-2

**Comment:** Takko has been working on 43 complaints in 2020. 29 were received in 2020, while 14 stem from 2019.

India: 7 complaints received; 6 closed and 1 in progress. Complaints received were related to Living wage; Reasonable hours of work and Safe & healthy working conditions.

China: 2 complaints received, 1 resolved and one complaint from the previous financial year is still open.

Myanmar: 13 received, 4 resolved/closed and 9 still open. Complaints received are mostly about overtime.

Bangladesh: 19 received, 14 resolved/closed and 5 still open. Complaints received are mostly related to legally binding employment relationship.

Pakistan: 1 received and still open.

Turkey: 1 received and resolved.

During the COVID-19 pandemic, Takko received a complaint from a Burmese worker that complained about non-payment of its wage when the factory was closed. (Complaint 862 on our website). The brand followed up with the factory and learned that their biggest customer who accounted for 90% of the production volume had cancelled orders. The member then worked on a plan with the factory and together with the other customer, was able to ensure that almost the full wages were paid. The brand then requested all Burmese factories to send in payslips to check whether wages were paid during the lockdown and factory closures.

**Recommendation:** Where applicable, worker representation should be involved in agreeing to the Corrective Action Plan.

Performance indicators	Result	Relevance of Indicator	Documentation	Score	Max	Min
3.5 Cooperation with other customers in addressing worker complaints at shared suppliers.	Active cooperation	Because most production locations supply several customers with products, involvement of other customers by the Fair Wear member company can be critical in resolving a complaint at a supplier.	Documentation of joint efforts, e.g. emails, sharing of complaint data, etc.	2	2	0

**Comment:** At one supplier, the brand collaborated with another Fair Wear member to resolve a complaint.

## Complaints Handling

**Possible Points: 17**

**Earned Points: 15**

## 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 Fair Wear membership requirements helps to support cross-departmental collaboration when needed.	Emails, trainings, presentation, newsletters, etc.	1	1	0

**Comment:** Training to all staff members is provided once a year. The training includes information about membership of Fair Wear and the Bangladesh Accord. A new colleague receives a welcome email and a welcome bag with an information flyer that explains Fair Wear in detail. Fair Wear 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 Fair Wear requirements and advocate for change within their organisations.	Fair Wear Seminars or equivalent trainings provided; presentations, curricula, etc.	2	2	-1

**Comment:** CSR-staff regularly informs staff from the purchasing and production planning department about Fair Wear requirements. They have bi-weekly meetings with senior purchasers to ensure these purchasers are updated on factory-specific or country-specific issues. All purchasers need to go through a CSR-training which outlines how they should support the CSR-department in their role as purchaser.

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, Fair Wear audit findings.	2	2	0

**Comment:** All agents are informed about Fair Wear 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 agencies 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, Fair Wear worker info sheets and the Standard Operating Procedure for CSR can be found. Each supplier has its 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.	7%	Complex human rights issues such as freedom of association or gender-based violence require more in-depth trainings that support factory-level transformative processes. Fair Wear has developed several modules, however, other (member-led) programmes may also count.	Training reports, Fair Wear's data on factories enrolled in training programmes. For alternative training activities: curriculum, training content, participation and outcomes.	1	6	0

**Comment:** At 15 production locations in Bangladesh, Takko organised training on Gender-Based Violence. In total, these locations account for 7% of the total production volume of Takko.

**Recommendation:** Fair Wear recommends Takko 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 and structural change to improve working conditions. To this end, Takko can make use of Fair Wear's WEP Communication or Violence and Harassment Prevention modules or implement advanced training through external training providers or brand staff. Non-Fair Wear training must follow the standards outlined in Fair Wear's guidance and checklist 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 follows up on its training session on Violence and Harassment that are provided in Bangladesh. The brand checks whether the Anti-Harassment Committee meets legal requirements, is functional and convenes regularly.

**Recommendation:** Fair Wear recommends Takko to further explore and discuss with factory management what risk factors related to workplace violence and what the possible link to its own purchasing practices are based on the outcome of the meetings of the committees.

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## Training and Capacity Building

**Possible Points: 13**

**Earned Points: 8**

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## 5. Information Management

Performance indicators	Result	Relevance of Indicator	Documentation	Score	Max	Min
5.1 Level of effort to identify all production locations.	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:** Takko has a system in place to check for subcontracting. The member has a policy in place that subcontracting is allowed when the brand is informed prior to outsourcing any order.

The brand has several measures in place to identify all production locations. Through the Fair Wear questionnaire, its own audits and external audit reports, the brand keeps track of any subcontractors. Furthermore, in Bangladesh, India, Myanmar and China the brand has local teams in place who regularly conduct quality and in-line inspections.

**Recommendation:** In countries where Takko does not have a local office and/or team, Fair Wear recommends Takko to put measures in place to prevent unannounced subcontracting. Such measures could be:

- 1) Checking product-specific risks and linking that to in-house processes and production volume capacity;
- 2) Ensuring that audits conducted by external parties specifically assess the risk of subcontracting;
- 3) Conducting audits by Fair Wear;
- 4) Planning monitoring visits by Fair Wear staff or other local organisations.

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, such as CAPs, is accessible to all. CSR also has specific briefings for purchase during visits, including checkpoints during visits, mostly related to health and safety. During the COVID-19 pandemic, purchasers were also asked to provide follow up to COVID-19 related issues at suppliers.

When there is a first audit at a factory, the purchaser is responsible for following up on that audit report. After the initial follow, the CSR-department takes over.

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## **Information Management**

**Possible Points: 7**

**Earned Points: 7**

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## 6. Transparency

Performance indicators	Result	Relevance of Indicator	Documentation	Score	Max	Min
6.1 Degree of member company compliance with FWF Communications Policy.	Minimum communications requirements are met AND no significant problems found	Fair Wear's communications policy exists to ensure transparency for consumers and stakeholders, and to ensure that member communications about Fair Wear are accurate. Members will be held accountable for their own communications as well as the communications behaviour of 3rd-party retailers, resellers and customers.	Fair Wear membership is communicated on member's website; other communications in line with Fair Wear communications policy.	2	2	-3

**Comment:** Takko's public communication about Fair Wear membership complies with Fair Wear's Communication Policy. The Fair Wear Logo and brief explanation about its membership are displayed on its website. Since 2018, Fair Wear membership is communicated through in-store radio messages.

Performance indicators	Result	Relevance of Indicator	Documentation	Score	Max	Min
6.2 Member company engages in advanced reporting activities.	Supplier list is disclosed to the public.	Good reporting by members helps to ensure the transparency of Fair Wear'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.	2	2	0

**Comment:** Takko publishes the Brand Performance Check report online. The brand does not publish audit reports on its website. 36% of Takko's production volume is disclosed to other members in Fair Wear's internal systems and on the Fair Wear website.

**Recommendation:** Fair Wear recommends Takko to disclose 100% of production locations to other Fair Wear members in our internal data management system and on the Fair Wear website

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 Fair Wear's communication policy.	Social report that is in line with Fair Wear's communication policy.	2	2	-1

**Comment:** Takko submitted its social report to Fair Wear and published the report on its website in German and English.

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## Transparency

**Possible Points: 6**

**Earned Points: 6**

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## 7. Evaluation

Performance indicators	Result	Relevance of Indicator	Documentation	Score	Max	Min
7.1 Systemic annual evaluation of FWF membership is conducted with involvement of top management.	Yes	An annual evaluation involving top management ensures that Fair Wear policies are integrated into the structure of the company.	Meeting minutes, verbal reporting, Powerpoints, etc.	2	2	0

**Comment:** Fair Wear 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 are 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.	100%	In each Brand Performance Check report, Fair Wear may include requirements for changes to management practices. Progress on achieving these requirements is an important part of Fair Wear 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 previous Brand Performance Check, Takko had received two requirements at indicators 1.14 and 2.7.

One requirement concerned paying a target wage at its factories (indicator 1.14). The brand collaborated with one Indian factory to contribute to its share of paying a target wage. Because of the Covid-19 pandemic, there was a high risk of non-payment of wages. Therefore, Takko shifted attention from ensuring living wages are paid to ensuring that at least the legal minimum wages are paid. Given the context, Fair Wear considers that this is a logical approach and will therefore not further assess the requirement of 1.14 under this indicator. The assessment of this indicator will solely be based on the following up of the requirement under 2.7.

The other requirement concerned the monitoring steps of the enhanced monitoring programme in Myanmar under indicator 2.7. The brand followed up by providing more specific information about its suppliers in its sourcing report.

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## Evaluation

**Possible Points: 6**

**Earned Points: 6**

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## Recommendations to Fair Wear

- Takko recommends Fair Wear to have an active presence in Pakistan by establishing a local team and an audit team.
- To improve the notification system of our internal complaints mechanism to ensure that all notifications are received.

## Scoring Overview

Category	Earned	Possible
Purchasing Practices	26	52
Monitoring and Remediation	24	26
Complaints Handling	15	17
Training and Capacity Building	8	13
Information Management	7	7
Transparency	6	6
Evaluation	6	6
Totals:	92	127

### Benchmarking Score (earned points divided by possible points)

72

### Performance Benchmarking Category

Good



## Brand Performance Check details

Date of Brand Performance Check:

06-07-2021

Conducted by:

Wilco van Bokhorst

Interviews with:

Karl-Heinz Holland, Executive Chairman

Radek Sorcik, Senior Director Purchase, Quality Management & CSR

Patricia Zülch, komm. Team Leader Procurement Compliance

Pia Langhals, Coordinator Procurement Compliance

Heike 't Hart, Procurement Compliance

Nancy Shan, General Manager

Dr. C. Deenathayalapandian, Chief Executive Officer of Bangladesh, Sri Lanka and Tirupur Office