



Brand Performance Check

Takko Holding GmbH

Publication date: August 2022

This report covers the evaluation period 01-02-2021 to 31-01-2022

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.

This year's 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 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: 01-02-2021 to 31-01-2022

| 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, Vietnam |
| Production in other countries: | Serbia, Sri Lanka, Cambodia, Italy, Madagascar, Pakistan, Poland, Portugal |
| 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 | 68 |
| Category | Good |

Summary:

Takko has shown progress and met most of Fair Wear's performance requirements. With a score of 68 points, the brand is awarded the 'Good'-category. The member monitored 97% of its suppliers.

Corona Addendum:

At the start of 2021, Germany was in lockdown due to the COVID-19 pandemic. Takko also had to close its shops, but did not cancel any orders with suppliers. As the lockdown lasted longer than anticipated, the brand decided to store garments of the autumn/winter collection '21 in its warehouse and to sell these garments in 2022. This also supported suppliers in maintaining a stable order flow and production. When production was delayed, Takko entered into a dialogue with suppliers to extend delivery dates and payment dates. Throughout the pandemic, Takko was in dialogue with its suppliers and monitored the payment of wages closely when suppliers had to close due to lockdowns or power cuts (China).

Takko has strong systems in place to identify risks and monitor suppliers. In its main production countries, it has local teams in place that audit suppliers and follow up on corrective actions. However, the member should increase its efforts to identify and mitigate risks and issues related to forced labour in cotton production in China.

Furthermore, Fair Wear encourages Takko to provide more support to suppliers to remediate issues, especially concerning complex issues such as living wages, gender-based violence and excessive working hours. Especially at suppliers where it has high leverage (>50%), the brand should go beyond auditing and monitoring and support suppliers with more in-depth efforts for remediation.

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 2021, 78% of the brand's production volume came from production locations where Takko had at least 10% of production capacity. This is the same amount in comparison to the previous financial year.

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.

Recommendation: Fair Wear recommends Takko to consolidate its supplier base where possible, and increase leverage at main production locations to effectively request improvements of working conditions. 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 |
|---|--------|---|---|-------|-----|-----|
| 1.1b Percentage of production volume from production locations where member company buys less than 2% of its total FOB. | 82% | 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: 82% 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. | 73% | 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: 73% 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 a slight decrease compared to the previous financial year (74%).

Takko has a strategy in place which focuses on long-lasting partnerships with suppliers to deliver good quality products consistently.

In 2021, the brand had around 300 suppliers. Relationships were stopped with 52 suppliers, while the brand on-boarded 58 new suppliers. Reasons for these changes were related to widening its product range, spreading the risk of supply and performance of suppliers on price, quality and social performance.

Recommendation: Fair Wear recommends Takko to develop a sourcing strategy that includes considerations related to its widening product range and the risk of supply at the one hand, and its decisions for specific countries, reducing the total number of suppliers and particular suppliers on the other hand. This should help to ensure that Takko works with suppliers that are committed to improving working conditions, the brand has sufficient leverage to achieve change, is able to monitor suppliers and invest in remediation. Such a sourcing strategy should be agreed upon with top management.

| 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: In 2021, Takko started relationships with 58 suppliers, including subcontractors. 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. The brand sources from 14 countries. 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. In China, factories with a higher production volume and risk profile are audited once a year. The brand does not have local teams in place in the other countries, such as Pakistan or Turkey. For all countries, CSR staff collects country-specific information for its country-risk analysis. The brand links country-specific risks to its 300 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. New suppliers have to share a recent (not older than 1 year) and complete third-party audit report, including a corrective action plan. For Bangladesh, there is a check if factories are already 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. 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.

In 2021, Takko focused on mitigating risks related to COVID-19, the coup in Myanmar and its expansion in Pakistan. Throughout the pandemic, the brand actively checked when factories were closed due to lockdowns, working at half capacity and whether workers received at least the legal minimum wage. It sent out a questionnaire again to its suppliers to check for COVID-specific risks, including occupational health and safety measures.

During and in the aftermath of the coup in Myanmar, Takko actively checked whether workers were able to freely participate in demonstrations and whether this led to dismissals, which was not the case. Takko's total production volume increased, including in Myanmar and maintained stable relations with its Burmese suppliers. The brand started relationships with one new Burmese supplier and checked for any military involvement.

Takko is expanding in Pakistan due to delivery problems in China and is spreading the risk of potential supply issues over multiple suppliers. The brand updated its country risk assessment in 2021 by collecting information from multiple sources which identified the risk of gender equity and discrimination, homeworkers and freedom of association. The brand does not have local teams in place and relies on external audits. Although the member decreased the number of production locations in China, severe risks are still present when it comes to forced labour. According to Takko, the risk of forced labour in cotton production for its products made in China is low as most fabrics would not come from China. However, Takko could not specify for which factories and products forced labour in cotton production would or would not pose a risk.

Requirement: Fair Wear requires Takko to actively assess risks of forced labour in China related to the production of cotton used in its products.

Recommendation: Fair Wear recommends to develop a sourcing strategy that includes a reduction of sourcing countries to ensure that the brand remains able to monitor all significant risks related to suppliers in its sourcing countries. As part of this strategy, Takko should consider its expansion strategy in Pakistan and whether setting up its own local team would support more effective monitoring and remediation.

| 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 | 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. | 1 | 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.

During the lockdown in Germany from January-May 2021, the brand did not cancel any orders. As it was unclear to when the lockdown would end, the brand decided not to cancel any orders but store these products in its warehouse. The brand was in constant dialogue with its suppliers about the delivery of its products.

Relationships were ended with 52 suppliers. In some cases, suppliers indicated they wanted to end relationships. Takko ended relationships due to style changes or when suppliers could not meet requests of Takko related to delivery, price or performance on improving working conditions. At several of these suppliers, Takko had a significant leverage. The brand discussed possible improvements and an exit with a supplier early in advance. However, the member could not show that it had followed all the steps in line with Fair Wear's Responsible Exit Strategy, especially in relation to consulting worker representatives and assessing the impact of its exit on workers' jobs and wages. Therefore, a full score on this indicator is not awarded.

Requirement: When exiting a supplier, Takko should ensure that it follows all the steps in line with the Fair Wear responsible exit strategy.

Recommendation: When reducing orders and exiting a supplier, Takko should actively engage with worker representatives and other local stakeholders

| 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 235 suppliers, including new factories) 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. 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.

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 in 2021, Takko faced several delivery issues. The brand was faced with a lockdown of its shops in several countries in Europe, especially in Germany. Takko decided to maintain its orders, including for the autumn/winter season '20/'21 and the spring/summer collection '21. Unsold products were stored in its warehouse for the next season. Options that were open-to-buy (as part of the forecast) on top of the regular order were often not used by Takko.

The brand also faced production and delivery problems in its supply chain. Due to a high inflation, Turkish suppliers started to refuse new orders. Furthermore, due to the growing US-Bangladesh trade relationships, and an anticipated own growth, Takko had to ensure additional production capacity. To handle the capacity issues, Takko on-boarded new suppliers and where needed, extended lead times. As transport ships were not always available, Takko started to place orders earlier and extended lead times. In case of local lockdowns, the brand entered into a dialogue with the factories to discuss delivery and generally allowed for longer lead times.

Recommendation: Fair Wear recommends Takko to expand its approach to monitor working hours in relation to its production capacity to other countries. 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. Furthermore, Takko should more closely link working hours to its own production planning, especially in relation to suppliers where it has a high leverage to maintain a full score at this indicator.

| 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 2021, Fair Wear conducted four audits at production sites of Takko in China and Bangladesh which all concluded excessive overtime hours. Furthermore, local teams of Takko regularly find excessive overtime at suppliers. Several audit reports from suppliers where Takko has a high leverage indicated excessive overtime.

During the COVID-19 pandemic, governments sometimes allowed more overtime hours. Furthermore, overtime was sometimes caused due to power cuts and lock downs. Takko showed leniency when suppliers did overtime hours, although overtime should not exceed 60 hours per week for a worker. Suppliers had to make sure that overtime premiums were paid and workers had sufficient days off. The member has a policy in place with regard to overtime hours. The brand is generally well aware of root causes of overtime in its supply chain.

Takko monitors working hours by requesting working hour records on a regular basis. Furthermore, working hours are discussed with suppliers. However, local teams do not conduct deeper root cause analysis at individual factories.

Recommendation: Fair Wear strongly recommends Takko to analyse root causes of excessive overtime per supplier, starting with suppliers where it has the highest leverage.

| 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. | Insufficient | 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. | 0 | 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.

In 2021, Takko developed a cost sheet to estimate the cost of a product. Local staff in India currently uses this sheet. However, the sheet is not based on wage information of the supplier and the labour minute value. None of the other teams use this sheet.

Requirement: Takko needs to demonstrate an understanding of the link between buying prices and wage levels, to ensure their pricing allows for the payment of the legal minimum wage. Especially in cases where Takko buys (almost) exclusively at a supplier, the member should be able to demonstrate the link.

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.

| 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: In 2021, Fair Wear conducted six audits at suppliers of Takko. At one supplier it was found that the legal minimum wages were not paid. The brand followed up with this supplier to ensure legal minimum wages were paid.

Throughout the pandemic, Takko prioritised the payment of legal minimum wages in its risk assessment and follow up. The member monitored lockdowns and factories working at half its production capacity. In these cases, it requested factories to provide proof that legal minimum wages were paid.

With over 300 suppliers, the brand tracks suppliers which have audit reports that indicated the non-payment of legal minimum wages. However, the brand does not have a simple and complete overview of all the factories where legal minimum wages are an issue, including its follow up actions.

Recommendation: Fair Wear recommends Takko to ensure it can create a simple overview in its system to monitor and track progress on non-payment of legal minimum wages. This should help the brand to monitor progress on remediating legal minimum wage issues and can serve as input in its country and supplier specific risk assessments.

| 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 days upon receipt of the delivery confirmation documents (by the bank) when products are placed on the transport vessel. 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.

When Takko and the supplier agreed to postpone the delivery date of an order, the brand and the supplier agreed to maintain the previously agreed payment date or to set a new payment date in line with the delivery. Takko could show that during the COVID-19 pandemic the brand did not pay late.

Cargo documents sent by the bank indicate an option to deduct penalties from payments. Takko indicated it prefers not to apply penalties but work in partnership with its suppliers. In cases of late delivery without communication or severe quality issues, Takko indicated it applied penalties to its suppliers. The brand does not have a system in place to monitor its use of penalties.

Recommendation: To support the liquidity of suppliers, Takko should 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.

Furthermore, Fair Wear recommends Takko to monitor its use of penalties and to analyse root causes of a penalty when suppliers receive recurring penalties or when penalties are applied at a particular group of suppliers. (e.g. from a particular country)

| 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: During the COVID-19 pandemic, Takko focused on ensuring that workers received their (legal minimum) wages. In its monitoring system, it paid particular attention to this. The brand did not look into root causes of wages that are lower than living wages at suppliers.

Requirement: Takko must assess the root causes of wages that are lower than living wages, taking into account its leverage and effect of its own pricing policy. Takko is expected to take an active role in discussing living wages with its suppliers. The Fair Wear wage ladder can be used as a tool to implement living wages, to document, monitor, negotiate and evaluate the improvements at its suppliers.

Recommendation: Fair Wear recommends 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.

| 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 with one of its Indian suppliers. Takko and the supplier agreed that wages would be gradually raised. Takko used the GLWC-benchmark to set a target wage (Rs 14,670), compared to Asia Floor Wage (Rs 23,588) and the target wage of another Fair Wear member brand sourcing in India (Rs 14,048). These amounts are from 2018.

Based on the feedback of the supplier, Takko then decided to pay an additional amount on a monthly basis to the supplier to support the wage increase. The first payment was done in February 2020 and the brand continued paying the amount in 2021.

Takko and the supplier did not yet agree on linking the increased wages to costing and product prices. The brand did not yet roll out the approach to other factories.

Recommendation: To maintain an intermediate score in the next performance check, Takko should develop a strategy to finance the costs of wage increases at other suppliers based on the learnings from the project supplier in India. To support companies in analysing 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 to avoid the concept of a one-time charitable contribution. We strongly recommends 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). Steps still need to be made toward the GLWC target wage. The brand did not re-assess whether the benchmark had to be increased due to an increased cost of living in 2021. 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 to its share of target wages.

Purchasing Practices

Possible Points: 52

Earned Points: 23

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.

Recommendation: Fair Wear recommends Takko to update its audit methodology and reports and bring this in-line with Fair Wear's revised methodology. We also recommend Takko to discuss with Fair Wear how to make use of other monitoring tools and modules, such as living wage assessments.

| 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 are mainly responsible for discussing the audit results and follow-up on the CAPs with factory management. The CSR-team at HQ steps in when severe issues are found.

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. Worker representatives are included during audits, but not yet in remediation.

In 2021, Takko mainly followed up on risks and issues related to the COVID-19 pandemic, such as wages, occupational health and safety and working hours, the coup in Myanmar and a significant amount of worker complaints that was received. CAPs are available for almost all factories. Although Takko monitors the individual progress of its 300 suppliers, the brand does not yet have a system in place to monitor, assess and have an overview of whether issues in its entire supply chain are increasing or decreasing (e.g. in total and per country).

When it comes to remediation, Takko supports its Bangladeshi suppliers by providing training on Gender Based Violence and supports one Indian supplier in a living wage project. However, with most of its suppliers, Takko relies on discussing CAPs and monitoring and verifying progress of suppliers.

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

Furthermore, Fair Wear recommends Takko to invest in a system that can provide an overview of open and remediated issues at suppliers. Such a system could support Takko with remediation, its risk assessments and strategic decisions concerning its supply chain.

While the brand has strong systems in place to monitor suppliers, we encourage Takko to go beyond auditing and move more of its resources towards remediation, which also means providing specific support to suppliers for remediation. This could be in the form of training, providing experts or financial support where needed.

| 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 |

Comment: As travel was restricted due to the COVID-19 pandemic, this indicator is not applicable in 2021.

| 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, countries where Takko does not have a local audit team in place, the member 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 >90%. Several suppliers moved to new buildings or had new buildings constructed, which meant they had to start up the process of inspections and follow up. In 2021, Takko enrolled several Bangladeshi suppliers into its training programme on Prevention of Violence against Women.

Myanmar:

Takko sources from twelve suppliers in Myanmar and has more than 10% leverage at ten suppliers. All twelve 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 2021, the brand published a wage ladder in its sourcing report. During the coup, the brand remained in close contact with its suppliers concerning military involvement, production planning and worker safety. At the end of 2021, Takko organised an online seminar where specific attention was paid to the Fair Wear CoLP. The factories do not have a trade union, but worker representatives. These are part of the audit but Takko does not actively engage with them beyond the audit due to concerns of undemocratically elected representatives.

Turkey:

Takko sources from 14 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. The member did not yet take additional measure to identify subcontractors. Its suppliers did not yet participate in training on worker rights and Syrian refugees.

Other:

During the COVID-19 pandemic in 2021, Takko continued to assess the risks of lockdowns and monitored suppliers to ensure the payment of at least the legal minimum wage. It sent out a COVID-questionnaire to suppliers again to check for COVID-19 specific risks. During audits and visits, the brand also checked for specific OHS issues and the vaccination level of workers.

There is a high risk of forced labour in the production of cotton in China. Takko sources from more than 100 suppliers in China. The brand did not conduct further due diligence in identifying potential risks and issues of forced labour at its Chinese suppliers. The brand did not participate in a screening offered by a third party to identify supplier specific risks. Takko did decide to stop sourcing from one Chinese supplier based on information provided by an external third party.

Requirement: Takko needs to mitigate the risks and issues of forced labour at its Chinese suppliers and in cotton production.

Recommendation: To maintain an advanced score for Bangladesh, Fair Wear recommends Takko to provide more in-depth training on gender issues to suppliers. Furthermore, we strongly recommend 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.

We recommend Takko to closely follow Fair Wear guidance and policies on sourcing from Myanmar. Takko should establish closer relationships with democratically elected worker representatives.

Lastly, we recommend Takko to make use of tools and services provided by Fair Wear or other organisations to identify forced labour in its supply chain.

| 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 (o)

Comment: Takko sources from five suppliers in Portugal (3) and Poland (2). The brand has fulfilled all monitoring requirements for low-risk countries. During the pandemic, Takko did not visit these suppliers. In several cases, the brand collected third party audits. The combined production volume of Takko at suppliers in these countries is less than 1%.

Recommendation: Fair Wear recommends Takko to visit suppliers in Poland and Portugal when possible.

| 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 ten suppliers that fall within its tail-end. These suppliers are located in China (9) and India (1). Eight out of ten 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. | Yes, and member has collected necessary information | 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. | 2 | 2 | 0 |

Comment: Takko sold two external brands of which it received a completed questionnaire.

| Performance indicators | Result | Relevance of Indicator | Documentation | Score | Max | Min |
|---|--------|--|---|-------|-----|-----|
| 2.12 External brands resold by member companies that are members of another credible initiative (% of external sales volume). | 0% | 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. | 0 | 3 | 0 |

Comment: These two external brands are not a member of Fair Wear or FLA.

Recommendation: Fair Wear recommends Takko to buy products from members of Fair Wear and FLA.

| 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 |

Monitoring and Remediation

Possible Points: 31

Earned Points: 26

3. Complaints Handling

| Basic measurements | Result | Comments |
|---|--------|--|
| Number of worker complaints received since last check. | 26 | At this point, FWF considers a high number of complaints as a positive indicator, as it shows that workers are aware of and making use of the complaints system. |
| Number of worker complaints in process of being resolved. | 19 | |
| Number of worker complaints resolved since last check. | 26 | |

| 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 for following up on worker complaints.

| 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. | All production in low-risk countries/training not possible | 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. | N/A | 6 | 0 |

Comment: Takko has a training programme to train its suppliers in India and Bangladesh on the Fair Wear Code of Labour Practices and the Fair Wear grievance mechanism. The total number of suppliers trained accounts for 13% of the total production volume (excluding volume in low risk countries).

Because of travel restrictions in 2021 that limited the possibility of conducting training, this indicator is not applicable in 2021.

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. Takko should ensure good quality systematic training of workers and management on these topics. To this end, Takko can either use Fair Wear's WEP Basic module, or implement training related to the Fair Wear CoLP and complaint helpline through third-party 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 |
|---|--------|--|--|-------|-----|-----|
| 3.4 All complaints received from production location workers are addressed in accordance with the FWF Complaints Procedure. | Yes | Providing access to remedy when problems arise is a key element of responsible supply chain management. Member company involvement is often essential to resolving issues. | Documentation that member company has completed all required steps in the complaints handling process. | 3 | 6 | -2 |

Comment: Takko received 26 complaints in total, from which 18 were resolved or closed and 8 complaints are yet to be resolved.

The complaints are mostly related to living wages, reasonable hours of work, safe & healthy working conditions and a legally binding employment relationship.

Most complaints were received from suppliers in Bangladesh. In total, 18 complaints were received (12 closed/resolved and 6 open). From suppliers in Myanmar, 8 complaints were received (6 closed/resolved and 2 open). No new complaints were received from suppliers in India, China, Turkey or other production countries. Takko is actively involved in following up on complaints with factory management.

During the coup in Myanmar, workers from a Burmese factory complained that they were not allowed to participate in the demonstrations. Takko followed up, but also checked with other factories to ensure that workers had a free choice to participate in the demonstrations.

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: Takko collaborated with other Fair Wear members in handling complaints at shared suppliers.

Complaints Handling

Possible Points: 11

Earned Points: 8

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.

Recommendation: Fair Wear recommends Takko to actively train its agents on the remediation of more complex topics, such as gender equity and living wages to enable them to support the implementation of the CoLP.

| 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. | All production in low-risk countries/training not possible | 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. | N/A | 6 | 0 |

Comment: Because of travel restrictions in 2021 that limited the possibility of conducting training, this indicator is not applicable in 2021.

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. | No training programmes have been conducted or member produces solely in low-risk countries | 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. | N/A | 2 | 0 |

Training and Capacity Building

Possible Points: 5

Earned Points: 5

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.

In 2021, the brand focused on identifying dyeing houses, laundry and printing subcontractors and incorporating these in its monitoring system.

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 the purchasing department and technicians. Information about working conditions at production sites, such as CAPs, is accessible to all. CSR also has specific briefings for buyers when they visit a factory.

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

Information Management

Possible Points: 7

Earned Points: 7

6. Transparency

| Performance indicators | Result | Relevance of Indicator | Documentation | Score | Max | Min |
|---|---|---|--|-------|-----|-----|
| 6.1 Degree of member company compliance with FWF Communications Policy. | Minimum communications requirements are met AND no significant problems found | 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 communicates about Fair Wear membership in line 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. 50% of Takko's production volume is disclosed to other members on Fair Wear's website and in our internal systems. The brand does not yet publish audit reports.

Recommendation: Fair Wear recommends Takko to disclose 100% of production locations to other Fair Wear members in Fair Force 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. The reports over 2020 and 2021 contain many similarities. Furthermore, the report did not go more in-depth on particular issues that were present in its supply chain and how Takko responded to these, for example about the coup in Myanmar.

Recommendation: Fair Wear recommends Takko to reconsider the current use of its social report and strike a balance in finding the right communication for its target groups. We recommend Takko to communicate more actively about challenges in its supply chain and which actions it took to handle these.

Transparency

Possible Points: 6

Earned Points: 6

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. | No requirements were included in previous Check | 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. | N/A | 4 | -2 |

Comment: There were no requirements in the previous Brand Performance Check report.

Evaluation

Possible Points: 2

Earned Points: 2

Recommendations to Fair Wear

-Takko recommends Fair Wear to establish a local team in Pakistan

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Scoring Overview

| Category | Earned | Possible |
|--------------------------------|--------|----------|
| Purchasing Practices | 23 | 52 |
| Monitoring and Remediation | 26 | 31 |
| Complaints Handling | 8 | 11 |
| Training and Capacity Building | 5 | 5 |
| Information Management | 7 | 7 |
| Transparency | 6 | 6 |
| Evaluation | 2 | 2 |
| Totals: | 77 | 114 |

| Benchmarking Score (earned points divided by possible points) |
|---|
| 68 |

| Performance Benchmarking Category |
|-----------------------------------|
| Good |

Brand Performance Check details

Date of Brand Performance Check:

27-06-2022

Conducted by:

Wilco van Bokhorst

Interviews with:

Tjeerd Jegen, Executive Chairman

Radek Sorcik, Senior Director Purchase, Quality Management & CSR

Patricia Tilinski, Komm. Team Leader Procurement Compliance

Pia Langhals, Coordinator Procurement Compliance

Heike 't Hart, Procurement Compliance

Nancy Shan, General Manager China

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

Christina Scholz, PR Manager

Ute Koehnsen, Team Leader Cash Management and Letter of Credit

Katrin Meindl, Specialist Support