



Brand Performance Check

PAPTEX Textilhandels GmbH

Publication date: August 2020

This report covers the evaluation period 01-01-2019 to 31-12-2019

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.

Brand Performance Check Overview

PAPTEX Textilhandels GmbH

Evaluation Period: 01-01-2019 to 31-12-2019

Member company information	
Headquarters:	Dornbirn , Austria
Member since:	2016-01-01
Product types:	Home textiles
Production in countries where Fair Wear is active:	China, India, Romania, Turkey
Production in other countries:	Austria, Germany
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	90%
Benchmarking score	73
Category	Good

Disclaimer

This performance check was conducted amidst the COVID-19 outbreak in 2020. Due to travel restrictions in 2020, the assessment methodology for this check was modified to adapt to an online version.

While the performance check does cover all indicators, Fair Wear was not able to cross-check information with the member company's other departments to the extent it would normally do. This may have led to shorter descriptions/comments in the report. We have taken additional measures to ensure the scores are still inclusive and representative of the performance/progress made: more documentation was requested from the member during the preparation phase and other staff members were interviewed to score a specific indicator, where necessary. Furthermore, due to our improved data management system, Fair Wear was able to better track and document progress, mitigating much of the disadvantage of a remote performance check.

This modified version was applied consistently to all members' performance checks starting their financial year in 2019 in order to maintain fair and comparable data.

Fair Wear will evaluate the members' response to the Corona-crisis in the performance check about the financial year starting in 2020. For members having financial years starting in April or later, parts of their response can already be reflected in the current performance check report, although their overall response will be evaluated in the next performance check.

Summary:

Paptex has met most of Fair Wear's performance requirements. It monitored 90% of its total purchasing volume, which is well above the 80% required by members after three years of membership. The benchmarking score of 73 places Paptex in the 'Good' category.

In 2019, Paptex improved its efforts to identify all production locations. It added its subcontractors in its monitoring system and put policies in place to control the use of subcontractors by its suppliers. The member brand was also very active in training workers on the Code of Labour Practices as well as worker representation.

Paptex also made considerable efforts regarding the topic of living wage. Fair Wear encourages Paptex to start implementing its target wage and demonstrate further knowledge on the link between the buying prices and wage levels in its main production location where it has significant leverage.

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.	88%	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: Paptex has two key suppliers located in Turkey and China that make up the largest part of its production volume. 88% of Paptex' production volume comes from production locations where it buys at least 10% of the production capacity. This is lower compared to last year as the brand has added its subcontractors to Fair Wear's database.

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.	8%	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.	3	4	0

Comment: 8% of the production volume comes from locations where Paptex buys less than 2% of its total FOB. This is the case for 9 out of 17 of Paptex' active suppliers. Compared to last year the percentage has increased slightly as Paptex added its subcontractors to the database.

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.	90%	Stable business relationships support most aspects of the Code of Labour Practices, and give production locations a reason to invest in improving working conditions.	Supplier information provided by member company.	4	4	0

Comment: Paptex has a longstanding relationship with 8 out of its 17 suppliers that take up 90% of its production volume. Paptex prefers to work in longterm business relationships, as it takes time to build the trust needed to work together with suppliers on implementing the CoLP.

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: Paptex uses a checklist that describes the different steps the company takes before placing orders at new suppliers. Making sure the signed questionnaire is sent back is one of the requirements for placing orders. In 2019, all questionnaires were returned by Paptex' suppliers.

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: Paptex' production predominantly takes place in Turkey, China, and India. Paptex does not want to move large parts of its production to other countries, as it feels it can limit non-compliance risks in its current sourcing countries because of its knowledge of country-specific risks.

As of 2018, Paptex works with a checklist which describes the steps before placing orders. Firstly the product quality needs to be sufficient. Before moving further, Paptex checks if the supplier has a BSCI or SA8000 audit and checks the most urgent issues in the production locations. If these two steps are fulfilled, the member brands checks if it can work towards a long term relationship. To enable this, Paptex needs to be able to influence working conditions (sufficient leverage) and be granted direct contact with management. Next in the process is the communication of the commitment through the Fair Wear membership. If agreed the Fair Wear questionnaire signed and Fair Wear Worker information sheets (WIS) are posted. The CEO has the final say regarding sourcing decisions. These decisions are influenced by the potential compliance of new suppliers with the CoLP, but this is done in an informal, intuitive way, and is not included in a policy. During the Brand Performance Check, Paptex was able to show that it follows this process for new suppliers. However, for some longer existing relationships with suppliers in low-risk countries the process wasn't finalised.

In the checklist, high and low-risk countries are defined. Paptex uses FWF country studies and experiences from other stakeholders in the field, e.g. other companies that have already worked with a potential supplier, to get insight into potential non-compliance risks. Audit findings which are country-specific are also taken into account in this process. Furthermore, the level of transparency and suppliers' response to the questionnaire is also taken into account in sourcing decisions. If financially possible, Paptex visits potential suppliers and uses Fair Wear's checklist for supplier visits to assess working conditions.

In 2019, the company did not add new steps in its process but focussed on the implementation of its due diligence process.

Performance indicators	Result	Relevance of Indicator	Documentation	Score	Max	Min
1.5 Production location compliance with Code of Labour Practices is evaluated in a systematic manner.	Yes, and leads to production decisions	A systemic approach is required to integrate social compliance into normal business processes, and supports good decisionmaking.	Documentation of systemic approach: rating systems, checklists, databases, etc.	2	2	0

Comment: In 2019, Paptex developed a supplier evaluation system. The member brand has developed one for daily business and one for evaluating compliance with Fair Wear's Code of Labour Practices. The scorecards are annually shared with suppliers. If a supplier performs well, the member brand will consider higher orders and (further) joint investments in the production location. When a supplier is underperforming in terms of social compliance this could lead to lower orders and eventually an exit by the member brand.

Recommendation: As it is not always possible to reward suppliers with more volumes, PAPTEX could look into other incentives that reward supplier's commitment towards the CoLP. An example would be to offer training for skill building/capacity development, placing more NOS styles.

PAPTEX is encouraged to make more explicit how social compliance in the supplier rating system in which quality, relationship, price, and planning are assessed is weighted and how compliance with CoLP leads to production decisions.

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: Since 2018 Paptex has changed its production planning. Customers give 6 instead of 3 monthly forecasts. Paptex' stock data is shared with customers and taken into account in the forecasts. Customers know that lead times for stitching departments are between 6 and 8 weeks and they agreed to always provide their forecast.

Production lead times are set together with suppliers. In China, this is between 8 and 13 weeks, in Turkey, this is between 6 and 8 weeks. For some orders, standard lead times are used, and reorders have lead times of 2 weeks. In order to increase lead times, Paptex places orders as early as possible, even when it has not received all details from its customer. Paptex works with two seasons; spring and autumn. In general Paptex places stable orders at its suppliers.

Paptex has an advanced production planning with its main supplier in Turkey. This enabled Paptex to start placing orders that fill production gaps at its supplier. Furthermore, Paptex prefinances fabrics at its main supplier in order to prevent overtime as a result of delays in the delivery of fabric. Paptex does not check whether the money is actually used for the raw materials but trusts its supplier to work according to this agreement. To prevent short lead times due to delays in the delivery of inputs in China, Paptex tries to work with suppliers that work with partners that have these inputs in stock.

After order placement, there are several checks (order of fabric, delivery of fabric, start production, shipment) to ensure the production is going according to plan. Furthermore, Paptex is in constant contact with its suppliers about the order statuses and possible delays. In case of delays, Paptex tries to agree with its customers on a later delivery date or limits transportation time by using train- or airfreight. Costs of delays are usually shared among the supplier, Paptex and the customer.

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 general Paptex addresses overtime problems with its suppliers, tries to find to root causes and works together with suppliers towards solutions. In its main production facility in Turkey, the member brand has intensive contact with the supplier through a 'traffic light' indicating the production planning to be too busy to sufficient, which reduces the risk of overtime as Paptex gets the opportunity to reschedule their production if needed.

In general, Paptex' Chinese suppliers account for the majority of its excessive overtime. Although Paptex has raised the issue with its Chinese intermediaries and suppliers, but it has had limited effect on the behaviour of its suppliers in relation to excessive overtime. Paptex found out that migrant workers in China often want to work excessive overtime. Since then, Paptex recommends suppliers to work with local employees as much as possible. According to factory management, local workers are less eager to work overtime, as they have a family to spend time with. Furthermore, to attract local workers, suppliers have to raise their wages, which reduces the need to work more overtime in order to earn enough money to cover for daily expenses.

Recommendation: Paptex is encouraged to look into its own role in causing excessive overtime and assess how to support its suppliers in the mitigating process. If necessary, Paptex could hire local experts to analyse root cause of excessive overtime in cooperation with the suppliers. FWF could recommend qualified persons upon request.

Performance indicators	Result	Relevance of Indicator	Documentation	Score	Max	Min
1.8 Member company can demonstrate the link between its buying prices and wage levels in production locations.	Intermediate	Understanding the labour component of buying prices is an essential first step for member companies towards ensuring the payment of minimum wages – and towards the implementation of living wages.	Interviews with production staff, documents related to member's pricing policy and system, buying contracts.	2	4	0

Comment: After last year's brand performance check, Paptex started to research the link between the product costs and the wages of the workers at their largest production facility. The member brand wanted to create an overview about production time and productivity per item. However, the project didn't provide the right information as it turned out the tracking of each step manipulated the correct process. Workers were unwilling to document every step a product goes through from cutting to packaging, as this hindered them in their work and they felt stressed. Although workers did not fill in the sheets as anticipated, the observations by Paptex have led to the decision to restructure the production process flow and set-up. The company also invested in this improvement.

Paptex buys finished products at its suppliers. For the majority it was able to show that it knows the costs of the accessories and material costs. In case the member brand has to negotiate prices, it bargains on the based on raw material, stock optimization and less or simpler packaging and accesories. With its two main suppliers, the member brand has built a relation built on trust that allows the suppliers to speak up when prices paid by Paptex do not suffice a sustainable business operation. Nevertheless, the brand was not able to show that it can isolate the labour costs in their product costing; a crucial element to demonstrate the link between wage levels and the product costs. Its main Turkish supplier participated in Fair Wear supplier seminar about Labour Minute Costing & Product costing in December 2019. The brand is currently following up on this training but was not able to show results of this training in 2019.

Requirement: PAPTEX 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.

Recommendation: PAPTEX is recommended to work on increased transparency in costing and productivity to get more insight in 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.

PAPTEX could provide suppliers who don't use open costing, training on product costing and how to quote prices including (direct and indirect) labour costs.

Performance indicators	Result	Relevance of Indicator	Documentation	Score	Max	Min
1.9 Member company actively responds if production locations fail to pay legal minimum wages and/or fail to provide wage data to verify minimum wage is paid.	Yes	If a supplier fails to pay minimum wage or minimum wage payments cannot be verified, 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 2019, one issue was found during an an audit at a Chinese supplier in which 5 workers were paid below the legal minimum wage. The follow up on this issue still takes place. As the supplier has not been able to solve the issue so far, the member brand has decided to limit further expansion at this production location.

Other audit findings relate to payment of overtime premiums and paid leaves of workers at Chinese locations. These were followed up by the member brand.

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

Performance indicators	Result	Relevance of Indicator	Documentation	Score	Max	Min
1.10 Evidence of late payments to suppliers by member company.	No	Late payments to suppliers can have a negative impact on production locations and their ability to pay workers on time. Most garment workers have minimal savings, and even a brief delay in payments can cause serious problems.	Based on a complaint or audit report; review of production location and member company financial documents.	0	0	-1

Performance indicators	Result	Relevance of Indicator	Documentation	Score	Max	Min
1.11 Degree to which member company assesses and responds to root causes for wages that are lower than living wages in production locations.	Intermediate	Assessing the root causes for wages lower than living wages will determine what strategies/interventions are needed for increasing wages, which will result in a systemic approach	Evidence of how payment below living wage was addressed, such as: Internal policy and strategy documents, reports, correspondence with factories, etc	4	6	0

Comment: Paptex tries to actively involve its main Turkish supplier into the process of working towards living wages based on a trust relation. In this way, it wants to ensure that all extra money the supplier would receive, actually goes to the workers. One example in 2019 was an order which forced the Turkish supplier to run overtime. Paptex paid an overtime bonus to the factory for which they were able to pay a bonus to the workers whom had made the overtime.

Paptex uses the FWF Wageladder to get more insight into the different wage benchmarks. Furthermore, for China, it calculated the industry average wage, based on wage data it received from the Chinese counsel.

Paptex is aware that none of its suppliers pays a living wage. Paptex discussed the gap between current wages and living wage benchmarks with supplier management in both Turkey and China. The Turkish supplier found the living wage benchmarks too high, and the Chinese supplier did not react in a transparent way.

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

Fair Wear encourages PAPTEX to involve worker representatives and local organisations in assessing root causes of wages lower than living wages. It is advised that the outcomes of the root cause analysis are discussed internally and with top management, to form a basis for an embedded strategy.

Performance indicators	Result	Relevance of Indicator	Documentation	Score	Max	Min
1.12 Percentage of production volume from factories owned by the member company (bonus indicator).	None	Owning a supplier increases the accountability and reduces the risk of unexpected CoLP violations. Given these advantages, this is a bonus indicator. Extra points are possible, but the indicator will not negatively affect an member company's score.	Supplier information provided by member company.	N/A	2	0

Performance indicators	Result	Relevance of Indicator	Documentation	Score	Max	Min
1.13 Member company determines and finances wage increases.	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: Paptex feels that reaching a living wage at its suppliers is not reasonable. Therefore, it aims for setting a lower target wage together at its main suppliers. In 2019, Paptex agreed on a target wage with its main Turkish suppliers. The increased target wage will be paid for by efficiency gains (in stock of raw materials and packaging materials) which were established in discussion between the brand and supplier. The member brand also invested in these efficiency gains.

Requirement: Paptex should analyse what is needed to increase wages and develop a strategy to finance the costs of wage increases.

Recommendation: 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.

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: The established target wage has not yet been paid to workers of its main Turkish supplier.

Recommendation: We encourage PAPTEX to show that discussions and plans for wage increases have resulted in the payment of a target wage.

Purchasing Practices

Possible Points: 52

Earned Points: 34

2. Monitoring and Remediation

Basic measurements	Result	Comments
% of production volume where approved member own audit(s) took place.	0%	
% of production volume where approved external audits took place.	0%	
% of production volume where Fair Wear audits took place.	89%	
% of production volume where an audit took place.	89%	
% of production volume where monitoring requirements for low-risk countries are fulfilled.	1%	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	
Total monitoring threshold:	90%	Measured as percentage of production volume (Minimums: 1 year: 40%; 2 years 60%; 3 years+: 80-100%)

Comment: The CSR manager is responsible to follow up on problems identified by the monitoring system.

Performance indicators	Result	Relevance of Indicator	Documentation	Score	Max	Min
2.2 Quality of own auditing system meets FWF standards.	Member makes use of FWF audits and/or external audits only	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.	N/A	0	-1

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: Audit reports and Corrective Action Plan (CAP) findings are shared on time with factory management. For one audit in China, Paptex followed up via the agent as there's no direct contact with the Chinese factory management.

At Paptex' main supplier in Turkey, the worker representative was present during the audit. At other suppliers, worker representatives are not systematically involved in the audit process yet.

Recommendation: Before an audit takes place, PAPTEX is recommended to check with the supplier whether worker representatives are active. In this way, they can be involved from the start of an audit and be invited for the audit opening and exit meeting. 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: Paptex systematically addresses CAP follow up. The CSR manager keeps track of remediation statuses of the CAP findings. CAP findings are prioritised by Paptex and follow-up is discussed with suppliers via email. Furthermore, the CSR manager and CEO discuss the follow-up of CAPs with their suppliers during on-site visits. CAP status and relevant correspondence on the findings are documented and if possible supported by photos. Paptex uses a traffic light system in every CAP report to indicate the status of each finding. During the Brand Performance Check, Paptex could demonstrate on-going follow-up of CAPs at various suppliers. At several suppliers, Paptex organised Workplace Education Programmes (WEPs) as a result of audit findings. Paptex sees CAP follow-up as a shared responsibility between them and the suppliers.

Recommendation: It is advised to include worker representation in the remediation process. Either to engage workers in identifying and implementing improvements or to verify realised improvements.

Fair Wear also recommends PAPTEX to gradually ensure factories establish independent worker representation and involve these representatives in monitoring and remediation of findings.

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.	96%	Formal audits should be augmented by annual visits by member company staff or local representatives. They reinforce to production location managers that member companies are serious about implementing the Code of Labour Practices.	Member companies should document all production location visits with at least the date and name of the visitor.	4	4	0

Comment: In 2019, Paptex representatives visited production locations responsible for 94% of its production volume. During these visits working conditions have been discussed. Paptex uses the Fair Wear OHS checklist for supplier visits and stores all photos and discussion outcomes of a visits on its server.

Performance indicators	Result	Relevance of Indicator	Documentation	Score	Max	Min
2.6 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

Comment: In general, Paptex uses BSCI and SA8000 audits to get a general impression of the working conditions and level of transparency at suppliers and follows-up on severe findings if there are any. Paptex' suppliers had BSCI and SA8000 audits conducted of which Paptex assessed the quality of the report. Paptex did not actively follow-up on these audits as most suppliers are also regularly audited by Fair Wear.

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	Policies are not relevant to the company's supply chain			N/A	6	-2
Compliance with FWF Myanmar policy	Policies are not relevant to the company's supply chain			N/A	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	Advanced			6	6	-2
Other risks specific to the member's supply chain are addressed by its monitoring system	Intermediate			3	6	-2

Comment: Paptex sources in Turkey and is aware of the risks related to Turkish garment factories employing Syrian refugees. It discusses these risks with its main supplier on a regular basis. The factory management guaranteed Paptex that no Syrian migrant employees were working at the factory. According to the management, this was not an issue in their city. Paptex explained to its supplier that it is no problem to employ Syrian workers, but that these have to be treated the same as other employees. Because of the extra non-compliance risks related to Syrian migrant workers, Paptex decided not to start working with new suppliers in Turkey. The employment of Syrian refugees was discussed during supplier visits.

In China, Paptex actively tries to mitigate risks of excessive overtime, casual workers, and unauthorised subcontracting. These issues have been discussed directly with its suppliers as well as with the agent.

Paptex is aware of the risk of gender-based violence in India and discussed FWF's requirements with the supplier in India which it is planning to increase business with.

Recommendation: Knowing the country specific risks facilitates the starting point for discussing this with suppliers. Member companies can agree on additional commitments that are required to mitigate risks. PAPTEX can provide additional measures for support and integrate that in the monitoring system.

Performance indicators	Result	Relevance of Indicator	Documentation	Score	Max	Min
2.8 Member company cooperates with other FWF member companies in resolving corrective actions at shared suppliers.	No CAPs active, no shared production locations or refusal of other company to cooperate	Cooperation between customers increases leverage and chances of successful outcomes. Cooperation also reduces the chances of a factory having to conduct multiple Corrective Action Plans about the same issue with multiple customers.	Shared CAPs, evidence of cooperation with other customers.	N/A	2	-1

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.	60%	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

Performance indicators	Result	Relevance of Indicator	Documentation	Score	Max	Min
Member undertakes additional activities to monitor suppliers.	No			0	1	0

Comment: Paptex sources at four suppliers in low-risk countries, responsible for 1% of its total production volume. Only one supplier has returned the signed CoLP, posted the WIS and has been visited by Paptex. As these are the Fair Wear monitoring requirements for low-risk locations, only the production volume of this production location counts towards the monitoring threshold.

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).	No	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.	N/A	2	0

Comment: In 2018 and 2019, Paptex conducted two Fair Wear audits in tail-end production locations. But since it does not meet the monitoring requirements for all its tail-end production, it cannot earn points for this indicator.

Performance indicators	Result	Relevance of Indicator	Documentation	Score	Max	Min
2.11 Questionnaire is sent and information is collected from external brands resold by the member company.	No external brands resold	Fair Wear believes it is important for affiliates that have a retail/wholesale arm to at least know if the brands they resell are members of Fair Wear or a similar organisation, and in which countries those brands produce goods.	Questionnaires are on file.	N/A	2	0

Performance indicators	Result	Relevance of Indicator	Documentation	Score	Max	Min
2.12 External brands resold by member companies that are members of another credible initiative (% of external sales volume).	No external brands resold	Fair Wear believes members who resell products should be rewarded for choosing to sell external brands who also take their supply chain responsibilities seriously and are open about in which countries they produce goods.	External production data in Fair Wear's information management system. Documentation of sales volumes of products made by Fair Wear or FLA members.	N/A	3	0

Performance indicators	Result	Relevance of Indicator	Documentation	Score	Max	Min
2.13 Questionnaire is sent and information is collected from licensees.	No licensees	Fair Wear believes it is important for member companies to know if the licensee is committed to the implementation of the same labour standards and has a monitoring system in place.	Questionnaires are on file. Contracts with licensees.	N/A	1	0

Monitoring and Remediation

Possible Points: 27

Earned Points: 21

3. Complaints Handling

Basic measurements	Result	Comments
Number of worker complaints received since last check.	0	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.	0	
Number of worker complaints resolved since last check.	0	

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: Paptex has assigned a specific employee to address 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: Paptex works with a spreadsheet with all its suppliers, indicating whether the WIS has been posted or not and stores pictures of posted WISs on its server. During visits, Paptex or its agent checks whether the WIS is posted. The WIS is posted at Paptex main suppliers but is missing for six other suppliers. Paptex is not planning to continue business with most of these suppliers. Some were only used for sampling, others are not showing enough progress towards implementing the CoLP. One of the suppliers refusing to post the WIS is producing rather specialised cushion fillings for Paptex. In general, Paptex showed persistent follow-up on the missing WISs and keeps the discussion going with the suppliers it continues to work with.

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.	28%	After informing workers and management of the Fair Wear CoLP and the complaints hotline, additional awareness raising and training is needed to ensure sustainable improvements and structural worker-management dialogue.	Training reports, Fair Wear's data on factories enrolled in the WEP basic module. For alternative training activities: curriculum, training content, participation and outcomes.	4	6	0

Comment: Between 2017 and 2019, four of Paptex' suppliers, accounting for 28% of its production volume in high-risk countries, participated in FWF's Workplace Education Programme (WEP) basic module. These production locations were all located in China. For its main production location in Turkey, Paptex chose to have a training that falls under the transformative trainings (see indicator 4.4.).

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.	No complaints received	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.	N/A	6	-2

Performance indicators	Result	Relevance of Indicator	Documentation	Score	Max	Min
3.5 Cooperation with other customers in addressing worker complaints at shared suppliers.	No complaints or cooperation not possible / necessary	Because most production locations supply several customers with products, involvement of other customers by the 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.	N/A	2	0

Complaints Handling

Possible Points: 9

Earned Points: 7

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: Paptex is a small company and informed all staff about Fair Wear when its membership started in 2016. From then on, all staff is made aware of Fair Wear membership, during internal meetings, via emails, and documents on its server.

Recommendation: It is advised to develop a standard procedure for all new employees to get familiar with Fair Wear membership. Fair Wear has material available that can be used to inform (sales) staff.

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: The CSR manager have attended the Fair Wear member seminar and/or member stakeholder meetings. All other staff in direct contact with suppliers is informed about the Fair Wear requirements by the CFO, CSR manager and the CEO. They also inform their main suppliers about the outcomes of the Brand Performance Check.

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	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.	1	2	0

Comment: Paptex works with agents for a few of its production locations. The agents are aware of the Fair Wear Code of Labour Practices. They play a crucial role in CAP remediation and organising WEPs as these agents are Paptex' main point of contact to the factory. Paptex remains to have issues with its agent in China in terms of communication. This hindered CAP remediation, and the implementation of the CoLP.

Recommendation: Fair Wear recommends the member to actively train their sourcing contractors/agents on monitoring and remediating gender-related problems and 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.	30%	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.	4	6	0

Comment: Paptex had their main Turkish supplier participate in a WEP Factory Dialogue.

Recommendation: Fair Wear recommends PAPTEX to follow up on the initial training by establishing functional worker committees with a step-by-step approach and organise multiple follow-up sessions spread over several months and strengthen herewith internal grievance mechanisms. The training outline should have a worker-centered approach and focus on behavioural and structural change to improve working conditions for the long term, such as gender based violence and worker-management dialogue. To this end, PAPTEX can make use of Fair Wear's WEP Communication or Violence and Harassment Prevention modules or implement advanced training through external training providers or brand staff. Non-Fair Wear training must follow the standards outlined in Fair Wear's guidance and checklist available on the Member Hub.

Performance indicators	Result	Relevance of Indicator	Documentation	Score	Max	Min
4.5 Degree to which member company follows up after a training programme.	Active follow-up	After factory-level training programmes, complementary activities such as remediation and changes on brand level will achieve a lasting impact.	Documentation of discussions with factory management and worker representatives, minutes of regular worker-management dialogue meetings or anti-harassment committees.	2	2	0

Comment: The WEP Factory Dialogue was taken along in the CAP follow-up and visits to the supplier. Roles and responsibilities of the worker representatives have been further elaborated. During visits at the supplier, the worker representation is also included.

Training and Capacity Building

Possible Points: 13

Earned Points: 10

5. Information Management

Performance indicators	Result	Relevance of Indicator	Documentation	Score	Max	Min
5.1 Level of effort to identify all production locations.	Intermediate	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.	3	6	-2

Comment: In 2019, Paptex introduced a subcontracting policy which states that outsourcing is an option but it should be announced beforehand. The policy includes suppliers as well as agents. In Turkey and India the company has made significant efforts to identify all suppliers.

In addition to this, shipment locations are always checked upon arrival of the goods. Furthermore, Paptex has a good idea what the technical possibilities are for each production location. If a supplier provides a technique which they don't have in-house, Paptex will notice.

Recommendation: Members are advised to develop a systematic approach to complete the production location list. Part of the approach can be:

1. Automatically include information from the questionnaire, audit reports and complaints
2. Business relationships with agents include transparency of production locations.
3. Agreements with factories on the use of subcontractors stating clearly that when subcontractors are used, they are included in the monitoring system and information is shared on the subcontracted production process.

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: For each supplier, Paptex stores all relevant documents on the server. Other information on the compliance status of suppliers is shared among relevant staff verbally, in an informal way. Audit reports are sent by email to all relevant staff.

Information Management

Possible Points: 7

Earned Points: 4

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: Paptex communicates about Fair Wear at its website, brochures, shops and on social media. Paptex has third-party retailers selling its goods and ensures that they follow Fair Wear's communication policy by visiting their stores and checking their websites.

Performance indicators	Result	Relevance of Indicator	Documentation	Score	Max	Min
6.2 Member company engages in advanced reporting activities.	Published Brand Performance Checks, audit reports, and/or other efforts lead to increased transparency.	Good reporting by members helps to ensure the transparency of 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.	1	2	0

Comment: Paptex publishes Brand Performance Check reports on its website. In 2019, the company has signed Fair Wear's new transparency policy, which allows Fair Wear to show the production locations of Paptex at an aggregated level.

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: Paptex shared its social report with Fair Wear and posted it on its website.

Transparency

Possible Points: 6

Earned Points: 5

7. Evaluation

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

Comment: The CEO and CFO are actively involved with Paptex' Fair Wear membership and evaluate on a regular, but ad hoc, basis. Supplier feedback is taken into account in these evaluations. The Brand Performance Check report is used to set priorities, as well as for input to the sourcing strategy and the Fair Wear workplan.

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.	50%	In each Brand Performance Check report, Fair Wear may include requirements for changes to management practices. Progress on achieving these requirements is an important part of Fair Wear membership and its process approach.	Member company should show documentation related to the specific requirements made in the previous Brand Performance Check.	4	4	-2

Comment: Last year's performance check included 10 requirements:

- Tail-end monitoring requirements: In 2019, the company has fulfilled this requirement.
- 1.5 Production location compliance with Code of Labour Practices is evaluated in a systematic manner: paptex has implemented a structured approach to assess compliance with the CoLP of its suppliers. Requirement is fulfilled.
- 1.8 Member company can demonstrate the link between its buying prices and wage levels in production locations: Although the member brand has made some steps in the direction of demonstrating the link between its buying prices and wage levels at its main supplier, Paptex was not able to make the link concrete. The requirement remains.
- 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: The member brand was able to show active follow-up, but issues related to non-payment of a legal minimum wage have remained, such as non-payment of paid leaves and overtime premiums.
- 1.11 Degree to which member company assesses and responds to root causes for wages that are lower than living wages in production locations: Although the brand has been able to show improvements in this indicator, this requirement still stands.
- 1.13 Member company determines and finances wage increases: The member brand has agreed to a target wage with its main supplier but has not yet implemented the target wage in 2019. This requirement still stands.
- 1.14 Percentage of production volume where the member company pays its share of the target wage: No implementation of payment of a target wage to workers yet. The requirement remains in place.
- 2.7 Compliance with FWF risk policies: The member brand needs to follow up on the requirement to identify and address high risk issues in its monitoring system. This requirement has been re-evaluated and demonstrated sufficiently.
- 2.9 Percentage of production volume where monitoring requirements for low-risk countries are fulfilled: Not all requirement for production locations in low-risk countries were fulfilled. This requirement has been re-evaluated and demonstrated sufficiently.
- 5.1 Level of effort to identify all production locations: The member brand was able to show its new policies on subcontracting and included current subcontractors in its monitoring system. The requirement is fulfilled.

Evaluation

Possible Points: 6

Earned Points: 6

Recommendations to Fair Wear

- In relation to indicator 4.4: there is no option for full point WEP trainings provided by Fair Wear in Turkey.
- The brand appreciates the new policy on on-garment communication
- Paptex indicates that it is satisfied with its assistance provided by the membership team of Fair Wear.
- Paptex would like to see more alignment about how to follow up on trainings.

Scoring Overview

Category	Earned	Possible
Purchasing Practices	34	52
Monitoring and Remediation	21	27
Complaints Handling	7	9
Training and Capacity Building	10	13
Information Management	4	7
Transparency	5	6
Evaluation	6	6
Totals:	87	120

Benchmarking Score (earned points divided by possible points)

73

Performance Benchmarking Category

Good

Brand Performance Check details

Date of Brand Performance Check:

23-07-2020

Conducted by:

Jesse Bloemendaal

Interviews with:

Timna Oberreither - Sustainability manager