



JANUARY TO DECEMBER 2020
FAIR WEAR MEMBERSHIP SINCE 2016
www.maryrose.com



PAPTEX
TEXTILHANDELS
GmbH



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PAPTEX TEXTIL- HANDEL



Paptex Textilhandels GmbH is a wholesaling home textile company established in 1990. Our main products include bedlinen, tablecloths, blankets, curtains, home decoration and accessories.

Our main customers are leading furniture stores, retail and wholesale customers in Austria, Switzerland, and Germany.

With offices in Dornbirn and Carinthia, Austria.

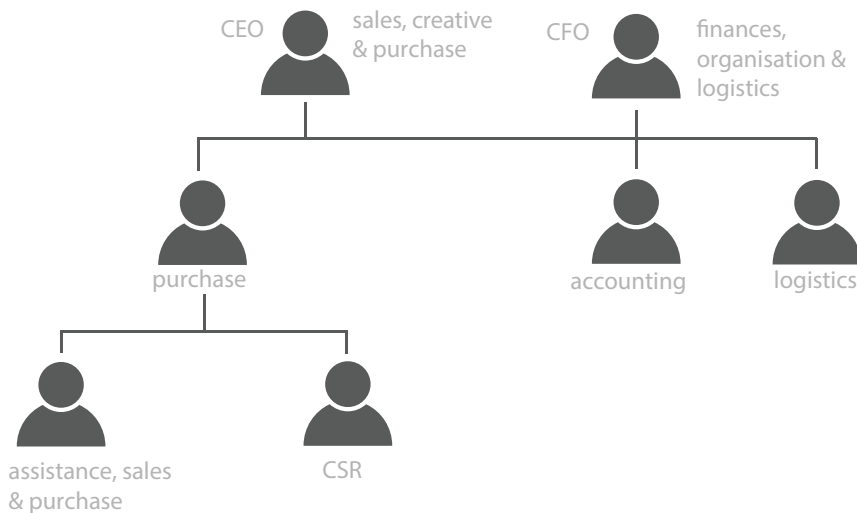


2020 was the biggest challenge we've had since the beginning of PAPTEX. Not only with the growing concerns of production, customers, payments, financial setbacks, and COVID-19, but also the raw material price increase that most impacted our business. We could see that this will be a long-term struggle. At the end of the day we will endure, together with our friends, partners, and customers.

Stefan Grabher, CEO



ORGANIZATIONAL STRUCTURE



OWN BRANDS

mary rose®

mary's

TYRLER

seit 1825

RETAIL STORES

TYRLER

seit 1825

mary rose®



FOUR PILLAR PRINCIPLES OF SUSTAINABLE PRODUCTION



As a wholesaler, and in addition to our two shops, we are also bringing environmental awareness to the international market. We supply for well-known furniture houses, not only with our products but also with ideas and new methods for a more sustainable economy.



GOTS Global Organic Textile Standard

We are taking steps to becoming exclusively organic. Since 2010 we have been working with the strictest standard in the industry.

Most of our products and our customer's products are GOTS certified, and the number is increasing rapidly. Our organic cotton comes from Pamukkale, Turkey.

Cradle to Cradle

Safe for biological cycles for all materials, chemicals, dyes and trims including process chemicals in production.

2019 Cradle to Cradle Certified GOLD bedlinen and terry towels manufactured in Turkey.

In 2020 we were a finalist to the German Sustainability Award for our Cradle-to-Cradle bed linen.



Fair Wear Foundation

The human component is imperative to our working values; we are constantly working on implementing and improving social standards.

We were the first home textiles member brand

92,42% of our production under monitoring

All of our main suppliers are audited on a regular basis
PAPTEX is audited every year

Klimaneutralitätsbündnis2025

To have a minimum environmental footprint starting at our workshops and throughout the logistics chain. To make our company carbon neutral by 2025 100% compensation payments

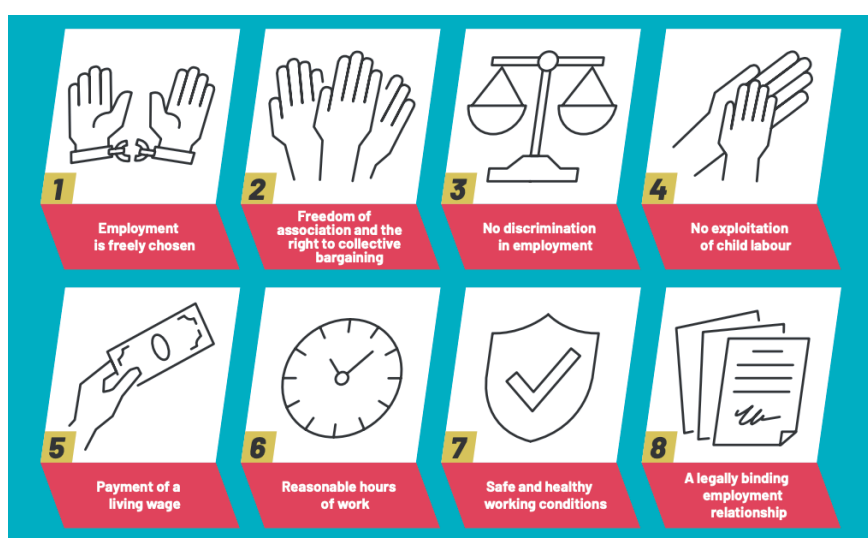
FAIR WEAR FOUNDATION



The Fair Wear Foundation is an NGO that aims to improve working conditions in the textile industry. The members must commit themselves to work on implementing and improving eight social standards in the most labour intense parts of their supply chain (cutting, sewing, packing).

The Code of Labour Practices consists of eight labour standards is derived from ILO Conventions and the UN's Declaration on Human Rights.

This Social Report contains PAPTEX's effort on implementing and improving these eight social standards at our partner's factories.



THE FAIR WEAR APPROACH

1. Brand Performance Check (BPC)

Every year, Fair Wear reviews our efforts by measuring how we assessed, identified, and resolved issues with our suppliers. The BPC is a tool to check e.g. if our production planning doesn't lead to excessive overtime, if workers are paid fair wages, if health coverage is provided, among others. It assesses our performance, effort, and responsibility as a brand. The results are published on the Fair Wear website as well as on our own.

2. Factory Audits

Fair Wear performs factory audits to find out how well our suppliers comply with the Fair Wear Code of Labour Practices (CoLP). Our suppliers are audited every 3 years on-site. Fair Wear goes through documentation, factory conditions and environment, etc. At the end of an audit, we the brand receive a Corrective Active Plan (CAP), where we can together with our supplier work on findings that need improvement or resolution.

3. Complaint helplines

Fair Wear has a complaint helpline where workers can call when they feel their rights are being violated.

4. Factory training sessions

The Fair Wear Workplace Education Program (WEP) trains workers and management on the Fair Wear Code of Labour Practices (CoLP).

SOCIAL REPORT 2020



GOALS AND ACHIEVE- MENTS

We welcomed our fourth year of Fair Wear Foundation membership with the extraordinary challenge of COVID-19. For us, this meant we couldn't be physically present for our suppliers. It meant that we had to take important decisions with no knowledge of the consequences that COVID-19 would bring. Also, the substantial increase of organic cotton prices was the biggest threat to the stability of our business.

Despite of the difficulties with not being able to personally visit our partners, we strengthen our business relationships with our main partners with open channels of communication, being available and listening to their concerns and needs by online meetings, telephone, and email.

It was particularly tough to decrease overtime working hours; many workers stayed home because of COVID-19, which resulted in lower attendance but the same levels of work. We tried hard to deter the situation by giving orders ahead of time and by shifting some orders to avoid overtime work and provide some relief.

A wage increase in one of our main suppliers in China resulted in a substantial price increase of one of our products. To maintain the wage increase, we covered the difference.

One of the main worries from our suppliers was that the orders would halt, but we worked hard to maintain all orders, two orders were delayed but not cancelled.

* We have 92,42% of our production under monitoring, however, we are aiming for a totally transparent production process.

* Our main suppliers remain our most important relationships, but their capacity or ability is sometimes limited and requires for subcontractors. In 2020 we reduced our tail end from 8% to 6,8%.

* Brand Performance Check score improved from 64% in 2019 to 73% in 2020.

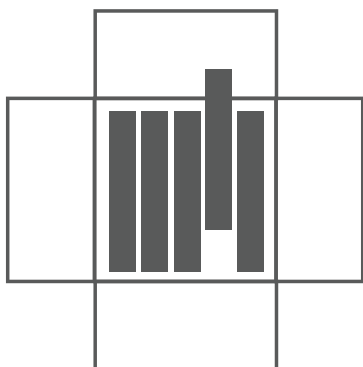
* We developed a policy which is sent to all our suppliers at the beginning of the relationship, they have to sign it and commit to pay all employees at least minimum legal wage according to each country.

* Successful implementation of our own supplier evaluation system. With this system we now have a more complete picture of all the production process, but also we monitor how they react to Fair Wear requirements and our own. We can also learn how open they are to work on any issues that arise and get feedback so we can continue to work together towards the same goals.



TESTING MATERIALS

The secret box



We started testing our textiles with a “secret box” method. It consists of an independent study which helps us keep the quality of our products but mostly we can better secure a safe environment for the workers who are involved in the production process. We can make sure they are handling safe and non-toxic materials and substances.

Because of the costs it would bring we can't control each product, each colour or production batch, that is why we send different fabrics that we have in e.g. 8 colours and each colour is then packed separately in aluminum so nobody knows the colour inside each package. We then send the box to OETI, the Institute for Ecology, Technology and Innovation in Vienna, Austria. There, they open the box, take one of the packages out and they test it according to GOTS standards.

We have around 200 different products and materials as a dyed product, not finished. From these materials we produce many products, we have a list of all organic products, especially for our Turkish partner.

We maintain our commitment to support our suppliers through thin and thick. We have been there through COVID-19 and the substantial increase of organic cotton prices in 2020. We have been pre-purchasing cotton in Turkey which has helped to keep price levels in these difficult times.

The sustainability business is growing more and more, we saw a significant increase during COVID-19. There is a higher demand in organic, but also there is less crop available.

During 2020, GOTS found fake organic cotton in India, so many shifted their source to Turkey resulting in a huge increase of raw material prices. Because of our product line, we were affected greatly. For a T-shirt production you need around 150 gr of cotton, but for a bed linen, one of our main products, you need around 1kg of cotton.

We have been purchasing raw material in Turkey which we keep stocked. We plan monthly and have a second stock with half finished products. If the market is affected, our partners can continue almost unaffected for some time.



1 T-shirt

150 gr
of cotton



1 Bed linen

1 kg
of cotton

SOURCING STRATEGY

2020 was a year of unprecedented nature, nobody was prepared for all the changes, setbacks and struggles it would bring. The most important thing that 2020 taught us is that assurance is key to all our business relationships.

Building trust among our partners is a two-way process that needs time and dedication, that's why we take many things into consideration when looking for new partnerships.

Because we know how important the origin of our raw materials and product is, production locations are wisely chosen according to certain criteria and expertise:

Limited number of
"high risk countries"



Where direct contact
is possible



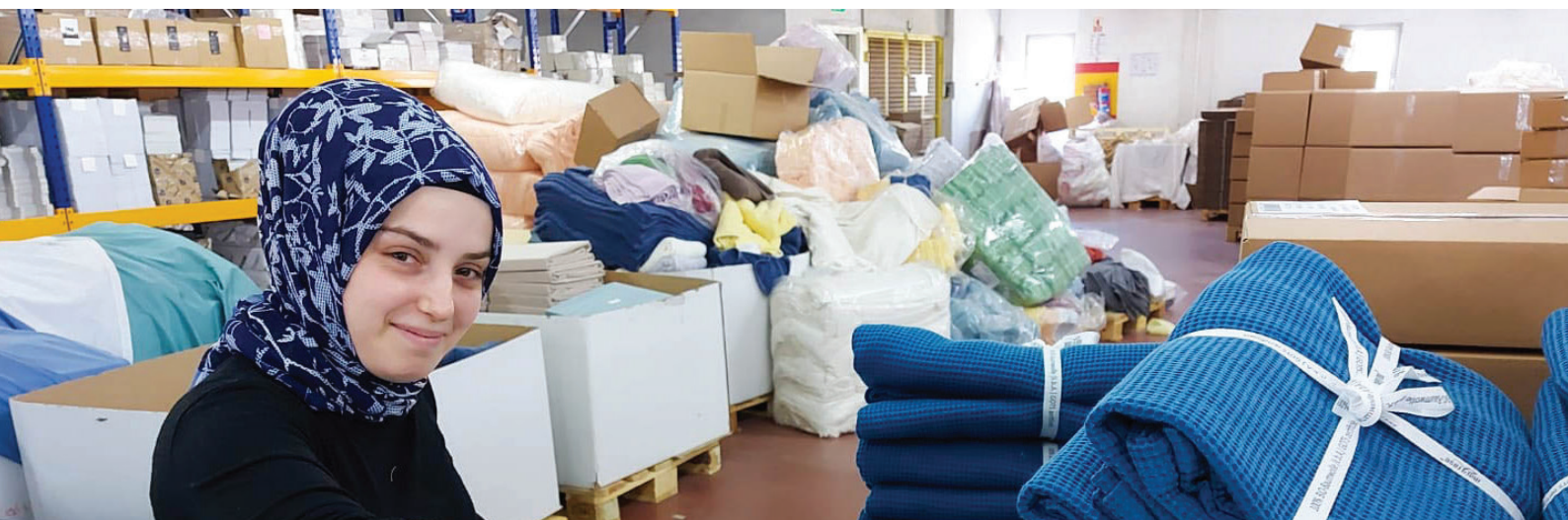
Similar size as ours

There is a higher chance to create rapport with suppliers because we already have experience and knowledge on the challenges that each country brings.

Through experience we know that direct contact is best. Our best relationships are the ones where we have established honest connections.

Smaller and familiar factories usually share the same values as we do. It's easier to see every worker in a small environment.

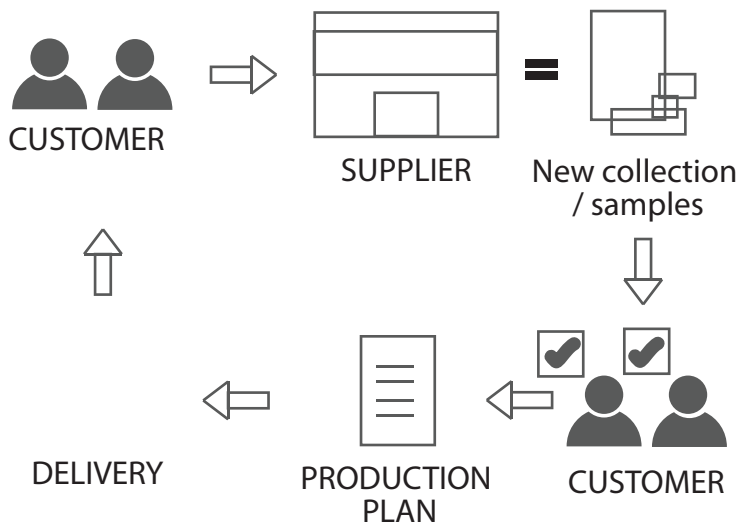
Our strategy is to find and achieve holistic, cross-thematic solutions and changes. Real, sustainable change takes time and we do not want to overtax our partners.



PRODUCTION CYCLE

In China we have two collections - spring and autumn. Usually, new products are developed together and exclusively for a customer.

Together with our CEO, our customer visits our Chinese suppliers to develop samples and new collections. The client confirms the collection and we receive the final production planning and estimated delivery date. This process varies between at least half a year to a year.



In Turkey we work on a yearly basis and we source more basic articles. With our main partner we develop a yearly plan, adapted to the market. This way, they can plan their work-force capacity. We pre-purchase large quantities of raw materials and they can use it as needed. We have greatly increased our stock levels, minimising bottlenecks and “last-minute orders”. Additionally, we save costs and waste by simplifying packaging.

PRICING

The prices for material, packaging and accessories are set by the supplier and we normally accept the given price. However, if a customer wants to negotiate, the negotiations are based on raw material, stock, and process optimization, never on wages or at the worker's expense. We try to reduce the product prices by using cheaper materials or applications, by stocking larger quantities and saving on packaging and presentation. If we still cannot reach the targeted price, either our customer accepts the set price, or we do not offer the product. We do not succumb to price pressure.

Due to higher interest in China and Turkey, we support our suppliers by pre-financing raw materials. This helps to organize and finance their business. Furthermore, when facing rate fluctuations, we can keep our set prices to avoid putting our suppliers under pressure.

We also pre-pay our invoices to help our Chinese partners finance the bonus payments for their workers before Chinese New Year.



FACTORY RELATIONS

In 2020 we started production in Studio Handels GmbH, our daughter company. Located in Innsbruck, Tyrol, Austria.

Cut - Make - Trim
Packing
Stitching
Finishing

10 women
2 men

Based and focused on building long-term relationships, we are proud to have been working with the same main suppliers for more than 10 years.

Together, they account for 84,6% of our total production volume.

Not being able to visit our suppliers meant a huge challenge. We knew that the level of trust had to be increased from both sides, that's why we maintained a constant and open communication. Nevertheless, production locations where communication was already difficult, were even harder to follow.

We have been in long-term relationships with small companies; family companies where not everything's perfect, but these companies also have long-term employees, which gives us assurance that they're doing many things right.

Learning from each of our partners is a daily task. Not only about their factory conditions, but how open and willing they are to address change and improvements. We are looking for those who share similar values and interests.

We are looking to maintain our already established relationships to optimize and strengthen processes and alliances.

*1 We diminished production with one of our suppliers due to the lack of cooperation regarding Fair Wear related requirements. We need to be "on the same page" to truly make a significant change in this business.

*2 We had a test run with this supplier but were not satisfied with the quality of the product, so we decided not to work with them.

*3 Because GOTS found fake organic cotton in India, we decided to stop our production there, at least until the issue is resolved.

*4 In 2020 we had a sample made in this factory but are not going to work with them because of poor communication and shifted production to Turkey for a more sustainable organic cotton production.

Country	% of FOB 2019	% of FOB 2020	Leverage
Turkey I	59.49%	56.81%	100%
Turkey Sub I	2.7%	1.83%	1.9%
Turkey Sub II	2.70%	3.57%	0.5%
Turkey Sub III	0.56%	0.7%	0.59%
China I	25.41%	32.8%	17%
China II	1.05%	0.75%	0.75%
China III	0.41%	0.43%	0.37%
China IV	1.75%	0.28%	2%
China V ^{*1}	0.26%	0.24%	0.06%
China VI ^{*2}	-	0.28%	2%
China VII ^{*4}	1.17%	0%	0.1%
India ^{*3}	0.63%	0.13%	4.35%
Romania	1.47%	1.18%	0.3%
Germany	0.38%	0.33%	0.34%
Austria I	0.5%	0.28%	4.5%
Austria II	0.03%	0.21%	5.4%
Austria III	-	0.1%	100%
Austria IV	0.04%	0.07%	0.29%

Our monitoring system was designed according to the Fair Wear monitoring requirements, but also our own production standards.

Through this monitoring tool we collect the information that we need to act and make conscious decisions about our suppliers. This year, most of our partners were on “survival mode”, which made it harder to assess the information and keep up with some requirements.

One of the most problematic findings is that one of our suppliers in a low risk country, is not willing to let us visit, which is a red flag. We have taken action by trying to communicate openly with them and so far, it has not worked. We are already trying to find another partner as our leverage there is minimal.

We also realised that most of our suppliers had a hard time meeting all the requirements, but their willingness and openness to discuss and act are taken greatly into consideration. We get a full picture of their limits, but also comparing them together, we can learn how they each handle their business. The tool gives us a clear image of what issues can be resolved and ideas on the how. We share the ranking with our suppliers to keep them informed of our expectations, but also to keep them motivated.

The tables represent some of the variables taken into consideration, but we also evaluate general factory conditions, Fair Wear audits and third-party audits and if they have any other certifications like Ökotex, GOTS or Cradle to Cradle.

MONITORING AND REMEDATION

Country	Worker Information Sheet	Questionnaire
		✓
Turkey I	✓	✓
China I	✓	✓
China II	✓	✓
China III	✓	✓
China IV	✓	✓
China V	✓	✓
India	✓	✓
Romania	✓	✓
Germany	X	✓
Austria I	✓	✓
Austria II	✓	✓
Austria III	✓	✓
Austria IV	✓	✓
Austria IV	✓	✓

Country	Working on safe and health	Working on working	Working on Wages	Working on CAP in general	Reaction time
Turkey I	Fully transparent; no findings	Transparent; willing to work on issues	Transparent; willing to work on issues	Show effort; some improvements made	Within 2 weeks
China I	Cooperates; willing to improve	Transparent; reduced overtime	Transparent; willing to work on issues	None or very slow progress	Within 2 months
China II	None or very slow progress	None or very slow progress	None or very slow progress	None or very slow progress	Within 1 month

FACTORIES CHINA

China Factory I

COVID-19 in 2020 started around Chinese New Year, therefore, it didn't really affect the production there. This factory resumed production in March but had no face masks, so we sent face masks to them for free. By then, COVID-19 had hit Europe and the issue of cancellation of orders was quickly worrisome. Luckily, we had no cancellations, but to sustain production, we increased all their shipments. Our supplier had no extra stocking prices because we stocked for them, our warehouse costs increased around 30%, and we paid invoices and bills on time so that our suppliers' cashflow was not affected.

Our supplier's petition was to not stop the orders, they didn't request any extra financial help. They did, however struggled with overtime hours.

One of our products, the Roman Shades, had a price increase of 50 cents, which meant a 50,000USD cost increase that we overtook so that labour costs could be covered, because of an increase in salary.

In 2019 they moved to a new building and had a Global Services audit later. They installed a new fire alarm system and replaced a missing fire nozzle. They also ensured a health certificate for all canteen staff and distributed a copy of the labour contract to workers.

The management must work on training employees on the Code of Labour Practices, paid holidays and to enroll all employees into the social security scheme.



Picture 1. Electronic attendance system in China Factory II



Picture 2. Ergonomic chairs in China Factory II

China Factory II

They were audited in 2019 even though our production volume there was quite low. They began 2020 working on the Correction Action Plan (CAP). They provided masks to workers around areas where cotton dust is heavy. They installed an electronic attendance system to record all hours, including overtime (Picture 1). They provided ergonomic chairs (Picture 2) with backrest to the workers with sitting jobs.

However, they suddenly stopped cooperating and working on their CAPS and we had almost no communication with them. They still need to provide evidence regarding health insurance for all employees. There is no further confirmation to ensure that wages are paid once a month or to control the working hours stay under 60 hours per week.

China Factory III

Our production volume in this factory is only 0,43%, thereby it does not need to be audited. Our monitoring activities consist of the posted workers information sheet and filled out questionnaire as required.

FACTORIES EUROPE

China Factory IV

Even though this factory had a Global Services audit in 2018, the communication there has been very challenging and they have been too busy to attend to the Fair Wear requirements, so we slowly started reducing orders starting in 2019.

In 2020 they placed fire extinguishers which was an essential item of the CAP and have the posted workers information sheet and filled out questionnaire as required. They also signed our policy regarding the covering of minimum wage.

China Factory V

They had an audit in 2017 and did some improvements in 2018 and 2019. There was little communication during 2020 and no further actions have been taken. by Our monitoring activities consist of the posted workers information sheet in the local language and filled out questionnaire.

China Factory VI

This new supplier was a test run but the products were not up to our expected standards of quality, so we will not place any further orders with them.

China Factory VII

There were several issues with this factory; not only was it hard to establish direct contact with them, but problems with the whole cotton production in China intensified so we decided it was for the best to stop our business relationship with them. In 2020, we only ordered a sample.

FACTORY INDIA

India Factory I

This factory was audited in 2018 and even though the results were very satisfactory we didn't place any new orders in 2020 because of the situation of the organic cotton production there.

Romania Factory I

Although our production and leverage in this factory are quite small, they are very easy to work with. Our monitoring consists of a filled out questionnaire and posted workers information sheet in Romanian. We normally visit them but couldn't this year. They share their audits reports with us freely and openly. The factory has various certificates and is audited regularly by the SA8000 standard.

Germany Factory I

This production location is a difficult and sour situation. Even though they are in a so called "low-risk country" they have no transparency and have shown no interest. We have been trying to find a replacement but have not been successful, mainly because of COVID-19 and the inability to visit new possible suppliers.

Austria Factory I

This location is an organisation that hires people with disabilities. They fill some of our cushions with natural materials like spelt, millet and/or stone pine, they also do packaging and labelling. Because they are just minutes away from us, we keep close contact but couldn't this year. They have the German version of the workers information sheet and filled out the questionnaire as required.

Austria Factory II

We could visit this production location in 2020. They have the German version of the workers information sheet and filled out the questionnaire as required.

Austria Factory III

We are happy to announce our new supplier who is also our daughter company. It is located in one of the same cities as one of our shops, so we visit it almost every week. They have the German version of the workers information sheet and filled out the questionnaire.

Austria Factory IV

They have the German version of the workers information sheet and filled out the questionnaire.

FACTORIES TURKEY

Turkey Factory I

Because of COVID-19 they didn't have regular attendance. The dying and weaving processes were delayed. The turnover was growing nevertheless, but there was a problem with overtime hours. We shifted their orders from May to August to release some pressure, but even then overtime couldn't be reduced. The best solution was to find a subcontractor to help out.

With the increase of cotton prices, our partner was worried about the financial strain that it could bring. But we covered the higher costs of the new contracts and the difference between raw material in October and December. It was a 5% to 10% of the whole turnover. But because of the situation with cotton in China, we decided this was the right move.

Our supplier sent us a detailed document about how they addressed COVID-19 and answer our petitions. They have met the health measures to inform and protect their employees by providing information sheets posted around the factory, face masks and hand sanitizers in all departments. To prevent possible outbreaks, they provided disposable plates and cups for mealtime.

In November 2020, we planned a new product with regular price and covered half of the costs in advance. We sent him the money before production even started.

Salaries were paid during quarantine and lockdowns. The government provided them with assistance for employee wages.

Subcontractors Turkey

The factory makes use of three subcontractors. Our monitoring activities there consist of filled out questionnaires and posted worker information sheets in the local language.



COMPLAINTS

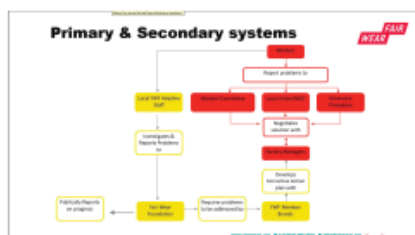
Fair Wear created a helpline for all workers to communicate if they face any violation of the eight labour standards. The helpline can be found on the worker information sheet that is posted in the workshops. In case there is a complaint, Fair Wear launches an investigation and requires the brand to work on it with the factory. This process usually involves the factories' management and workers representatives. To maintain transparency, every complaint is posted on the Fair Wear website. We have not received complaints in 2020.

TRAININGS AND CAPACITY BUILDING

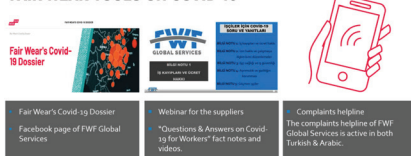
We designed a welcome package for all of our staff, it consists of a series of documents about our involvement with different agencies, including Fair Wear. Detailed information sheets are accessible on our shared computer server as well. There are online and telephone meetings in which we discuss our involvement with Fair Wear and other agencies. We also have a WhatsApp group where all the employees are informed of updates and current activities.

Our former sustainability manager attended many webinars in 2020 about excessive overtime, transparency, Fair Wear branding, Fairforce Training, Fair Wear Updates and the Transparency Policy webinar.

Also COVID-19 related webinars with specific information to our countries of production like the India COVID-19 response, the India Impact of COVID-19 on garment factories and the Turkey COVID-19 update.



FAIR WEAR TOOLS ON COVID-19



Migrants - Relief, health and hygiene



- **Relief is low and inadequate** in the migrant settlements
- **Live in low hygiene** and hot sun
- **No medical care** in terms of emergency
- **Three types of migrants:**
 - Completely taken care by employers (mostly)
 - Not supported by the employers and live on their own
 - Temporary jobs, casual, daily wage and work under contractors

Support of the COVID-19 outbreak on garment factories and workers in India

Labour minute costing basics



All our agents are informed about the Code of Labour Practices either by information sheets or by e-mail or telephone.

INFORMATION MANAGEMENT

Transparency and trust from both parties are crucial to receive accurate information. We try to discuss directly with our suppliers and visit them on a regular basis. But because in 2020 we couldn't have face to face visits, we communicated by phone, e-mails, WhatsApp and other online platforms. During these calls and online meetings, we addressed specific concerns about the Code of Labour Practices (CoLP).

All our production locations and subcontractors are identified and regularly informed about any updates regarding Fair Wear and other agencies.

With our monitoring system and information gathered from previous audits, personal visits or by phone or e-mail, we keep track of the status of our supplier's engagement regarding the Code of Labour Practices (CoLP). Even if we were not able to visit our suppliers, we could track their progress and efforts, their challenges or lack of involvement.

To achieve sustainable improvement, we must have the factory's management on board. When we are in tune, we can together experience the benefits that arise from complying with the standards.

COOPERATION WITH LOCAL INITIATIVES



We have been partnering with and supporting the “Lebenshilfe Vorarlberg” workshop for many years. This organisation involves people with disabilities actively into the workforce. The workers fill out cushions with natural materials like millet, spelt and/or pinecones. These cushions are purchased by a customer who is also a Fair Wear member. Other tasks include relabeling of products and repacking.

We also regularly work with a local labour foundation called “Kaplan Bonetti” which helps people to get back into the working life.



TRANSPARENCY AND COMMUNICATION

Facebook: /maryrosedornbirn
Instagram: maryrose_dornbirn

Even though our stores remained closed during lockdowns, we had a Fair Wear sticker banner on our stores' windows and company car. We focused more on our online presence through our website, Facebook, and Instagram.

We were able to label our products with the Fair Wear logo and have been doing so since. We were featured in the local and online newspapers where we talked about sustainability and fair working conditions.

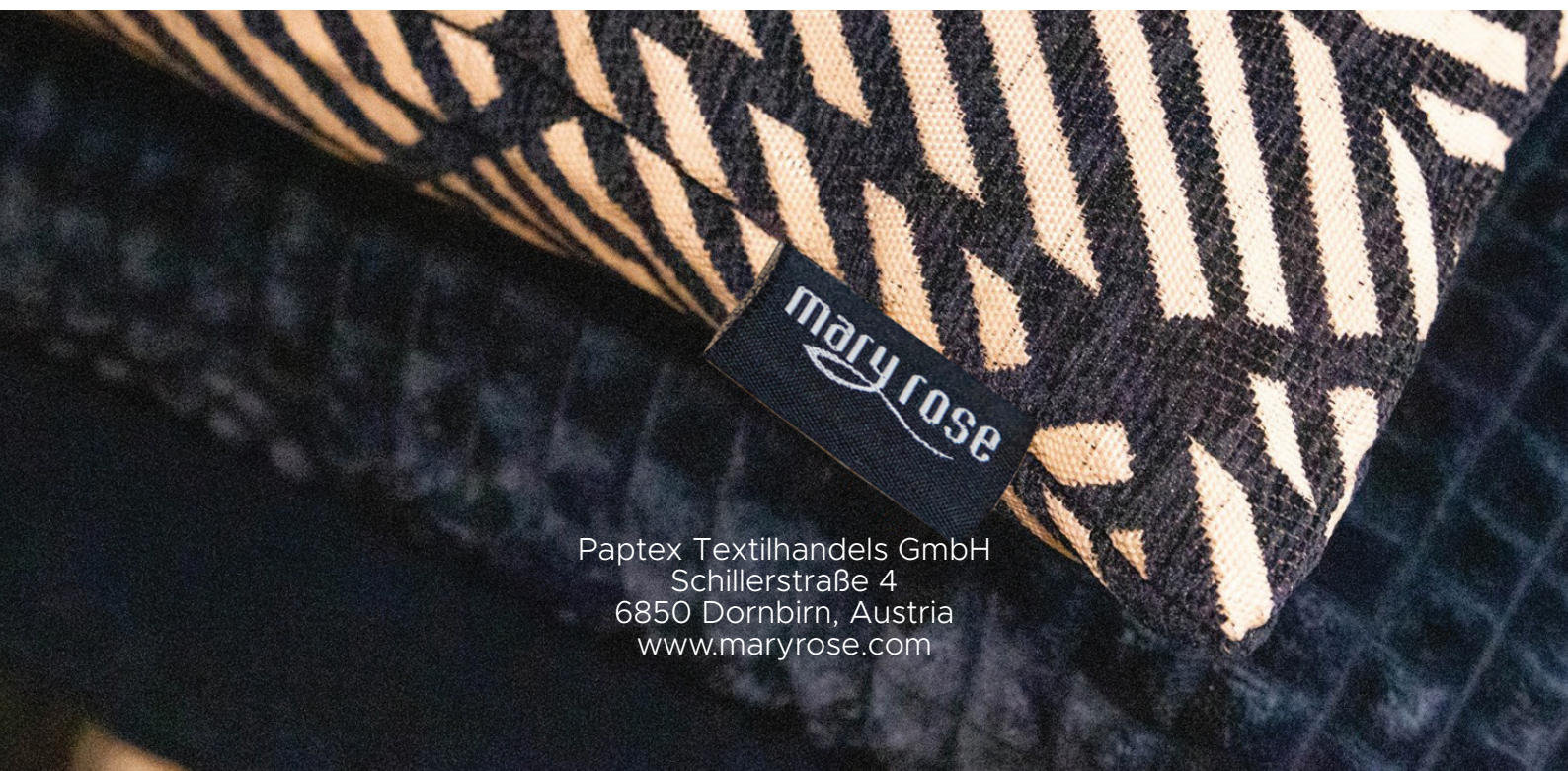
Our retail customers receive Fair Wear Flyers in our shop and our CEO is very keen on raising awareness with our wholesale customers about our Fair Wear membership along with improvements and the impact we have on our worker's lives and product quality.



We produced a video about the Cradle to Cradle cycle. Our C2C bed linen is designed in such a way that it has a positive impact on the environment from start to finish.







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