



Brand Performance Check

Takko Holding GmbH

Publication date: October 2024

This report covers the evaluation period 01-02-2023 to 31-01-2024

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. The online [Brand Performance Check Guide](#) provides more information about the indicators.

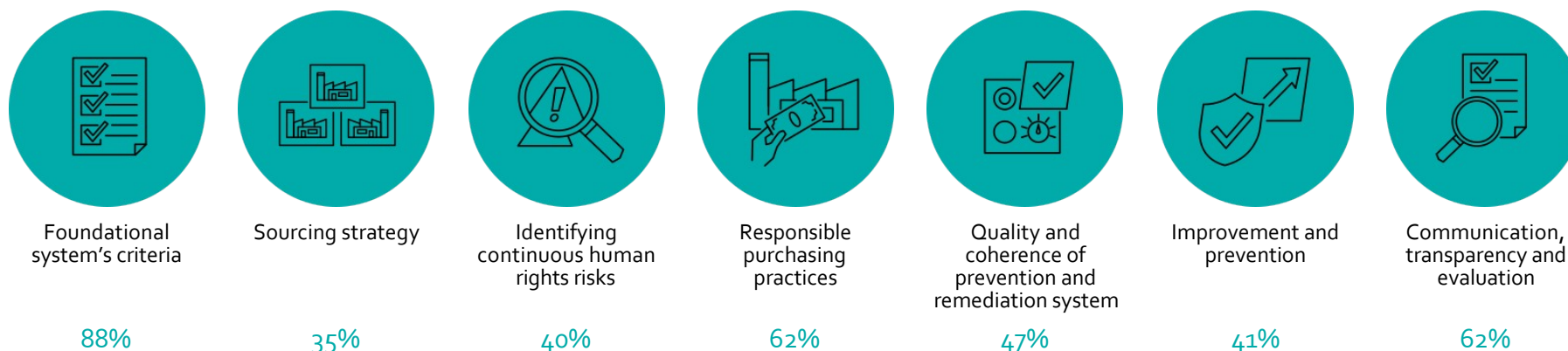
Scoring overview

Total score: 92

Possible score: 200

Benchmarking Score: 46

Performance Benchmarking Category: Good



Summary:

Takko Holding GmbH (hereafter Takko) has met most of Fair Wear's performance requirements. With a total benchmarking score of 46, the member is placed in the Good category.

This performance check report includes Takko's financial years 2022/2023 and 2023/2024.

Takko has a Human Rights Due Diligence policy and sourcing strategy. However, both documents are less in-depth than Fair Wear expects of its members and do not mention how Takko integrates due diligence processes into its business practices.

Takko conducts risk scoping at country and factory level. In its risk scoping, the member has not assessed the impact and prevalence of all risks correctly. The outcome of the risk assessment does not always influence the brand's sourcing decisions. Takko created an action plan to address the identified risks and has a monitoring system in place.

Despite Fair Wear's general expectation that member brands start disengagement from Myanmar, the member brand remains in Myanmar. Takko could not show a compelling demonstration of adequately respecting human rights by conducting human rights due diligence and has no strategy in place to tackle the high risks in this country. In 2022, Takko started sourcing at one new supplier in Myanmar and exited one supplier in Myanmar. In 2022/202 the member brand increased its production volume in Myanmar by 10%. However, it was reduced by 15% in the year after. During the performance check, two identified production facilities in Myanmar, responsible for supporting the production process washing, were not added to the brand's factory list in Fair Wear's data system. The brand did not assess the risks at these production locations, and no monitoring activities were conducted. Moreover, Takko has not worked with its suppliers in Myanmar to increase wages, while low wages are one of the most urgent harms in Myanmar that Fair Wear expects members who are staying to address.

Takko sources from 114 production locations in Bangladesh with a production volume of 29% of its total FOB. The member brand has signed the International Accord.

Takko implemented a living wage project at two of its Indian suppliers. The project aims to gradually increase workers' salaries over a five-year period. Takko contributes to these wage increases by increasing its purchasing prices.

The member brand scored insufficient on three repeated non-compliance indicators: 2.7, 3.6, and 3.7. These need to be resolved in the next performance check, or Takko will be automatically placed in Needs Improvement.

In 2023, Fair Wear implemented a new performance check methodology aligned with the OECD guidelines on HRDD. This new methodology raises the bar and includes some new indicators, which may result in a lower score for member brands. Because of this transition, Fair Wear temporarily lowered the scoring threshold.

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.

Company Profile Takko Holding GmbH

Member company information

Member since: 1 Jan 2011

Product types: Garments, clothing, fashion apparel

Percentage of turnover of external brands resold 1%

Member of other MSI's/Organisations Partnership for Sustainable Textiles, BCI (Better Cotton Initiative), International Accord - Bangladesh and The Good Cashmere Standard, ZDHC, TÜV Rheinland

Number of complaints received last financial year 32

Basic requirements

Definitive production location data has been submitted for the financial year under review? Yes

Work Plan and projected production location data have been submitted for the current financial year? Yes

Membership fee has been paid? Yes

Production countries, including number of production locations and total production volume.

Production Country	Number of production locations	Percentage of production volume
China	143	38.37%
Bangladesh	114	29.2%
Myanmar	11	11.65%
India	47	7.64%
Pakistan	24	6.94%
Türkiye	18	4.06%
Cambodia	4	1.56%
Madagascar	1	0.19%
Egypt	2	0.18%
Viet Nam	1	0.15%
Morocco	1	0.05%
Portugal	1	0.01%
Poland	1	0.01%

Layer 1 Foundational system's criteria

Possible Points: 8

Earned Points: 7

1.1 Member company has a publicly shared Human Rights Due Diligence policy that has been adopted by top management.: Yes

Comment: Takko has a Human Rights Due Diligence policy, but some elements such as social dialogue, gender lens, cooperation with other (Fair Wear) brands, and integration of due diligence processes into business practices need improvement. Takko has yet to publish its Human Rights Due Diligence policy.

Requirement: Takko needs to improve its Human Rights Due Diligence policy, to ensure better alignment with the OECD guidelines.

1.2 All member company staff are made aware of Fair Wear's membership requirements, in particular the Fair Wear's HRDD policy and Fair Wear's Code of Labour Practices.: Yes

1.3 All staff who have direct contact with suppliers are trained to support the implementation of Fair Wear requirements, in particular the Fair Wear's HRDD policy and Fair Wear's Code of Labour Practices.: Yes

1.4 A specific staff person(s) is designated to follow up on problems identified by the monitoring system, including complaints handling. The staff person(s) must have the necessary competence, knowledge, experience, and resources.: Yes

1.5 Member company has a system in place to identify all production locations, including a policy for unauthorised subcontracting.: No

Comment: During the performance check two identified production facilities in Myanmar, responsible for supporting the production process washing, were not added to the brand's factory list in Fair Wear's data system.

Requirement: Takko needs to have a system to identify production locations.

1.6 Member company discloses internally through Fair Wear's information management system, in line with Fair Wear's Transparency Policy.: Yes

Comment: Takko discloses 86% of production locations internally through Fair Wear's information management system.

1.7 Member company discloses externally on Fair Wear's transparency portal, in line with Fair Wear's Transparency Policy.: Yes

Comment: Takko discloses 86% of production locations externally on Fair Wear's transparency portal.

1.8 Member complies with the basic requirements of Fair Wear's communication policy.: Yes

Layer 2 Human rights due diligence, including sourcing strategy and responsible purchasing practices.

Possible Points: 90

Earned Points: 40

Indicators on Sourcing strategy

Performance indicators	Result	Relevance of indicator	Documentation	Score	Max	Min
2.1 Member company's sourcing strategy is focused on increasing influence to meaningfully and effectively improve working conditions.	Insufficient	Fair Wear expects members to adjust their sourcing strategy to increase their influence over working conditions. Members should aim to keep the number of production locations at a level that allows for the effective implementation of responsible business practices.	Strategy document; consolidation plans, examples of implementation.	0	6	0

Comment: Takko has 399 active suppliers. 70% of the production volume comes from suppliers where the member has at least 10% leverage. 89% of the production volume comes from suppliers where Takko buys less than 2% of its total FOB. 30% of the production volume comes from suppliers where Takko has less than 10% leverage and where Takko buys less than 2% of its total production volume (tail end). The percentage of tail-end suppliers increased by 7% compared to the previous financial year (2022/2023).

The member brand sources from 11 suppliers in Myanmar, responsible for 12% of its production volume. The brand's leverage at these suppliers is 1%—57%. As outlined on the brand's website, Takko's rationale is to stay engaged in Myanmar to fulfil its human rights due diligence and preserve the jobs of the workers in its factories.

Takko has a sourcing strategy, which is published in the brand's sustainability report. The strategy does not mention the privilege of sourcing in freedom-of-association-friendly countries, shared responsibility and liability for improving working conditions, Human Rights Due Diligence (HRDD) in Myanmar, or consolidation or active cooperation with other (Fair Wear member) brands.

Requirement: Takko must consider labour conditions as part of its sourcing strategy.

Recommendation: Takko could include in its sourcing strategy a plan to increase influence on suppliers by cooperating with other buyers. Fair Wear recommends Takko to consider leverage when moving its production to new suppliers. The member should consider the risk of human rights violations at suppliers, the influence it has on bringing change and the impact it can have at a factory level. Fair Wear recommends the member to include SMART goals in its sourcing strategy.

Performance indicators	Result	Relevance of indicator	Documentation	Score	Max	Min
2.2 Member company's sourcing strategy is focused on building long-term relationships.	Basic	Stable business relationships underpin the implementation of the Code of Labour Practices and give factories a reason to invest in improving working conditions.	Strategy documents; % of FOB from suppliers where a business relationship has existed for more than five years; Examples of contracts outlining a commitment to long-term relationship; Evidence of shared forecasting.	2	6	0

Comment: Takko's sourcing strategy focuses on maintaining long-term relationships. 70% of the member's total FOB volume comes from suppliers with whom Takko has had a business relationship for at least five years.
The member does not commit to long-term contracts yet.

Recommendation: Takko is advised to embed long-term contracts in its sourcing strategy.

Performance indicators	Result	Relevance of indicator	Documentation	Score	Max	Min
2.3 Member company conducts a risk scoping exercise as part of its sourcing strategy.	Basic	Human rights due diligence, according to the OECD guidelines, requires companies to undertake a scoping exercise to identify and mitigate potential human rights risks in supply chains of potential business partners.	HRDD policy; Sourcing strategy linked to results of scoping exercise; HRDD processes, including specific responsibilities of different departments; Use of country studies; Analysis of business and sourcing model risks; Use of licensees and/or design collaborations.	2	6	-2

Comment: Takko conducts risk scoping on sourcing country level. The member has yet to include a business model, sourcing model, product level and sector level in its risk scoping. The risk assessment is based on different sources such as the MVO risk checker, Fair Wear country information and the brand's (factory) assessment report and includes Fair Wear's Code of Labour Practices (CoLP) and corruption. The risk scoping includes risks related to gender and discrimination. However, the brand's risk scoping misses a gender lens for all eight Code of Labour Practices (CoLP). Furthermore, the brand did not separately assess the risks of working hours and legally binding employment relationships. The risk assessment includes the main risks per country. In its risk scoping, Takko has not assessed the impact and prevalence of all risks correctly. Takko did not identify high risks such as wages, discrimination, or linkages to the military regime in Myanmar, while several sources indicate otherwise. Takko has yet to include input from workers, suppliers and stakeholders. To date, Takko's sourcing strategy does not mention a preference for countries where workers can freely form or join a trade union and/or bargain collectively.

Despite Fair Wear's general expectation that member brands start disengagement from Myanmar, the member brand remains in Myanmar. Takko's rationale is that it can continue its cooperation with its (long-lasting) suppliers in Myanmar in a responsible manner and human rights due diligence will be conducted in accordance with the ILO conventions, the UN Guiding Principles and the OECD Guidelines. The member brand is aware because of the military junta and the resulting human rights and labour law risks, increased due diligence measures are needed. The brand feels responsible for all workers in its Myanmar factories and is convinced that by disengaging its Myanmar suppliers, most workers will lose their jobs. Takko increased its production volume in Myanmar by 10% in 2022/2023 but reduced this by 15% in 2023/2024. According to Takko's risk assessment, the main risks in Myanmar are political instability, freedom of association and workers' rights, missing occupational health and safety (OHS), forced labour, and child labour. Living wages and excessive overtime were not assessed as the main risks, which is not in line with the rationale Takko has given to stay in Myanmar to be able to support the workers.

Takko has assessed the risk of forced labour in China related to the production of cotton used in its products, by sending questionnaires to its cotton and tier 1 suppliers. The questionnaires focused on identifying the origin of the cotton used and the availability of sustainable or certified cotton. The responses to the questionnaires did not raise any significant concerns.

Takko sources from 114 suppliers in Bangladesh, responsible for 29% of the member's total FOB. Takko is a signatory of the International Accord for Bangladesh to address the high risks of occupational health and safety risks in this country and at its suppliers.

The member has not adjusted its sourcing strategy based on the results of its risk scoping.

Requirement: Takko must reconsider the impact and/or prevalence of the risks in Myanmar.

Recommendation: The member is recommended to include input from workers, suppliers, and other stakeholders in its risk-scoping exercise.

Fair Wear strongly recommends Takko to privilege countries where workers can freely form or join a trade union and/or bargain collectively and make this explicit in its sourcing strategy.

Performance indicators	Result	Relevance of indicator	Documentation	Score	Max	Min
2.4 Member company engages in dialogue with factory management about Fair Wear membership requirements before finalising the first purchase order.	Advanced	Sourcing dialogues aim to increase transparency between the member and the potential supplier, which can benefit improvements efforts going forward.	Process outline to select new factories; Material used in sourcing dialogue; Documents for sharing commitment towards social compliance; Meeting reports; On-site visits; Reviews of suppliers' policies.	4	4	0

Comment: It is the standard process for Takko to inform new suppliers about its HRDD policy and Fair Wear membership during the initial meeting with the supplier. This includes requirements and standards that Takko and the supplier must fulfil. In this first meeting, Takko gives a brief introduction to its commitment to improving labour conditions, and the supplier's acceptance of these principles is a prerequisite for initiating a business relationship. For onboarding, the supplier receives a document package including Takko's code of conduct and the standard operation procedure (SOP). The SOP includes detailed information about Fair Wear and specifically outlines the requirements of the Code of Labour Practices (CoLP). Additionally, the brand started a dialogue with suppliers about human rights and how the supplier and Takko can cooperate on this topic. This process has been followed for all 26 suppliers added in 2022/2023 and 47 suppliers added in 2023/2024.

Performance indicators	Result	Relevance of indicator	Documentation	Score	Max	Min
2.5 Member company collects the necessary human rights information to inform sourcing decisions before finalising the first purchase order.	Insufficient	Human rights due diligence processes are necessary to identify and mitigate potential human rights risks in supply chains. Specific risks per factory need to be considered as part of the decision to start cooperation and/or place purchasing orders.	Questionnaire with CoLP, reviewing and collecting existing external information, evidence of investigating operational-level grievance system, union and independent worker committee presence, collective bargaining agreements, engaging in conversations with other customers and other stakeholders, including workers.	0	6	0

Comment: Takko collects human rights information on potential new suppliers by organising factory assessments or collecting existing factory assessment reports through (virtual) visits, checking sanction lists (for all potential new sourcing countries) and safety inspection reports (Pakistan) and sending a questionnaire. The questionnaire inquires about the factory grievance mechanism and whether workers are free to form/join a trade union. Sourcing decisions will be adjusted based on these results and the recommendations of the CSR Team. Takko followed this process for the suppliers added in the 2022/2023 and 2023/2024. However, despite the assessed risks and challenges in Myanmar and against Fair Wear's policy, Takko onboarded one new supplier in Myanmar in 2022. For this reason the scoring of this indicator is demoted to insufficient.

In 2022/2023 and 2023/2024, Takko onboarded 27 new suppliers in Bangladesh and checked the remediation status on the RSC website before placing the first purchasing order. Takko standard requires a 90% corrective action plan (CAP) remediation status of any potential new supplier in Bangladesh.

The company does not collect information from workers or stakeholders to inform the sourcing decision.

The member's sourcing strategy does not mention a preference for suppliers where workers are free to form or join a trade union and/or bargain collectively.

Requirement: Fair Wear requires that brands should not start production at any new production locations in Myanmar, as outlined in its Heightened Human Rights Due Diligence - Brand Guidance Myanmar, of March 2022.

Recommendation: Fair Wear strongly recommends Takko to stronger integrate human rights information in its sourcing decisions.

Fair Wear encourages the member to collect worker and stakeholder input before placing the first order.

Fair Wear strongly recommends Takko to privilege suppliers where workers can freely form or join a trade union and/or bargain collectively and make this explicit in its sourcing strategy.

Performance indicators	Result	Relevance of indicator	Documentation	Score	Max	Min
2.6 Member actively ensures awareness of the Fair Wear CoLP, the grievance mechanism, and social dialogue mechanisms within the first year of starting business.	Intermediate	This indicator focuses on the preliminary mitigation of risks by actively raising awareness about the Fair Wear Code of Labour Practices and complaints helpline. Discussing Fair Wear's CoLP with management and workers is a key step towards ensuring sustainable improvements in working conditions and developing social dialogue at the supplier level.	Evidence of social dialogue awareness raised through earlier training/onboarding programmes, onboarding materials, information sessions on the factory grievance system and complaints helpline, use of Fair Wear factory guide, awareness-raising videos, and the CoLP.	4	6	0

Comment: Takko added 26 suppliers in 2022/2023 and 47 suppliers in 2023/2024. For all suppliers, Takko shared information about Fair Wear's CoLP and the grievance mechanism within the first year of doing business. The Worker Information Sheets have been posted. The brand's country teams use the pre- or initial-factory assessments to impart information about Fair Wear, the CoLPs, grievance mechanisms, worker committees, and communication.

Takko has not yet organised onboarding sessions to raise awareness about the Fair Wear CoLP, the grievance mechanism, or the importance of social dialogue for new suppliers in countries where it does not have country teams.

Recommendation: Takko is recommended to organise onboarding sessions specifically focusing on the CoLP and the grievance mechanism within the first year of doing business for all new suppliers.

Indicators on Identifying continuous human rights risks

Performance indicators	Result	Relevance of indicator	Documentation	Score	Max	Min
2.7 Member company has a system to continuously assess human rights risks in its production locations.	Insufficient	Members are expected to regularly evaluate risk in a systematic manner. The system used to identify human rights risks determines the accuracy of the risks identified and, as such, the possibilities for mitigation and remediation.	Use of risk policies, country studies, audit reports, other sources used, how often information is updated.	0	6	0

Comment: Takko has a system for assessing human rights risks in its production locations. For its risk assessment, the brand takes factory assessment results, complaints, visit reports, country studies, and supplier feedback into account. As Takko sources from 399 factories, the brand decided not to have a risk overview per factory but to summarize factory risks per country for most of its factories. This overview does not include the severity and likelihood of the assessed risks. However, for some factories, the brand could show a detailed risk assessment. The brand's risk assessment is updated once a year. Takko does not yet change its risk assessment tools when they do not identify risks that are common in the production country.

The brand regularly monitors its entire supplier base by using factory assessments, either by its local teams or third-party assessments. Based on the outcome of the risk assessment, Takko intensifies its monitoring circle but does not adapt its monitoring by using different monitoring tools.

Takko's enhanced HRDD measures include frequent factory assessments and visits by the brand's local staff, exchanges with workers and worker representatives, and offering Takko's own grievance system to the workers (besides the complaint system of Fair Wear). Furthermore, Takko became a member of EuroCham Myanmar and participates in the MADE project (Multi-stakeholder Alliance for Decent Employment in the Myanmar Apparel Industry) to further support the production facilities in complying with social standards and working conditions. The brand's local team conducts full factory assessments every quarter per year. The assessment reports are closely monitored by the brand's CSR team. However, besides the measures taken, Takko does not have a detailed strategy and budget in place to address high risks such as lack of freedom of association and social dialogue, low wages, overtime, worker protection and other high risks. Moreover, the monitoring tools Takko uses do not identify common high risks identified by validated stakeholders. During the performance check two identified production facilities in Myanmar, responsible for supporting the production process washing, were not added to the brand's factory list in Fair Wear's data system. The brand did not assess the risks at these production locations and no monitoring activities have been conducted. For this reason, the score for this indicator has been demoted to insufficient.

Takko has a system to identify risks at suppliers based in Bangladesh by evaluating factory risk assessments, checking the results of the RSC factory assessments and the level of improvements and factory visits. The member is a signatory of the International Accord.

To mitigate the potential risk of forced labour in China, Takko conducted a supplier survey and sent a questionnaire to all Chinese suppliers, focusing on identifying potential risks related to non-discrimination and fair remuneration and addressing them accordingly. Moreover, for the next financial year, the brand's main Chinese suppliers will participate in a research project about forced labour.

Takko's risk assessment tools do not explicitly include worker, stakeholder, and/or supplier input.

Requirement: Please note that following Fair Wear's policy for repeated non-compliance, members who receive an insufficient score on this indicator for the second year in a row will be placed in the 'needs improvement' category.

Takko must ensure it has a system in place to continuously assess human rights risks at all suppliers in Myanmar.

Recommendation: Fair Wear strongly recommends that Takko strengthen its system to identify human rights risks per factory. Fair Wear strongly recommends that Takko change its risk assessment tools when they do not identify risks that are common in the production country. Fair Wear urges Takko to define a strategy to properly and sufficiently address the risks at its suppliers in Myanmar. Fair Wear recommends Takko to assess whether the member causes, contributes or is linked to the identified risks.

Performance indicators	Result	Relevance of indicator	Documentation	Score	Max	Min
2.8 Member company's human rights due diligence process includes an assessment of freedom of association (FoA).	Intermediate	Freedom of association and collective bargaining are 'enabling rights.' When these rights are respected, they pave the way for garment workers and their employers to address and implement the other standards in Fair Wear's Code of Labour Practices - often without brand intervention.	Use of supplier questionnaire to inform decision-making, collected country information, and analyses.	4	6	0

Comment: Takko has mapped the risks to FoA in all its sourcing countries and can explain the main risks per country. The brand identified risks such as restricted union registration by the government (Bangladesh), unprotection of FoA by law (China), intimidation, discrimination, and retaliation (Myanmar), non-access to FoA, and discrimination and dismissal (Türkiye). Takko does not know how the risks of FoA influence women workers. Takko is in preparation of a questionnaire to collect more detailed information on FoA from its suppliers.

Takko uses its factory assessments to evaluate if the rights to FoA and collective bargaining (CB) and collective bargaining agreements (CBAs) are in place at its suppliers.

Recommendation: Takko is strongly recommended to deepen its understanding of risks to FoA in its supply chain.

Takko is recommended to use Tool 2: Supplier Questionnaire from Fair Wear's FoA Guide to assess and understand the risk regarding violation of FoA at its suppliers.

Takko should include risks specific to women workers in its risk assessment regarding FoA at its suppliers.

Performance indicators	Result	Relevance of indicator	Documentation	Score	Max	Min
2.9 Member company includes a gender analysis throughout its human rights risk identification, to foster a better understanding of gendered implications.	Basic	Investing in gender equality creates a ripple effect of positive societal outcomes. Members must apply gender analyses to their supply chain to better address inequalities, violence, and harassment.	Evidence of use of the gender mapping tools and knowledge of country-specific fact sheets.	2	6	0

Comment: Takko has partly included gender in its human rights risk identification by including an assessment of discrimination and gender. However, Takko has not yet assessed the gender risks for all eight CoLP.

The member could show it understands the basic gender risks for its sourcing countries and, for instance, it identified sexual harassment as a prevalent risk for several sourcing countries, such as Bangladesh, Cambodia, India and Myanmar. For China, the member assessed that women workers are underrepresented in leading positions. Additionally, in its factory assessments, Takko actively collects gender ratio data.

Recommendation: Fair Wear recommends the member to collect country-level gender risks for each Code of Labour Practices. Fair Wear recommends the member to enrol in the learning module 'Gender risks in the garment supply chain'.

Performance indicators	Result	Relevance of indicator	Documentation	Score	Max	Min
2.10 Member company considers a production location's human rights performance in its purchasing decisions.	Intermediate	Systematic evaluation is part of continuous human rights monitoring. A systematic approach to evaluating production location performance is necessary to integrate social compliance into normal business processes and to support good decision-making.	Supplier evaluation format, meeting notes on supplier evaluation shared with the factory, processes outlining purchasing decisions, link to responsible exit strategy.	2	4	0

Comment: Takko has a supplier scorecard to evaluate suppliers' performances. The scorecard includes delivery times, margin, and claim rates. However, it does not yet include the supplier's performance on Human Rights Due Diligence (HRDD). The supplier's factory assessment results are included in the supplier profile. Takko's senior head of purchase and the CSR team have regular meetings to discuss the supplier's performance. Occasionally, the outcome of this evaluation influences purchasing decisions such as order placement or price negotiations and will also be reflected when visiting suppliers. Takko is currently developing key performance indicators (KPIs) to integrate the supplier's HRDD performance into its scorecard.

Takko does not systematically share the evaluation's outcome with its suppliers and has not yet shared results with worker representatives.

Recommendation: Fair Wear encourages Takko to develop an evaluation/grading system for suppliers where compliance with labour standards is a criterion for future order placement.

Fair Wear recommends the member to ensure that the evaluation of human rights performance of its suppliers is systematically considered in purchasing decisions.

Furthermore, Fair Wear recommends Takko to share and discuss the outcome of the supplier evaluation with all its suppliers and their worker representatives.

Performance indicators	Result	Relevance of indicator	Documentation	Score	Max	Min
2.11 Member company prevents and responds to unauthorised or unknown production and/or subcontracting.	Insufficient	Subcontracting can decrease transparency in the supply chain and has been demonstrated to increase the risk of human rights violations. Therefore, when operating in higher-risk contexts where it is likely subcontracting occurs, the member company should increase due diligence measures to mitigate these risks.	Production location data provided to Fair Wear, financial records from the previous financial year, evidence of member systems and efforts to identify all production locations (e.g., interviews with factory managers, factory audit data, web shop and catalogue products, etc.), licensee contracts and agreements with design collaborators.	0	4	0

Comment: Takko uses the outcomes of its human rights monitoring to respond to unauthorised subcontracting. The member takes measures to prevent unauthorised subcontracting or unknown locations by having a process in place that all suppliers must sign. Subcontracting partners must be announced and must sign all onboarding documents (Takko's Code of Conduct, Fair Wear CoLP, SOP, and others) before production can take place.

The member takes measures to prevent unauthorised subcontracting or unknown locations. All suppliers must hand in a detailed overview of the production steps taking place in the factory. In addition, Takko regularly checks the supplier's capacities (number of lines and workforce), conducts (unannounced) factory assessments, makes regular factory visits by local teams (Bangladesh, China, India, Myanmar) and inline and quality inspections, and follows up on any potential subcontracting partner by sending questionnaires and checking in with its intermediaries. Furthermore, the brand identified product-specific risks and initiated inline inspections for continuous monitoring. The brand integrated the subcontracting partners into its monitoring system.

During the performance check two identified production facilities in Myanmar, responsible for supporting the production process washing, were not added to the brand's factory list in Fair Wear's data system, although Takko was aware of the existence of both factories. For this reason, the score for this indicator has been demoted.

Requirement: Takko should use the outcome of its human rights monitoring to respond to unauthorised subcontracting.

Recommendation: Takko must ensure to add all production locations to Fair Wear's data system.

Performance indicators	Result	Relevance of indicator	Documentation	Score	Max	Min
2.12 Member company extends its due diligence approach to homeworkers.	Advanced	Homeworkers should be viewed as an intrinsic part of the workforce, entitled to receive equal treatment and have equal access to the same labour rights, and therefore should be formalised to achieve good employment terms and conditions.	Supplier policies, evidence of supplier and/or intermediaries' terms of employment, wage-slips from homeworkers.	4	4	0

Comment: Takko does not allow the use of homeworkers. However, this is not yet included in the brand's policy (SOP). Takko assessed which products are at risk for using homeworkers. According to the member brand, these are specifically handmade products. For such products, the brand always ensures that the handwork is exclusively carried out within the factory and uses inline inspections to make sure that suppliers follow the company's rules.

Recommendation: Takko is recommended to include the prohibition of homeworkers in the brand's policy.

Indicators on Responsible purchasing practices

Performance indicators	Result	Relevance of indicator	Documentation	Score	Max	Min
2.13 Member company's written contracts with suppliers support the implementation of Fair Wear's Code of Labour Practices and human rights due diligence, emphasising fair payment terms.	Insufficient	Written, binding agreements between brands and suppliers, which support the Fair Wears CoLP and human rights due diligence, are crucial to ensuring fairness in implementing decent work across the supply chain.	Suppliers' codes of conduct, contracts, agreements, purchasing terms and conditions, or supplier manuals.	0	4	0

Comment: Takko uses a set of documents (CoC, evaluation form, purchasing terms, SOP and others) for its contractual agreement with its suppliers. The purchasing terms stipulate the supplier's as well as the brand's obligations, penalties and handling in case of non-conformity of goods. Payment terms are agreed on separately. For 70-80% of its supplier base, Takko pays the invoices by letters of credit (LC). The LCs' regular payment terms are 80-120 days. The purchasing and payment terms do not support human rights due diligence because an unequal burden is placed on the suppliers. For example, in case of delivery delays and non-conformity of goods, Takko has the right to charge the supplier a discount without proof of fault being established. Although stipulated in the purchasing terms, Takko does not utilise its standardized penalty procedure for quality deficits or delayed deliveries.

These contracts do not yet mention the shared responsibilities of CoLP implementation.

No incidents of late payments were found during the performance check.

Requirement: Takko should evaluate its contracts to ensure that it does not place an unequal burden on its suppliers or include terms that limit the possibility of implementing the Code of Conduct.

Recommendation: Fair Wear strongly recommends Takko to reduce payment terms to 60 days upon goods being loaded on the vessel and include agreements on the provision of materials in the contract.

Fair Wear strongly recommends that Takko remove penalties for late delivery from its contracts, or at least ensure there is 'proof of fault by the supplier'.

Takko is advised to review its contracts with suppliers against the principles mentioned in the Common Framework of Responsible Purchasing Practices (CFRPP).

Fair Wear also recommends the member to enrol in the learning module 'Introduction to responsible contracting in the supply chain'.

Performance indicators	Result	Relevance of indicator	Documentation	Score	Max	Min
2.14 Member company has formally integrated responsible business practices and possible impacts on human rights violations in its decision-making processes.	Intermediate	Corporate Social Responsibility (CSR), purchasing, and other staff that interact with suppliers must be able to share information to establish a coherent and effective strategy for improvements. This indicator examines how this policy and Fair Wear membership requirements are embedded within the member company.	Internal information systems, status Corrective Action Plans, sourcing score- cards, KPIs listed for different departments that support CSR efforts, reports from meetings from purchasing and/or CSR staff, and a systematic manner of storing information.	4	6	0

Comment: There is an active interchange of information between CSR and other departments to enable coherent and responsible business practices. Takko has not yet included responsible business practices in job role competencies, nor do sourcing and purchasing staff work with KPIs supporting good sourcing and pricing strategies.

Recommendation: Takko could adopt KPIs that support good sourcing and pricing strategies within its sourcing, purchasing and design departments.

Takko could include responsible business practices in its job role competencies of sourcing and purchasing staff.

Performance indicators	Result	Relevance of indicator	Documentation	Score	Max	Min
2.15 Member company's purchasing practices support reasonable working hours.	Intermediate	Members' purchasing practices can significantly impact the levels of excessive overtime at factories.	Proof that planning systems have been shared with production locations, examples of production capacity knowledge that is integrated into planning, timely approval of samples, and proof that management oversight is in place to prevent late production changes.	4	6	0

Comment: Takko implements various measures to ensure production takes place within reasonable hours. The brand's sourcing strategy is designed for the long-term placement of orders. Around 70% of the articles are placed long-term, with lead times of between eight and thirteen months. 25% of the articles are ordered with a lead time of five to seven months, and 5% of the articles are produced in the short term (two to four months). Orders are preferably produced in the low season to enable the suppliers to plan and coordinate the orders over the long term, thereby utilizing synergies in their purchasing process and workplaces. Takko's forecasting system for the suppliers is based on orders from the previous year and shared with purchasing, local teams and intermediaries. Monthly, the brand analyses the deviations between the forecast and the planned orders. Suppliers are not yet involved in the brand's forecasting and planning process. New suppliers are involved in Takko's production process. Takko does not involve long-lasting suppliers in an evaluation, but this is partly covered in its factory assessments and in discussions with the suppliers and different departments.

Takko has detailed knowledge of each production step and the production capacity per supplier. Every month, all production sites located in Bangladesh, Cambodia, China, Madagascar, Myanmar and Türkiye 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 in the previous months and factory assessment 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. However, several audit reports from suppliers where Takko has a high leverage still indicate excessive overtime. Indian factories are exempted from this cycle as these factories have proven to work without excessive overtime.

Time buffers are consistently included in the lead time. 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. For urgent, delayed orders the brand uses air freight shipments. Depending on the individual case and situation, the expenses are either paid by the supplier, Takko or shared.

Recommendation: Takko is strongly recommended to actively involve its suppliers in the forecasting and planning process. The member is encouraged to evaluate with the supplier the production process after each season and, where needed, adapt its future planning.

Performance indicators	Result	Relevance of indicator	Documentation	Score	Max	Min
2.16 Member company can demonstrate the link between its buying prices and wage levels at 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, cost sheets including labour minutes.	4	6	0

Comment: Takko understands the wage levels of its suppliers. For part of its article portfolio, the brand works with open costing, which includes cut-made trim (CMT) prices, labour minutes, labour cost per minute, and legal minimum wage cost per minute. For these articles, Takko can demonstrate the link between its buying prices and wage levels at suppliers. For all other styles, 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 factory assessments to establish whether its suppliers pay at least the legal minimum wage. For one factory in Bangladesh, Takko organised a Fair Price introduction training.

Based on the costs of an article, the prices are calculated and compared with the prices of different factories and markets. The brand then discusses the price levels with the supplier to reach an agreement. In several cases where factory management does not speak English, the agent is involved in negotiating prices. However, CMT costs are not negotiated.

Takko includes changes in legal minimum wage or inflation in its buying prices.

Recommendation: Fair Wear recommends Takko to expand its detailed open costing to more suppliers to better understand the link between its buying prices and wage levels to ensure its pricing allows for the payment of the legal minimum wage.

Takko is encouraged to provide buyers (or other employees involved in price negotiations with suppliers) training on cost breakdown, for example using the Fair Price app.

Takko could provide suppliers who do not work with fact-based costing, training on product costing and how to quote prices including (direct and indirect) labour costs. Fair Price product owners are available to conduct such training in all Fair Wear production countries.

Performance indicators	Result	Relevance of indicator	Documentation	Score	Max	Min
2.17 All sourcing intermediaries play an active role in upholding HRDD and Fair Wear's Code of Labour Practices and ensure transparency about where production takes place.	Advanced	Intermediaries have the potential to either support or disrupt CoLP implementation. It is members' responsibility to ensure production relation intermediaries actively support the implementation of the CoLP.	Correspondence with intermediaries, trainings for intermediaries, communication on Fair Wear audit findings, etc.	4	4	0

Comment: Takko mainly sources from 182 intermediaries (82% FOB). The brand has informed its sourcing intermediaries of Fair Wear requirements and could show they informed production locations. Next to that, the intermediaries actively support HRDD and the implementation of the CoLP by following up on corrective action plans (CAPs) and complaints. Takko has direct contact with all factories and includes its intermediaries in supplier meetings and (virtual) factory visits and discussions about purchasing practices. The member has yet to require its intermediaries to uphold the purchasing practices mentioned in the Common Framework of Responsible Purchasing Practices (CFRPP).

Recommendation: The member is recommended to check if the intermediary's purchasing practices are fair and if the intermediary has adequate systems to ensure payments are made on time. Takko could require its intermediaries to uphold the purchasing practices mentioned in the CFRPP framework.

Layer 3 Prevention, mitigation and remediation

Possible Points: 84

Earned Points: 36

Indicators on the quality and coherence of a members' prevention and remediation system

Performance indicators	Result	Relevance of indicator	Documentation	Score	Max	Min
3.1 Member company integrates outcomes of human rights risk identification (layer 2) into risk prioritisation and creates subsequent action plans.	Basic	Based on the risk assessment outcomes, a factory risk profile can be determined with accompanying intervention strategies, including improvement and prevention programmes.	Overview of supplier base with accompanying risk profile and follow-up programmes.	2	6	0

Comment: As outlined in indicator 2.7, Takko has a risk assessment for some of its factories in place. For all other factories, Takko summarised all risks per production country. Takko created an action plan to address the identified risks. The brand's action plan includes all production countries, and all planned actions will be rolled out to all factories. The action plan is divided into short-term, mid-term and long-term actions. Long-term actions include cooperation with stakeholders, actions based on the outcome of different questionnaires and monitoring results, and training. The action plan does not detail the different approaches to prevent, mitigate and remediate the prioritised risks and does not yet include a budget and timeline..

Takko is a signatory of the International Accord, and all suppliers in Bangladesh are covered by the RSC. The member company closely follows up on the remediation process at its suppliers and works on joint prevention, mitigation, and remediation with the RSC and signatories of the International Accord.

As outlined in indicators 2.3 and 2.7, Takko decided to stay engaged in Myanmar. Each quarter, Takko hands in a Myanmar progress report per factory, covering the following focus areas: FoA and access to remedy, grievance mechanisms, forced labour, economic linkages to the military, security risks, addressing salient risks (OT, wages, unfair dismissal), credible information and reporting. The information provided in these reports is not detailed and needs to be improved.

As Takko does not have an action plan per supplier and the action plan needs improvements, Takko receives a basic scoring for this indicator.

Requirement: Following Fair Wear’s Policy on Business in Myanmar and guidance for those who remain active in Myanmar, Takko is required to prioritise action plans for its suppliers in Myanmar that go beyond monitoring. Takko must have a strategy in place to address all high risks identified by Fair Wear.

Recommendation: Fair Wear strongly recommends making the action plans for Takko’s Myanmar locations more detailed, including concrete goals on the salient risk of wages (reaching 3,55 USD/day).

Fair Wear strongly recommends Takko to ensure that all factories have an action plan that matches their risk profile.

Fair Wear recommends the member to further improve its action plans.

Performance indicators	Result	Relevance of indicator	Documentation	Score	Max	Min
3.2 Member company’s action plans include a gender lens.	Basic	The prevention and improvement programmes should ensure equitable outcomes. Thus, a gender lens should be incorporated in all programmes regardless of whether or not the programme is specifically about gender.	Proof of incorporation of the gender lens in follow up programmes, including stakeholder input.	2	6	0

Comment: As described under Indicator 2.9, Takko collected the gender ratio per factory and assessed sexual harassment as a risk in several of its sourcing countries. The brand enrolled all its suppliers in Bangladesh in its own training to address this risk. However, these training modules were not verified by Fair Wear and therefore, it cannot be ensured that sexual harassment has been sufficiently addressed. The brand has not yet included a comprehensive gender lens in its overall action plans.

Recommendation: Takko is recommended to extend its gender lens to all action plans.
Takko is recommended to verify its own training modules by Fair Wear.

Performance indicators	Result	Relevance of indicator	Documentation	Score	Max	Min
3.3 Member company's action plans include steps to encourage freedom of association and effective social dialogue.	Basic	Freedom of Association and Collective Bargaining are enabling rights. Therefore, ensuring they are prioritised in improvement and prevention programmes can help support improvements in all other areas.	Available prevention and improvement programmes, including stakeholder input.	2	6	0

Comment: Takko included some steps to encourage FoA and effective social dialogue in its action plans. The brand discusses FoA with its suppliers and enrolled its suppliers in Bangladesh in its own training module to encourage social dialogue. These training modules are not verified by Fair Wear and as such, it cannot be ensured that these training sufficiently address this topic. In addition, as a mid-term action (1-3 years), Takko plans to send a questionnaire to promote FoA to its suppliers. For Myanmar, the MADE project addresses FoA at the brand's suppliers and Ulula collects data via worker surveys. However, despite the high risks of FoA in China, Bangladesh and Vietnam, Takko has not yet included immediate actions to encourage FoA.

Recommendation: Fair Wear recommends Takko to include steps encouraging FoA and effective SD in all action plans.
Fair Wear recommends Takko to apply a gender lens and ensure its steps to promote FoA and effective social dialogue address the specific risks for female workers.

Performance indicators	Result	Relevance of indicator	Documentation	Score	Max	Min
3.4 Member company actively supports a factory-level grievance mechanism.	Basic	Fair Wear's complaints helpline is a safety net in case local grievance mechanisms do not provide access to remedy. Members are expected to actively support and monitor the effectiveness of operational-level grievance mechanisms as part of regular contact with their suppliers.	Communication with suppliers, responses to grievances, minutes of internal worker committees, evidence of democratically elected worker representation, evidence of handled grievance, review of factory policies, and proof of effective social dialogue.	2	6	0

Comment: Suppliers' factory-level grievance mechanisms are assessed at the start of the business relationship or are regularly systematically monitored. Takko's own training modules aim to raise awareness about Fair Wear's complaints system. However, these training modules have not been verified by Fair Wear and therefore, it cannot be ensured that this topic has been sufficiently addressed. Takko checks if worker representatives are active in its factories and if meetings between worker representatives and factory management take place. The brand does not yet follow up on meeting minutes to evaluate the topics discussed. Takko follows up if worker information sheets and suggestion boxes are in place and if grievances via the suggestion box have been filed and properly addressed. Takko supports factory-level grievance mechanisms as it jointly implemented the project "Strengthening factory-internal grievance structures in the Pakistani textile industry" together with The Partnership for Sustainable Textiles (PST), the GIZ Programme Textiles, Fairtrade Germany and three other brands. The first phase of this project has been finished in March 2023. In case of findings raised by factory assessments, Takko's local team or CSR team follows up on corrective actions.

Takko has not yet incorporated its monitoring results into detailed improvement and prevention plans and has not yet sufficiently monitored the effectiveness of the grievance mechanisms.

Recommendation: Fair Wear recommends Takko to evaluate the effectiveness of factory grievance mechanisms at all suppliers. Fair Wear recommends that Takko incorporate monitoring results into detailed improvement and prevention plans. Fair Wear recommends Takko to always involve suppliers and worker representatives in the assessment of the factory-level grievance mechanism and to share and discuss the outcome of the assessment with the above stakeholders, who should be encouraged to lead a discussion on how the mechanisms can be improved.

Performance indicators	Result	Relevance of indicator	Documentation	Score	Max	Min
3.5 Member company collaborates with other Fair Wear members or customers of the production location.	Advanced	Cooperation between Fair Wear members increases leverage and the chances of successful outcomes. Cooperation also reduces the chances of a factory needing to conduct multiple improvement programmes about the same issue with multiple customers.	Communication between different companies.	6	6	0

Comment: Takko cooperates with other Fair Wear members at its shared suppliers, responding to CAPs and complaints. The member also cooperates in taking more preventive measures by jointly implementing the project “Strengthening factory-internal grievance structures in the Pakistani textile industry” with The Partnership for Sustainable Textiles (PST), the GIZ Programme Textiles, Fairtrade Germany, and three other non-Fair Wear brands.

Indicators on implementation: improvement and prevention

Performance indicators	Result	Relevance of indicator	Documentation	Score	Max	Min
3.6 Degree of verified actions.	0%	Fair Wear expects members to show progress towards the implementation of improvement programmes. Members are expected to be actively involved in the examination and remediation of any factory-specific problem.	Progress reports on improvement programmes.	-2	6	-2

Comment: During the performance check, the member could demonstrate with a sample that more than two-thirds of the CAP issues requiring improvement actions have been followed up. Examples of improvement actions that were taken include health and safety findings, discrimination, legal wage components, and working hours.

Takko sources from 11 suppliers in Myanmar. The brand's leverage at these suppliers is <10 % at one supplier, between 10% and 30% at five suppliers and between 30% and 60% at another five suppliers. As described in previous indicators, Takko enrolled in the MADE project, by using worker surveys and closely monitors its suppliers in Myanmar with quarterly factory assessments by its local team. The factory assessments include overtime and wage monitoring. During the performance check two identified production facilities in Myanmar, responsible for supporting the production process washing, were not added to the brand's factory list in Fair Wear's data system. The brand did not assess the risks at these production locations and no monitoring activities have been conducted. The member has not worked with its suppliers in Myanmar to increase wages, while low wages are one of the most urgent harms in Myanmar that Fair Wear expects members who are staying to address. During the performance check, the brand could demonstrate through documentation of a sample of two factory assessment reports that the actual wages paid to workers on average are 174.000,00 MMK per 30 days (without bonuses), which is about 5.800,00 MMK per day, whereas Fair Wear's guidance is 10.000 MMK/day or equal 3,55 USD/day. The brand's leverage at both factories is 25% and 53% leverage. Takko has a systematic monitoring scheme for its production facilities in Myanmar. However, the brand does not have a strategy for tackling high risks in this country. During the performance check, Takko could not show sufficient efforts in improving the lives of workers at its suppliers in Myanmar. Therefore, this indicator is insufficient.

Requirement: Please note that following Fair Wear’s policy for repeated non-compliance, members that receive an insufficient score on this indicator for the second year will be placed in the ‘needs improvement’ category.

Members staying in Myanmar must work towards wage increases with their suppliers, as low wages are one of the most urgent harms in the country.

Members staying in Myanmar need to demonstrate progress on improvements.

Performance indicators	Result	Relevance of indicator	Documentation	Score	Max	Min
3.7 Degree of progress towards implementation of prevention programme.	Insufficient progress	Fair Wear expects members to show progress towards the implementation of prevention programmes. With this indicator, Fair Wear assesses the degree of progress based on the percentage of actions addressed within the set timeframe.	Update on prevention programmes.	-2	6	-2

Comment: Takko has identified some root causes of the CAP issues and discussed these with its suppliers (other than excessive overtime assessed under indicator 3.9 or living wage assessed under indicator 3.11). The member has implemented some preventive steps. For instance, Takko is a member of the International Accord to ensure health and safe working conditions in its factories in Bangladesh. Furthermore, production facilities have been enrolled in the brand's own training program to address violence and harassment and promote social dialogue in Bangladesh. However, Takko does not yet have a systematic approach to identify and address the root causes of findings in its supply chain. Takko has not yet addressed the root causes of findings at its Myanmar suppliers.

Requirement: Please note that following Fair Wear’s policy for repeated non-compliance, members that receive an insufficient score on this indicator for the second year will be placed in the ‘needs improvement’ category.

Implementing preventive steps to follow up on CAPs is one of the most important criteria members can use to improve working conditions. Coordinated efforts between different departments are required to ensure sustained responses to CAPs.

Recommendation: Fair Wear recommends Takko to identify root causes of CAP issues together with its suppliers.

Fair Wear recommends Takko to translate its root cause analysis into concrete preventive actions as part of the risk profiles.

Performance indicators	Result	Relevance of indicator	Documentation	Score	Max	Min
3.8 Member company validates risk profile and maintains regular dialogue with factories where no action plan is needed.	No factories in the respective risk profile	When no improvement or prevention programme is needed, Fair Wear expect its member companies to actively monitor the risk profile and continue to mitigate risks and prevent human rights abuses.	Use of Fair Wear workers awareness digital tool to promote access to remedy. Evidence of data collected, worker interviews, monitoring documentation tracking status quo.	N/A	6	0

Comment: Takko has not suppliers where action plans are not needed.

Performance indicators	Result	Relevance of indicator	Documentation	Score	Max	Min
3.9 Degree to which member company mitigates root causes of excessive overtime.	Intermediate	Member companies should identify excessive overtime caused by the internal processes and take preventive measures. In addition, members should assess ways to reduce the risk of external delays.	This indicator rewards self-identification of efforts to prevent excessive overtime. Therefore, member companies may present a wide range of evidence of production delays and how the risk of excessive overtime was addressed, such as: reports, correspondence with factories, collaboration with other customers of the factory, use of Fair Wear tools, etc.	4	6	0

Comment: In the past two financial years, thirteen of fourteen Fair Wear factory assessment reports mention excessive overtime. Findings were inconsistent hour records, workers worked more than 60 hours per week and workers did not receive one day off per seven days of work. Takko's leverage at these thirteen suppliers is between 1% - 80%. Also, in the past two financial years, Takko received six complaints about working hours at suppliers in Bangladesh, Myanmar and Pakistan. The brand analysed the root causes of these findings. According to the member, fabric delivery, fabric rejection due to poor quality, low worker attendance and low wages are significant causes of excessive overtime. The member has addressed these findings by strictly monitoring the working hours of all production facilities in Bangladesh, Cambodia, China, Madagascar, Myanmar and Türkiye. The monthly working hour records are cross-checked with the previous month's working hours and factory assessment report results. The working hour analysis per factory per month allows for in-depth planning to operate without excessive overtime. In case of overbooking, orders are spread over time or shifted to other facilities. During low seasons, factories have the option to start production earlier. Time buffers are consistently included in the lead time and in case of delays, Takko does not use a standardised penalty procedure for late deliveries. Takko discusses findings related to excessive working hours with its suppliers.

Takko could not yet show that its efforts resulted in reduced excessive overtime at its suppliers.

Recommendation: With its suppliers where excessive overtime occurs, Fair Wear recommends Takko to verify whether production is planned with overtime. If production is planned with overtime, the brand should ensure that its products can be produced during regular working hours.

Fair Wear advises Takko to discuss with its supplier which solutions included in the Fair Working Hours Guide are applicable.

Fair Wear also recommends cooperating with other customers at the factory to increase leverage when mitigating excessive overtime.

Performance indicators	Result	Relevance of indicator	Documentation	Score	Max	Min
3.10 Member company adequately responds if production locations fail to pay legal wage requirements and/or fail to provide wage data to verify that legal wage requirements are paid.	Intermediate	Fair Wear members are expected to actively verify that all workers receive legal minimum wage. If a supplier does not meet the legal wage requirements or is unable to show they do, Fair Wear member companies are expected to hold the management at the production location accountable for respecting local labour law.	Complaint reports, CAPs, additional emails, Fair Wear Audit Reports or additional monitoring visits by a Fair Wear auditor, or other documents that show the legal wage issue is reported/resolved.	2	4	-2

Comment: In the past two financial years, thirteen of fourteen Fair Wear factory assessment reports included findings regarding non-payment of legal minimum wage or legally required wage elements. Findings describe that allowances, bonuses, social security benefits, statutory leaves or overtime premiums are not paid as legally required, inconsistent wage records or non-payment of legal minimum wages. Also, in the past two financial years, Takko received 23 complaints about (living) wages at suppliers in Bangladesh, China, India, Myanmar and Pakistan. Takko responded immediately to these findings by discussing the findings with the suppliers, requesting immediate corrections, document verification and worker and management interviews. Furthermore, at the next factory assessment, increased attention is paid to these findings to verify if all outstanding wages and wage components have been correctly paid. Takko's complaint follow-up resulted in 22 of the 23 complaints having been remediated or closed.

Besides its standard monitoring procedure, Takko did not proactively follow up on the legal minimum wage increase at its suppliers in Bangladesh and Türkiye.

Takko could not yet demonstrate verified third-party (remediation) evidence of all workers receiving legally required wage components.

Recommendation: Fair Wear strongly recommends Takko to ensure problems of payments below legal minimum wages are not just prevented going forward but also remediated retroactively.

Fair Wear strongly recommends Takko to always verify whether legal minimum wage issues have been resolved in case factory management claims so. Takko could hire a local consultant or plan a monitoring visit of one of Fair Wear's auditors to check remediation.

Performance indicators	Result	Relevance of indicator	Documentation	Score	Max	Min
3.11 Degree to which member company assesses and responds to root causes of wages lower than living wages in production locations.	Basic	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.	Member companies may present a wide range of evidence of how payment below living wage was addressed, such as: internal policy and strategy documents, reports, wage data/wage ladders, gap analysis, correspondence with factories, etc.	2	6	0

Comment: Takko has an overview of the wage levels at its suppliers. By using factory assessments and Fair Wear's wage ladder, the brand identifies the wage gap between legal minimum wages and a living wage estimate. The brand started to discuss possible root causes for wages lower than a living wage with its suppliers; however, it has experienced that its suppliers lack awareness. Takko does not yet have an overview of the root causes of wages below living wage estimates and, as a consequence, does not yet link these to the member's purchasing practices. According to the member brand, Takko's discounter business model as a discounter does not give the brand much room for higher prices in these competitive market surroundings. But despite this, the member brand is aware of the importance of wage increases and has therefore successfully launched a living wage project at two Indian suppliers in 2022/2021 and 2023.

Recommendation: Fair Wear urges Takko to take an active role in discussing living wages with its suppliers. Fair Wear encourages Takko to expand its living wage project to more suppliers.

Performance indicators	Result	Relevance of indicator	Documentation	Score	Max	Min
3.12 Member company determines and finances wage increases.	Intermediate	Member companies should have strategies in place to contribute to and finance wage increases in their production locations.	Analysis of wage gap, strategy on paper, demonstrated roll out process.	4	6	0

Comment: Takko has an overview of wages paid in production locations and discussed wage increases with some of its factories. Takko implemented a living wage project at two of its Indian suppliers. The project aims to gradually increase the salaries of workers over the five-year project period. Furthermore, the brand aims to expand its living wage project to some of its suppliers in Pakistan. The workers of both India factories receive a monthly living wage bonus, which is yearly increased (first living wage project of 2021) and will be yearly increased (second living wage project of 2023). The bonus is mentioned in the payslip, and Takko contributes to these wage increases by increasing its purchasing prices. However, wage increases have not been verified by a third party but by the brand's own assessment team.

Recommendation: In determining what is needed and how wages should be increased, it is recommended to involve worker representation.

Fair Wear encourages Takko to expand its living wage project to more suppliers.

Fair Wear advises Takko to verify its living wage project by a third party (Fair Wear for example).

Performance indicators	Result	Relevance of indicator	Documentation	Score	Max	Min
3.13 Percentage of production volume where the member company pays its share of the living wage estimate.	1%	Fair Wear requires its member companies to act to ensure a living wage is paid in their production locations to each worker.	Member company's own documentation such as reports, factory documentation, evidence of Collective Bargaining Agreement (CBA) payment, communication with factories, etc.	2	6	0

Comment: During the performance check, Takko could show that it supports higher wages at two Indian suppliers, responsible for 0,4% of Takko's FOB. To acknowledge Takko's efforts the brand has been rewarded with a basic score.

Recommendation: Takko is encouraged to roll out its approach to other suppliers.

Performance indicators	Result	Relevance of indicator	Documentation	Score	Max	Min
3.14 Member addresses grievances received through Fair Wear's helpline in accordance with the Fair Wear's Access to Remedy Policy.	Intermediate	Members are expected to actively support the operational-level grievance mechanisms as part of regular contact with their suppliers. The complaints procedure provides a framework for member brands, emphasising the responsibility towards workers within their supply chain.	Overview of supporting activities, overview of grievances received and addressed, etc.	2	4	-2

Comment: In the past two financial years, Takko received 34 complaints about Fair Wear's CoLP (employment is freely chosen, freedom of association, discrimination, wages, working hours, health and safety and legally binding employment relationship) at its suppliers in Bangladesh, China, India, Myanmar, Pakistan and Türkiye. The member actively responded to these complaints as per Fair Wear's Complaints Procedure. Together with the brand's CSR team, the brand's local team (if applicable) and the factory management, the brand discusses the complaints, collect proof of evidence or supports investigation and remediation. As a result, 28 complaints have been resolved or were closed. Six complaints are open or in the status of investigation.

Takko did not yet include the outcome of these complaints to decide on further preventive actions in its supply chain.

Recommendation: Takko could use the outcome of complaints to determine follow-up actions in its broader action plans.

The member is recommended to take steps to prevent similar complaints from occurring in its supply chain.

Performance indicators	Result	Relevance of indicator	Documentation	Score	Max	Min
3.15 Degree to which member company implements training to address the risks identified.	Intermediate	Training programmes can play an important role in improving working conditions, especially for more complex issues, such as freedom of association or gender-based violence, where factory-level transformation is needed.	Links between the risk profile and training programme, documentation from discussions with management and workers on training needs, etc.	4	6	0

Comment: Takko has some CAP findings where training is a recommended follow-up action. In the past three financial years, the brand's own local teams conducted 581 training at suppliers in Bangladesh, China, India and Türkiye. The training modules aim to increase worker awareness about Fair Wear's CoLP, grievance mechanisms, violence and harassment and social dialogue. Out of these 581 training, Fair Wear verified 73 training modules to be in line with Fair Wear's requirements. 109 training sessions did not fulfil Fair Wear's requirements. 399 training sessions have not yet been verified and therefore, it cannot be ensured that these training modules sufficiently address the above-mentioned issues. Furthermore, Fair Wear conducted two training modules at suppliers in China (Workplace Education Programme (WEP) basic) and Türkiye (Factory Dialogue Module).

The member has not yet provided all of its suppliers with findings related to awareness about Fair Wear's CoLP and worker representatives in appropriate training modules.

Recommendation: The member is recommended to implement training for all factories where this is part of its action plan.

Performance indicators	Result	Relevance of indicator	Documentation	Score	Max	Min
3.16 Degree to which member company follows up after a training programme.	Member company did not implement any training	Training is a crucial tool to support transformative processes but complementary activities such as remediation and changes at the brand level are needed to achieve lasting impact	Evidence of engagement with factory management regarding training outcomes, documentation on follow-up activities, and proof of integration into further monitoring and risk profiling efforts.	N/A	6	0

Comment: No follow-up of the training programme was requested for both training modules (WEP basic and factory dialogue) conducted by Fair Wear. Takko's local teams follow up on the implementation of the contents of its own training modules during factory visits, factory assessments and regular dialogue with its suppliers.

Recommendation: Fair Wear recommends Takko to use the training results as input for Takko's human rights due diligence.

Performance indicators	Result	Relevance of indicator	Documentation	Score	Max	Min
3.17 The member company's human rights due diligence system includes a responsible exit strategy.	Intermediate	Withdrawing from a non-compliant supplier should only be the last resort when no more impact can be gained from other strategies. Fair Wear members must follow the steps as laid out in the responsible exit strategy.	Exit strategy policy, examples of supplier communications.	2	4	0

Comment: Takko's human rights due diligence system includes a responsible exit strategy. In the past two financial years, cooperation with 88 suppliers ended for various reasons. Several suppliers preferred to end their cooperation with Takko to focus more on local markets, insolvency, or low-order quantities. For some suppliers, Takko ended the cooperation due to consolidation, changes in demand, or—as a last resort—low supplier performance. The member followed the steps in the responsible exit strategy. Takko's leverage at 70 suppliers was < 10%; for 12 suppliers, the leverage was between 10% and 20%; and for six suppliers, the brand's leverage was between 20% and 35%. In case Takko decides to terminate the cooperation, the suppliers are informed as soon as possible, and a plan was created to slowly phase out the production. Takko's CSR team follows up on the impact of the exit and specifically follows up on the correct payment of wages in case a factory insolvency took place. Takko does not yet follow up on the impact on workers in case the supplier decides to terminate the cooperation and has not yet discussed its responsible exit strategy with all its suppliers.

Takko exited one factory in Myanmar, where the brand had an estimated leverage of 18%. The brand followed its exit procedure as described above.

Recommendation: Takko could discuss the responsible exit strategy with its suppliers, for instance as part of its supplier evaluation. Takko could include the responsible exit strategy as part of its suppliers' agreement or contract.

Performance indicators	Result	Relevance of indicator	Documentation	Score	Max	Min
3.18 Member company's measures, business practices and/or improvement programmes go beyond the indicators or scope.	Intermediate	Fair Wear would like to reward and encourage members who go beyond the Fair Wear policy or scope requirements. For example, innovative projects that result in advanced remediation strategies, pilot participation, and/or going beyond tier 2.	Overview of Human Right risk monitoring, remediation and prevention activities and processes.	4	6	0

Comment: Takko undertakes human rights activities that go beyond FairWear's scope. The brand has included its tier 2 suppliers in its social factory assessment manual, and regular monitoring factory assessments, including active CAP follow-up, take place. The monitoring and CAP procedure for tier 2 suppliers is equal to those for the brand's tier 1 suppliers. Takko does not yet conduct preventive measures at its lower tiers.

Layer 4 External communication, outreach, learning, and evaluation

Possible Points: 26

Earned Points: 16

Indicators related to communication

Performance indicators	Result	Relevance of indicator	Documentation	Score	Max	Min
4.1 Member company actively communicates about Fair Wear membership.	Advanced	Fair Wear membership includes the need for a brand to show its efforts, progress, and results. Fair Wear members have the tools and targeted content to showcase accountability and inform customers, consumers, and retailers. The more brands communicate about their sustainability work, the greater the overall impact of the work of the Fair Wear member community.	Member website, sales brochures, and other communication materials.	4	4	0

Comment: Takko communicates accurately about Fair Wear membership on its website. The member actively spreads the Fair Wear message in its sustainability report, social media channels, website and online shop, press releases, in its stores, by using on-garment-communication, in employee town hall meetings, and in the employee app.

Performance indicators	Result	Relevance of indicator	Documentation	Score	Max	Min
4.2 Member company sells external brands with a Human Rights Due Diligence system (if applicable).	Intermediate	Some member companies resell other brands, which Fair Wear refers to as 'external production'. These members are expected to investigate the Human Rights Due Diligence system of these other brands, including production locations and the availability of monitoring information.	External production data in Fair Wear's information management system, collected information about other brands' human rights due diligence systems, and evidence of external brands being part of other multi-stakeholder initiatives that verify their responsible business conduct.	2	4	0

Comment: Takko sells three external brands from Germany. The member has collected information about the human rights due diligence of these brands. Takko's decision-making regarding which brands it sells is influenced by this information. The three external brands are not members of a credible initiative.

Recommendation: Takko is recommended to select external brands that are members of a credible initiative.

Performance indicators	Result	Relevance of indicator	Documentation	Score	Max	Min
4.3 Human rights due diligence reporting is submitted to Fair Wear and is published on the member company's website.	Insufficient	The social report is an important tool for member companies to share their efforts with stakeholders transparently. The social report explicitly refers to the workplan and the yearly progress related to the brands goals identified in the workplan.	Social report.	0	4	0

Comment: Takko has submitted its social report to Fair Wear and published it on the brand's website. However, Takko has not provided sufficient information in its social report on how it conducts human rights due diligence in Myanmar.

Requirement: Takko needs to include in its social report how it conducts human rights due diligence in Myanmar.

Performance indicators	Result	Relevance of indicator	Documentation	Score	Max	Min
4.4 Member company engages in advanced reporting activities.	Intermediate	Good reporting by members helps ensure the transparency of Fair Wear's work and helps share best practices within the industry. This indicator reviews transparency efforts reported beyond (or included in) the social report.	Brand Performance Check, audit reports, information about innovative projects, specific factory compliance data, disclosed production locations (list tier 2 and beyond), disclosure of production locations, alignment with the Transparency Pledge.	2	4	0

Comment: Takko published its social report, which includes some factory-level data and remediation results, on its website. The factory-level data Takko included are Takko's factory number, country, start of cooperation, last factory assessment, and last visit. Takko has yet to disclose more factory-level data and its time-bound prevention, remediation, and mitigation actions.

Recommendation: Takko is recommended to include more factory-level data in its reporting and ensure suppliers consent with data sharing. Fair Wear recommends Takko to publish concrete remediation action for its suppliers.

Performance indicators	Result	Relevance of indicator	Documentation	Score	Max	Min
4.5 Member company has a system to track implementation and validate results.	Advanced	Progress must be checked against goals. Members are expected to have a system in place to track implementation and validate the progress made.	Documentation of top management involvement in systematic annual evaluation includes meeting minutes, verbal reporting, PowerPoint presentations, etc. Evidence of worker/supplier feedback.	6	6	0

Comment: Takko has a system to track progress and check whether implemented measures have been effective in preventing and remediating human rights violations. The internal evaluation system involves top management. In its evaluation system, the member includes triangulated information from external sources, such as suppliers, business partners, and employees. Takko has not yet included worker feedback.

Recommendation: The member is advised to include feedback from workers in its evaluation system.

Performance indicators	Result	Relevance of indicator	Documentation	Score	Max	Min
4.6 Level of action/progress made on requirements from previous Brand Performance Check.	Intermediate	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 should show documentation related to the specific requirements made in the previous Brand Performance Check.	2	4	-2

Comment: The previous performance check included the following requirements: indicators 2.3 and 2.7 to assess and mitigate the risks of forced labour in China and at Chinese suppliers, indicator 2.10 to improve the evaluation of the human rights performance of its suppliers, indicator 2.16 to understand the link between buying prices and wage levels at suppliers and indicator 3.11 to assess the root causes of wages that are lower than living wages.

Takko started following up on all indicators except indicator 3.11. Together, at least half of the requirements were addressed.

5 Appreciation chapter

5.1 Member company publicly responded to problems/allegations raised by consumers, the media, or NGOs.: Not applicable

5.2 Member company actively participated in lobby and advocacy efforts to facilitate an enabling environment in production clusters.: Not applicable

5.3 Member company actively contributed to industry outreach, visibility, and learning in its main selling markets.: Not applicable

Recommendations to Fair Wear

Takko shared feedback about Fair Wear's HRDD facilitation hub:

According to Takko, Fair Wear's HRDD facilitation hub is too granular. As the brand has a long supply chain, the list of actions is overwhelming, and there are far too many actions. Even though the brand increased its CSR staff resources, the list of actions is not workable for the member brand.

Takko would prefer to have the option to prioritise actions in short, mid, and long term.

Takko suggests that information can be added to several factories at once instead of doing time-consuming copy-and-paste work.

Takko's Product Lifecycle Management system (PLM) contains detailed information about the brand's suppliers. Using Fair Wear's HRDD facilitation tool means spending many hours copying and pasting information, uploading reports, etc. The brand prefers to use this time more effectively to improve the working conditions at its suppliers.

Furthermore:

Takko suggests Fair Wear provide a list of stakeholders and factory assessment organisations for non-Fair Wear countries.

Fair Wear sends many notifications, updates, and information. Takko suggests Fair Wear regularly provide an overview of the shared news (notifications, updates, information, etc.) and the impact for the member brand.

Brand Performance Check details

Date of Brand Performance Check: 23-07-2024

Conducted by: Annet Baldus

Interviews with: Sebastian Weber (CPO)

Radek Sorcik (Senior Director Purchase, Quality Management & ESG)

Kerstin Recktenwald (Head of Purchase & QA Accessories, Underwear & CSR)

Anja Kassing (Manager CSR)

Meyline Pirngadi (Coordinator CSR - Procurement Compliance)

Alexandra Rojas (Coordinator CSR - Procurement Compliance)