



BRAND PERFORMANCE CHECK

Takko Holding GmbH

PUBLICATION DATE: JANUARY 2017

this report covers the evaluation period 01-05-2015 to 31-01-2016

ABOUT THE BRAND PERFORMANCE CHECK

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

FWF's Brand Performance Check is a tool to evaluate and report on the activities of FWF's affiliate members. The Checks examine how affiliate management systems support FWF's Code of Labour Practices. They evaluate the parts of affiliate 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 factories, and most factories work for many different brands. This means that in most cases FWF affiliates have influence, but not direct control, over working conditions. As a result, the Brand Performance Checks focus primarily on verifying the efforts of affiliates. Outcomes at the factory level are assessed via audits and complaint reports, however the complexity of the supply chains means that even the best efforts of FWF affiliates cannot guarantee results.

Even if outcomes at the factory level cannot be guaranteed, the importance of good management practices by affiliates cannot be understated. Even one concerned customer at a factory 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 factory can demonstrate that improvements are possible, other customers no longer have an excuse not to act. The development and sharing of these types of best practices has long been a core part of FWF's work.

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

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

BRAND PERFORMANCE CHECK OVERVIEW

Takko Holding GmbH

Evaluation Period: 01-05-2015 to 31-01-2016

AFFILIATE INFORMATION	
Headquarters:	Friedrichsdorf and Telgte, Germany
Member since:	01-10-2011
Product types:	Fashion
Production in countries where FWF is active:	Bangladesh, Bulgaria, China, India, Turkey
Production in other countries:	Cambodia, Indonesia, Italy, Myanmar, Pakistan, Poland, Portugal, Serbia, Sri Lanka
BASIC REQUIREMENTS	
Workplan and projected production location data for upcoming year have been submitted?	Yes
Actual production location data for evaluation period was submitted?	Yes
Membership fee has been paid?	Yes
All suppliers have been notified of FWF membership?	Yes
SCORING OVERVIEW	
% of own production under monitoring	93%
Benchmarking score	60
Category	Good

Summary:

Takko met most FWF's management system requirements to improve working conditions. Takko monitored 93% of its total purchasing volume, which is above the 90% required of brands in 3+ years of membership. Combined with a benchmarking score of 58, this places Takko in the 'Good' category.

With a process of consolidation of the supplier base, it is noted that the total FOB volume from suppliers with which Takko enjoys a long-term business relation exceeding five years has increased slightly to 51%. Takko is an important buyer (leverage above 10%) for suppliers that account for 65% of Takko's total purchasing volume. While total number of Takko suppliers further decreased during the previous financial year, Takko still has a large number of suppliers at which it has very low leverage (less than 2 %) in the tail of its supply base. Takko is recommended to continue efforts to reduce this group.

FWF compared the quality of Takko audit reports with FWF audits at the same locations in the same period. It was found that generally the reports are of good quality, but often lack specific information regarding living wages (focus is on legal minimum wage) and information regarding excessive overtime is often not in line with the FWF audits. It is recommended to arrange a training of Takko compliance staff by FWF and arrange a process of intervision, with FWF audit supervisor joining some of the Takko audits. Takko is also recommended to arrange for off-site worker interviews as an important source of information prior to on-site audit visits.

Thanks to its local offices in South East Asia, Takko is frequently auditing its suppliers and is able to actively remediate complaints and audit findings. However, in high-risk countries where Takko has no local presence (including Turkey, Pakistan and Myanmar), monitoring and follow-up is less strong.

Generally speaking, the use of agents in sourcing decisions often reduces leverage of the brand to directly address labour conditions. Long term business relations and adequate attention to labour conditions may not always be a determining factor in the sourcing decisions of agents. Takko is mitigating this risk by working very closely with its agents. Agents are only allowed to place orders at a pool of pre-approved suppliers. New suppliers need to be approved first and need to have either a BSCI or Takko audit. Depending on the results of these audits, Takko will approve new suppliers. Local Takko teams are following up on quality or social compliance directly and regularly with the factory, which means it has a good understanding of the production locations and can exercise leverage to work effectively on remediation.

In its monitoring, Takko needs to pay more attention to address excessive overtime and it needs to develop a pricing policy where the company staff knows that their prices are allowing for the payment of at least legal minimum wages in production countries, which means labour costs per product should be known. Finally, it is recommended to involve more suppliers in the WEP programme.

PERFORMANCE CATEGORY OVERVIEW

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

Good: It is FWF's belief that affiliates who are making a serious effort to implement the Code of Labour Practices—the vast majority of FWF affiliates—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 affiliates will receive a 'Good' rating.

Needs Improvement: Affiliates 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. Affiliates 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: Affiliates 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. Affiliates 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
1.1 Percentage of production volume from suppliers where affiliate buys at least 10% of production capacity	72%	Affiliates with less than 10% of a factories' production capacity generally have limited influence on factory managers to make changes.	Supplier information provided by affiliate.	3	4	0

Recommendation: FWF recommends Takko to continue to consolidate its supplier base where possible, with a focus on reducing the 'tail' of production locations with low leverage, while increasing leverage at main supplier(s) to effectively request improvements of working conditions.

Comment: During the last financial year, Takko has sourced from 320 active suppliers. This represents a significant decrease from the previous financial year, which shows 410 active supplies; demonstrating that Takko has made further steps to consolidate its supplier base. Nonetheless, Takko still has a large number of suppliers at which it has very low leverage (less than 2 %) in the tail of its supply base.

Takko is an important buyer (leverage above 10%) for suppliers that account for 65% of Takko's total purchasing volume. Takko's strategy is not to go beyond 40% of the production capacity at its suppliers in order to manage business risks from both sides.

1.2 Percentage of production volume from suppliers where a business relationship has existed for at least five years	48%	Stable business relationships support most aspects of the Code of Labour Practices, and give factories a reason to invest in improving working conditions.	Supplier information provided by affiliate.	2	4	0
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Recommendation: FWF recommends Takko to maintain stable business relationships with suppliers. Long term relationships support most aspects of the Code of Labour Practices, and give factories a reason to invest in improving working conditions.

Comment: With a process of consolidation of the supplier base, it is noted that the total FOB volume from suppliers with which Takko enjoys a long-terms business relation exceeding five years has increased slightly to 51%. However, looking at the total number of suppliers, we find that two-third (67%) of Takko's 300+ suppliers produce less than 5 years for Takko.

1.3 All new suppliers are required to sign and return the Code of Labour Practices before first orders are placed.	Yes	The CoLP is the foundation of all work between factories and brands, and the first step in developing a commitment to improvements.	Signed CoLPs are on file.	2	2	0
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Comment: During the performance check a sample check was done, for all randomly chosen suppliers Takko could show proof of the signed Code.

1.4 Company conducts human rights due diligence at all new suppliers before placing orders.	Yes	Due diligence helps to identify, prevent and mitigate potential human rights problems at new suppliers.	Documentation may include pre-audits, existing audits, other types of risk assessments.	4	4	0
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Comment: Generally speaking, the use of agents in sourcing decisions often reduces leverage of the brand to directly address labour conditions. Long term business relations and adequate attention to labour conditions may not always be a determining factor in the sourcing decisions of agents. Takko is mitigating this risk by working very closely with its agents. Agents are only allowed to place orders at a pool of pre-approved suppliers. New suppliers need to be approved first and need to have either a BSCI or Takko audit. Depending on the results of these audits, the CSR department will ask questions about remediation work, and, when satisfied, approve new suppliers. Buyers cannot place orders before the CSR department gives the green light and on occasion the CSR department has refused new suppliers based on collected audit reports. Local Takko teams are subsequently following up on quality or social compliance directly and regularly with the factory, which means it has a good understanding of the production locations and can exercise leverage to work effectively on remediation.

1.5 Supplier compliance with Code of Labour Practices is evaluated in a systematic manner.	Yes, and performance improvement is rewarded	A systemic approach is required to integrate social compliance into normal business processes, and supports good decisionmaking.	Documentation of systemic approach: rating systems, checklists, databases, etc.	2	2	0
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Comment: Takko has a scorecard system for all its suppliers. Suppliers are rated by different disciplines, including on quality, deadlines, prices, and also working conditions. The on-line system is accessible for all relevant staff. In case of major non-compliances at a production location, the supplier receives a red light. This temporarily blocks the supplier and all its production locations in the supplier evaluation system. No new orders can be placed during this period. Policies are in place to reduce or put on hold orders for suppliers that are not performing well on social compliance. Hence, it is likely that suppliers who do perform well, receive relatively more orders.

1.6 The affiliate's production planning systems support reasonable working hours.	General or ad-hoc system.	Affiliate production planning systems can have a significant impact on the levels of excessive overtime at factories.	Documentation of robust planning systems.	2	4	0
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Recommendation: Takko is advised to monitor the working hours of its suppliers more carefully and investigate ways to reduce excessive overtime. A good production planning system needs to be established based on the production capacity of the factory for regular working hours.

Comment: Lead times vary from 3 to 9 months. Some 45% of the orders are place with a nine month leadtime, another 45% has a median leadtime of 6-9 months while the remaining 10 % has a leadtime between 3 to 6 months. The latter is mostly used for production in Turkey.

As part of Takko's leadtime project, Takko organizes meetings with agents/suppliers from a certain product group, the Denim days or Knitted days. Production planning is key focus during such days.

When a factory cannot meet the delivery deadline, Takko will assess the reasons for late delivery. If a delay is caused by the supplier, Takko may apply a penalty. However, when the order is not urgent (Takko implements a buffer of 3 weeks), the penalty is waived if informed in advance.

Excessive overtime is a frequent finding at FWF audits in Bangladesh, which is a structural problem in the garment industry in Bangladesh. According to Takko, this is generally due to late delivery of fabric, or overbooking of production capacity by the factory.

1.7 Degree to which affiliate mitigates root causes of excessive overtime.	Intermediate efforts	Some production delays are outside of the control of affiliates; however there are a number of steps that can be taken to address production delays without resorting to excessive overtime.	Documentation of root cause analysis and positive steps taken to manage production delays or improve factory processes.	3	6	0
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Recommendation: Takko could discuss with factory management on the causes of excessive overtime and provide support to manage overtime.

Comment: FWF audits confirm that excessive overtime occurs at Takko suppliers in Bangladesh. Takko is of the opinion that the main reason for overtime is late delivery of the fabric, which means less time remains for production. Other reasons could also be strikes or quality issues.

1.8 Affiliate's pricing policy allows for payment of at least the legal minimum wages in production countries.	Country-level policy	The first step towards ensuring the payment of minimum wages - and towards implementation of living wages - is to know the labour costs of garments.	Formal systems to calculate labour costs on per-product or country/city level.	2	4	0
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Recommendation: Takko is recommended to work with its suppliers to understand better the labour costs per product. This forms the basis for ensuring enough is paid to cover at least minimum wage and for making steps towards living wages.

Comment: Prices are set based on historical data and knowledge of market prices. Takko does not do open-book costing with any of its suppliers and has no way of knowing whether the price they pay suffice for payment of legal minimum wages.

1.9 Affiliate actively responds if suppliers fail to pay legal minimum wages.	Yes	If a supplier fails to pay minimum wage, FWF affiliates are expected to hold management of the supplier accountable for respecting local labour law.	Complaint reports, CAPs, additional emails, FWF audit reports or other documents that show minimum wage issue is reported/resolved.	1	2	-2
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Comment: At a FWF audit at one of Takko's suppliers in Bangladesh, payment below legal minimum wage was found. Takko addressed this situation which, according to Takko, is now corrected. FWF will plan a re-audit next year to verify this.

1.10 Evidence of late payments to suppliers by affiliate.	No	Late payments to suppliers can have a negative impact on factories 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 factory and affiliate financial documents.	0	0	-1
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1.11 Degree to which affiliate assesses root causes of wages lower than living wages with suppliers and takes steps towards the implementation of living wages.	Basic approach	Sustained progress towards living wages requires adjustments to affiliates' policies.	Documentation of policy assessments and/or concrete progress towards living wages.	2	8	0
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Recommendation: FWF encourages Takko to discuss with suppliers about possibilities to work towards higher benchmarks. Takko could select some suppliers with higher leverage and a long term business relation to prepare a plan on steps that can be taken. To support companies in this process FWF has developed a calculation model that estimates the effect on FOB and retail prices under different pricing models.

Comment: Takko systematically discusses wage ladders, which include living wage benchmarks, in audit reports with its suppliers.

1.12 Affiliate sources from an FWF factory member.	No	When possible, FWF encourages affiliates to source from FWF factory members. On account of the small number of factories this is a 'bonus' indicator. Extra points are possible, but the indicator will not negatively affect an affiliate's score.	Supplier information provided by affiliate.	N/A	1	0
1.13 Percentage of production volume from factories owned by the affiliate.	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 affiliate's score.	Supplier information provided by affiliate.	N/A	2	0

PURCHASING PRACTICES

Possible Points: 40

Earned Points: 23

2. MONITORING AND REMEDIATION

BASIC MEASUREMENTS	RESULT	COMMENTS
% of own production under standard monitoring (excluding low-risk countries)	93%	
% of own production in low risk production countries where FWF's Low Risk policy has been implemented	0%	FWF low risk policy should be implemented. 0 = policy is not implemented correctly. N/A = no production in low risk countries.
Total of own production under monitoring	93%	Minimums: 1 year: 40%; 2 years 60%; 3 years+: 90% Measured as a percentage of turnover.

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
2.1 Specific staff person is designated to follow up on problems identified by monitoring system	Yes	Followup is a serious part of FWF membership, and cannot be successfully managed on an ad-hoc basis.	Manuals, emails, etc., demonstrating who the designated staff person is.	2	2	-2

Comment: Next to that dedicated staff at headquarters, Takko has local offices in Bangladesh, India and China to follow up on findings regarding social compliance.

2.2 Degree of progress towards resolution of existing Corrective Action Plans	Intermediate	FWF considers efforts to resolve CAPs to be one of the most important things that affiliates can do towards improving working conditions.	Documentation of remediation and followup actions taken by affiliate.	4	8	-2
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Recommendation: It is recommended to arrange a training of Takko compliance staff by FWF and arrange a process of intervision, with FWF audit supervisor joining some of the Takko audits. Takko is also recommended to arrange for off-site worker interviews as an important source of information prior to on-site audit visits.

Comment: Following an audit, local compliance staff of Takko will visit suppliers every three months to follow-up on corrective actions until the factory is audited again a year later. During the brand performance check, follow-up on corrective actions plans in FWF audit reports was verified randomly. Generally, Takko was able to explain the status of compliance for issues concerned.

As last year, FWF compared the quality of Takko audit reports with FWF audits at the same locations in the same period. It was found that generally the reports are of good quality, but often lack specific information regarding living wages (focus is on legal minimum wage) and information regarding excessive overtime is often not in line with the FWF audits. This gives the impression that Takko auditors for several locations, especially in Bangladesh, haven't been able to go beyond the official time registration documents, whereas there is often a double/triple system of records.

2.3 Percentage of production volume from suppliers that have been visited by the affiliate in the past financial year	72%	Formal audits should be augmented by annual visits by affiliate staff or local representatives. They reinforce to factory managers that affiliates are serious about implementing the Code of Labour Practices.	Affiliates should document all factory visits with at least the date and name of the visitor.	3	4	0
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Recommendation: Annual visits should be made for production sites (including subcontractors and production locations in low-risk countries). Regular visits provide the opportunities to discuss problems and corrective actions in the time period between formal audits.

Comment: Suppliers accounting for 72% of Takko's production volume have been visited by Takko. Suppliers in Turkey are generally not visited by Takko staff, only by intermediaries. Low risk countries are also not all visited by Takko staff. All other suppliers are frequently visited by local staff and occasionally by headquarter staff.

2.4 Existing audit reports from other sources are collected.	Yes and quality assessed	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.	2	3	0
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Comment: Third party audit reports, mostly BSCI, are always requested by Takko and questions are asked regarding the follow-up on corrective actions. In case only summary reports are shared, Takko will always request to receive the full report. Takko generally requests Sumations or Tuv to conduct audits in countries where it does not have a local presence.

2.5 Audit Report and Corrective Action Plan (CAP) findings are shared with factory. Improvement timelines are established in a timely manner	Yes	2 part indicator: FWF audit reports were shared and discussed with suppliers within two months of audit receipt AND a reasonable time frame was specified for resolving findings.	Corrective Action Plans, emails; findings of followup audits; brand representative present during audit exit meeting, etc.	2	2	-1
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Comment: Upon completion of an audit, the local team will send it directly to the supplier and factory. CAPs are signed by the factory with commitments as to the timelines. Takko compliance team will then follow-up every three months until the factory is audited again a year later.

2.6 High risk issues specific to the affiliate's supply chain are identified and addressed by the monitoring system.	Intermediate Capacity	Different countries and products have different risks associated with them; monitoring systems should be adapted to allow appropriate human rights due diligence for the specific risks in each affiliates' supply chain.	Documentation may take many forms; additional research, specific FWF project participation; extra monitoring activities, extra mitigation activities, etc.	3	6	0
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Recommendation: It is uncertain whether the current monitoring system of Takko for high risk country Turkey provides sufficient safeguards to mitigate against the current risks in Turkey. FWF is therefore positive about Takko's recent decision to use FWF teams to audit, and arrange WEPs, at Takko suppliers in Turkey and China.

Comment: Takko is aware of the risks in Turkey regarding Syrian refugees, eventhough it has not (yet) received any indication that the problem exists in its own supply chains in Turkey. Turkey is a relatively small production country for Takko. Takko does not have a local presence in Turkey, so it relies on agents. Before starting production, all suppliers would need to have been audited by BSCI previously or be audited, on behalf of Takko, by third-parties like Sumations or Tuv.

Takko has a specific policy on sumangali in India. In addition, it applies a policy to avoid the use of sandblasting, which is discussed with all denim suppliers.

2.6a High risk issues specific to Bangladesh are identified and addressed by the monitoring system and remediation activities.	Advanced Capacity	Affiliates sourcing in Bangladesh should take additional action to address both building and fire safety and the prevention of violence against women.	Building, electrical and fire safety inspection reports, evidence of cooperation with other customers sourcing at the same factories (Accord signatories and/or FWF affiliates), etc.	3	3	0
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Comment: Takko is a signatory of the Accord (which cannot be said for all FWF members sourcing in Bangladesh). As a result, all Takko suppliers have been inspected by the Accord. For 32 factories Takko is the lead brand for the Accord. Furthermore, most of Takko's production locations attended the FWF fire safety management workshops, as well as representatives of their intermediary business partners and local Takko compliance staff. In addition, 13 of their production locations in Bangladesh participate in the WEP trainings and have established anti harassment committees.

2.6b High risk issues specific to Myanmar are identified and addressed by the monitoring system and remediation activities.	Intermediate Capacity	Myanmar is still in the process of establishing the legal and civil society infrastructure needed to ensure compliance with labour rights. Extra care must be taken when doing business in Myanmar.	Shared CAPs, Wage Ladders per factory.	1	3	0
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Requirement: Takko is advised to study country-specific risks in Myanmar, e.g. through the recently developed FWF country study, and take adequate measures to address risks concerned. Also, it is recommended to follow the additional requirements, as contained in the enhanced monitoring programme for Myanmar. FWF member companies sourcing in Myanmar should take additional steps to:

- Avoid factories linked to the military, forced labour and/or 'land grab' practices
- Describe reasons for moving production into Myanmar
- Specify how conditions for each labour standard in Myanmar will be improved in practice
- Promote processes that enhance social dialogue in each production factory in the country, preferably select unionised factories
- Publish wage ladders per factory and cross-check with available benchmarks

Comment: Takko has a small number of suppliers in Myanmar, but has high leverage at these (80-100%). Orders are placed through an agent that is present in the country. Takko local staff in Myanmar focuses mostly on QC and do not have the capacity/skills to focus on social compliance. Audits have been conducted at these suppliers by a Takko auditor from other countries in the region. However, the lack of local audit staff limits its ability to make a thorough assessment of labour conditions including independent on-site and off-site worker interviews. As a result, it appears that these audits insufficiently identify non-compliances.

In 2015 Takko arranged training at its suppliers in Myanmar, which was aimed at building awareness of factory management and workers on the COLP and worker rights. The list of production locations of all FWF member companies in Myanmar is published on the FWF website.

2.7 Affiliate cooperates with other customers in resolving corrective actions at shared suppliers	No CAPs active or no shared suppliers.	Cooperation between customers increases leverage and chances of successful outcomes. Cooperation also reduces the changes of a factory having to conduct multiple Corrective Action Plans about the same issue with multiple customers.	Shared CAPs, evidence of cooperation with other customers.	N/A	2	-1
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2.8 Monitoring requirements are fulfilled for production in low-risk countries	No	Low risk countries are determined by the presence and proper functioning of institutions which can guarantee compliance with basic standards.	Documentation of visits, notification of suppliers of FWF membership; posting of worker information sheets, completed questionnaires.	0	2	0
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Requirement: Monitoring requirements need to be fulfilled for production in low-risk countries in order for it to be counted towards the monitoring threshold. All production sites in low-risk countries must:

- Be visited annually by affiliate representatives;
- Be informed of FWF membership and return the completed CoLP questionnaire before production orders are placed;
- Be aware of specific risks identified by FWF;
- Have the FWF Worker Information Sheet posted in local languages.

Comment: Takko has suppliers in low risk countries Portugal, Italy and Poland. Suppliers are informed of FWF membership and have returned the completed CoLP questionnaire before production orders are placed. However, no visits were conducted by Takko to all suppliers in low risk countries during the last financial year.

2.9 External brands resold by the affiliate who have completed and returned the external brand questionnaire. (% of external sales volume)	No external brands resold	FWF believes it is important for affiliates that have a retail/wholesale arm to at least know if the brands they resell are members of FWF or a similar organisation, and in which countries those brands produce goods.	Questionnaires are on file.	N/A	3	0
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2.10 External brands resold by affiliates that are members of another credible initiative. (% of external sales volume)	No external brands resold	FWF believes affiliates who resell products should be rewarded for choosing to stock external brands who also take their supply chain responsibilities seriously.	External production data in FWF's information management system. Documentation of sales volumes of products made by FWF or FLA members.	N/A	3	0
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MONITORING AND REMEDIATION

Possible Points: 33

Earned Points: 20

3. COMPLAINTS HANDLING

BASIC MEASUREMENTS	RESULT	COMMENTS
Number of worker complaints received since last check	6	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		
Number of worker complaints resolved since last check	6	

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
3.1 A specific employee has been designated to address worker complaints	Yes	Followup is a serious part of FWF membership, and cannot be successfully managed on an ad-hoc basis.	Manuals, emails, etc., demonstrating who the designated staff person is.	1	1	-1
3.2 System exists to check that the Worker Information Sheet is posted in factories	Yes	The Worker Information Sheet is a key first step in alerting workers to their rights.	Photos by company staff, audit reports, checklists from factory visits, etc.	2	2	0

Recommendation: The system is in place. However, in countries where Takko has no local staff, and limited visits by HQ staff are conducted (e.g. Myanmar, Turkey), the worker information sheets is not always posted. This needs more attention.

Comment: Auditors and visiting Takko staff always check whether the COLP is posted.

3.3 Percentage of FWF-audited factories where at least half of workers are aware of the FWF worker helpline.	55%	The FWF complaints procedure is a crucial element of verification. If factory-based complaint systems do not exist or do not work, the FWF worker helpline allows workers to ask questions about their rights and file complaints. Factory participation in the Workplace Education Programme also count towards this indicator.	Percentage of audited factories where at least 50% of interviewed workers indicate awareness of the FWF complaints mechanism + percentage of factories in WEP programme.	3	4	-2
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Comment: A total of 26 Takko suppliers have been audited by FWF. Out of these, 9 were enrolled in the WEP. An additional 12 factories, not audited by FWF, also participate in the WEP. At factories that are enrolled in the WEP it is considered that workers are aware of the FWF helpline.

3.4 All complaints received from factory 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. Affiliate involvement is often essential to resolving issues.	Documentation that affiliate has completed all required steps in the complaints handling process.	3	6	-2
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Comment: Incoming worker complaints are always addressed in accordance with the complaints procedure. However, it happened occasionally that workers called the helpline and remediation was difficult as Takko had deactivated the factory and was not recognised anymore by the factory to be a partner that can intervene.

3.5 Cooperation with other customers in addressing worker complaints at shared suppliers	No complaints or cooperation not possible / necessary.	Because most factories supply several customers with products, involvement of other customers by the FWF affiliate can be critical in resolving a complaint at a supplier.	Documentation of joint efforts, e.g. emails, sharing of complaint data, etc.	N/A	2	-2
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COMPLAINTS HANDLING

Possible Points: 13

Earned Points: 9

4. TRAINING AND CAPACITY BUILDING

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

Comment: Training for purchasing and sales staff is organized at Takko headquarters on FWF membership requirements, as well as the Accord. Local staff from India and Bangladesh were trained. New staff also receive a training/briefing upon commencement of their duties.

4.2 Ongoing training in support of FWF requirements is provided to staff in direct contact with suppliers.	Yes	Sourcing, purchasing and CSR staff at a minimum should possess the knowledge necessary to implement FWF requirements and advocate for change within their organisations.	FWF Seminars or equivalent trainings provided; presentations, curricula, etc.	2	2	0
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Comment: Purchasing staff is trained on FWF membership requirements and support remediation of corrective actions. This also applies to local staff in the production countries.

4.3 All sourcing contractors/agents are informed about FWF's Code of Labour Practices.	Yes	Agents have the potential to either support or disrupt CoLP implementation. It is the responsibility of affiliate to ensure agents actively support the implementation of the CoLP.	Correspondence with agents, trainings for agents, FWF audit findings.	1	2	-2
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Comment: Agents are actively informed about FWF membership requirements. Takko local staff also involve agents in audits and complaints remediation. Every time an agent comes to Takko headquarters, CSR is discussed.

4.4 Factory participation in Workplace Education Programme (where WEP is offered; by production volume)	13%	Lack of knowledge and skills on best practices related to labour standards is a common issue in factories. Good quality training of workers and managers is a key step towards sustainable improvements.	Documentation of relevant trainings; participation in Workplace Education Programme.	2	6	0
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Recommendation: It is recommended to involve more factories in the WEP programme, to enhance knowledge on social compliance and worker management communication.

Comment: Takko has enrolled 21 suppliers in Bangladesh and China in the WEP. It has expressed an interest to enroll more suppliers in Bangladesh, China and Myanmar in the WEP.

4.5 Factory participation in trainings (where WEP is not offered; by production volume)	14%	In areas where the Workplace Education Programme is not yet offered, affiliates may arrange trainings on their own or work with other training-partners. Trainings must meet FWF quality standards to receive credit for this indicator.	Curricula, other documentation of training content, participation and outcomes.	2	4	0
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Recommendation: All factory workers should be informed about the labour standards and the process of monitoring and remediation. In order to further communication between employers and workers in the workplace FWF recommends affiliates to ensure suppliers participate in trainings. Trainings must meet FWF quality standards to receive credit for this indicator: top management, supervisors and workers should be included in the trainings, separately. Workplace standards and dispute handling should be included in the training. At least 10-20% of the workforce must be trained, depending on the size of the factory. Worker participations should be balanced and representative.

Comment: Takko arranged a 2-day training for its suppliers in Myanmar, which account for 14% of its supplier in high risk countries where WEP is not offered.

TRAINING AND CAPACITY BUILDING

Possible Points: 15

Earned Points: 8

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 affiliates to first know all of their production locations.	Supplier information provided by affiliate. Financial records of previous financial year. Documented efforts by affiliate to update supplier information from its monitoring activities.	6	6	-2

Comment: Takko has a supplier database which can be accessed by all staff. An order for CMT production can only be given in the IT system, when it is a production location that is checked by local teams and all signed documents (CoLP/questionnaire) are received. Takko gathered from all their suppliers information on which subcontractors they use (including washing, embroidery, printing etc.) and shared that list with FWF.

In several countries Takko has local teams that are visiting the factories regularly for quality control or compliance issues. Frequent presence in factories makes it possible to monitor closely where production takes place. In countries where Takko does not have local staff, e.g. Turkey, though third-party audits need to be available, it is more difficult to conduct regular visits and thus monitor these production locations as closely as in other countries.

Takko distinguishes between main suppliers, which includes all production location where CMT takes place (even when one subcontracts to the other), and subcontractors, which includes all locations where additional tasks such as washing, printing, etc. take place. It is positive to note that in Bangladesh also the subcontractors are audited and it is verified whether worker information sheets are posted. In China, the subcontractors are not audited (yet).

5.2 A system exists to allow purchasing, CSR and other relevant staff to share information with each other about working conditions at suppliers	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
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Comment: Takko has a comprehensive supplier database which can be accessed by all staff. Information about social compliance is included in this tool. Offices in Bangladesh, China and India have access to the same system for supplier evaluation.

INFORMATION MANAGEMENT

Possible Points: 7

Earned Points: 7

6. TRANSPARENCY

PERFORMANCE INDICATORS	RESULT	RELEVANCE OF INDICATOR	DOCUMENTATION	SCORE	MAX	MIN
6.1 Communication about FWF membership adheres to the FWF communications policy	Yes	FWF membership should be communicated in a clear and accurate manner. FWF guidelines are designed to prevent misleading claims.	Logo is placed on website; other communications in line with policy. Affiliates may lose points if there is evidence that they did not comply with the communications policy.	1	1	-2

Comment: Information on the website of Takko and their social report on their FWF membership is done in correct wording.

6.2 Affiliate engages in advanced reporting activities	Yes	Good reporting by members helps to ensure the transparency of FWF's work and shares best practices with the industry.	Affiliate publishes one or more of the following on their website: Brand Performance Check, Audit Reports, Supplier List.	1	1	0
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Comment: Takko publishes its brand performance check report on its website.

6.3 Social Report is submitted to FWF and is published on affiliate's website	Published on affiliate's website	The Social Report is an important tool for affiliates to transparently share their efforts with stakeholders.	Report adheres to FWF guidelines for Social Report content.	2	2	-2
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Comment: The social report (called sourcing report) is published on the website of the company and available in different languages.

TRANSPARENCY

Possible Points: 4

Earned Points: 4

7. EVALUATION

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

Comment: CSR issues are regularly discussed at board level, including brand performance checks and sourcing report, and complaint cases as and when required. Also in meetings with investors CSR issues are discussed.

7.2 Changes from previous Brand Performance Check implemented by affiliate	0%	In each Brand Performance Check report, FWF may include requirements for changes to management practices. Progress on achieving these requirements is an important part of FWF membership and its process approach.	Affiliate should show documentation related to the specific requirements made in the previous Brand Performance Check.	-2	4	-2
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Requirement: It is required to work towards remediation of previous requirements from the last Brand Performance Check. Further engagement needs to be taken with regard to the following requirements mentioned in the last Brand Performance Check.

Comment: Two requirements were included in the last brand performance check:

- 1) Takko needs to develop a pricing policy where the member company knows the labour cost of garments and which allows the payment of at least legal minimum wages in production countries.
- 2) Monitoring requirements need to be fulfilled for production in low-risk countries in order for it to be counted towards the monitoring threshold.

No progress has been reported towards these two requirements.

EVALUATION

Possible Points: 6

Earned Points: 0

RECOMMENDATIONS TO FWF

Updates to the FWF website need to take place more swiftly, e.g. uploading of the sourcing report. Similarly, it would be great if complaints reports on the FWF website are updated more regularly. FWF is furthermore advised to share audit and WEP reports more timely.

SCORING OVERVIEW

CATEGORY	EARNED	POSSIBLE
Purchasing Practices	23	40
Monitoring and Remediation	20	33
Complaints Handling	9	13
Training and Capacity Building	8	15
Information Management	7	7
Transparency	4	4
Evaluation	0	6
Totals:	71	118

BENCHMARKING SCORE (EARNED POINTS DIVIDED BY POSSIBLE POINTS)

60

PERFORMANCE BENCHMARKING CATEGORY

Good

BRAND PERFORMANCE CHECK DETAILS

Date of Brand Performance Check:

12-09-2016

Conducted by:

Koen Oosterom and Erica van Doorn

Interviews with:

Diana Wagner
Inga Schürhörster
Patricia Zülch
Alexander Mattschull

Audit Summary:

Publication of the audit summary section previously included in Brand Performance Checks has been suspended while Fair Wear Foundation develops a new information system to manage and summarize the data.