



Brand Performance Check

PAPTEX Textilhandels GmbH

This report covers the evaluation period 01-01-2021 to 31-12-2021

About the Brand Performance Check

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

Fair Wear's Brand Performance Check is a tool to evaluate and report on the activities of Fair Wear's member companies. The Checks examine how member company management systems support Fair Wear's Code of Labour Practices. They evaluate the parts of member company supply chains where clothing is assembled. This is the most labour intensive part of garment supply chains, and where brands can have the most influence over working conditions.

In most apparel supply chains, clothing brands do not own product locations, and most product locations work for many different brands. This means that in most cases Fair Wear member companies have influence, but not direct control, over working conditions. As a result, the Brand Performance Checks focus primarily on verifying the efforts of member companies. Outcomes at the product location level are assessed via audits and complaint reports, however the complexity of the supply chains means that even the best efforts of Fair Wear member companies cannot guarantee results.

Even if outcomes at the product location level cannot be guaranteed, the importance of good management practices by member companies cannot be understated. Even one concerned customer at a product location can have significant positive impacts on a range of issues like health and safety conditions or freedom of association. And if one customer at a product location can demonstrate that improvements are possible, other customers no longer have an excuse not to act. The development and sharing of these types of best practices has long been a core part of Fair Wear's work.

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

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

This year's report covers the response of our members and the impact on their supply chain due to the COVID-19 pandemic which started in 2020. The COVID-19 pandemic limited the brands' ability to visit and audit factories. To ensure the monitoring of working conditions throughout the pandemic, Fair Wear and its member brands made use of additional monitoring tools, such as complaints reports, surveys, and the consultation of local stakeholders. These sources may not provide as detailed insights as audit reports. To assess outcomes at production location level, we have included all available types of evidence to provide an accurate overview of the brands' management systems and their efforts to improve working conditions. Nevertheless, brands should resume verifying working conditions through audits when the situation allows for.

Brand Performance Check Overview

PAPTEX Textilhandels GmbH

Evaluation Period: 01-01-2021 to 31-12-2021

| Member company information | |
|--|------------------------|
| Headquarters: | Dornbirn , Austria |
| Member since: | 2016-01-01 |
| Product types: | Home textiles |
| Production in countries where Fair Wear is active: | China, 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 | 95% |
| Benchmarking score | 69 |
| Category | Good |

Summary:

Paptex has met most of Fair Wear's performance requirements. Although the monitoring threshold does not determine the category this year, the brand achieved to monitor 95% of its supply chain. With a benchmark score of 69, the brand remains in the 'Good category'.

Corona Addendum:

2021 was an essential year for Paptex. Not only was the supply chain disrupted because of the pandemic in 2020 and most of 2021, but also the retail channels were affected heavily by lockdowns, especially in Germany, where most of Paptex's customers are based. In the second year of the pandemic, Paptex continued on the same basis as the first year, accepting all delays. The brand used the country risk overview, which was maintained in collaboration with other Fair Wear members as long as this was relevant. When the situation was becoming more factory-specific, the brand used its close contact with suppliers to discuss their needs and support them in those needs. Paptex, for example, worked with more forecasts and prepaying materials to support its suppliers. The member supported suppliers by allowing them to produce and ship orders earlier than planned. This resulted in an increased stock by 1.5 times. And finally, Paptex also pre-financed its leading supplier six months ahead to ensure that the production and shipping of goods would be stable.

In general, Paptex has shown it has the tool and, almost as importantly, the motivation to monitor its supply chain and conduct human rights due diligence. It has several documents, policies, and strategies to support this. However, it would be good to create a policy that covers it all and extensively describes its sourcing strategy and human rights due diligence process. It is also recommended that a supplier manual is created that covers basic procedures, like the exit strategy.

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. | 91% | 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 in Turkey and China, making up most of its production volume. 91% of Paptex's production volume came from production locations where it bought at least 10% of the production capacity in 2021.

| 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. | 5% | 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: In 2021, 5% of the production came from locations where Paptex buys less than 2% of its total FOB. It concerns eleven factories, four located in Austria and Germany. Compared to last year, Paptex reduced its tail-end by 2%.

| 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. | 94% | 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 six of its fifteen suppliers; they represent 93% of the total FOB over 2021. It is part of Paptex's sourcing strategy to maintain long-term partnerships, as it takes time to build the trust needed to work with suppliers on implementing the Code of Labour Practices. Paptex invests in personal relationships with its suppliers by visiting them often. Paptex values relationships and also pursues relationships with subcontractors.

| 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 2021, Paptex added three new suppliers, two in Turkey and one in Austria. All factories have signed and returned the questionnaire with the Code of Labour Practises.

| 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. | Intermediate | 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. | 2 | 4 | 0 |

Comment: Paptex works with a checklist and a sourcing strategy that outlines the necessary steps for onboarding new suppliers. First, 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. After these two steps, the member brand checks if it can work towards a long-term relationship. To enable this, Paptex must influence working conditions (sufficient leverage) and have direct contact with management. Last in the process is the commitment of Fair Wear membership. If agreed, the Fair Wear questionnaire is signed, and Fair Wear Worker information sheets are posted. The CEO has the final say regarding sourcing decisions. These decisions are influenced by the potential compliance of new suppliers with the Code of Labour Practices. In 2021, Paptex formalised this process by incorporating it into its supplier evaluation system. The supplier evaluation system is also used to evaluate existing suppliers and to keep track of their compliance history.

Starting in 2021, Paptex's yearly risk assessment has changed. The risk assessments evolved from a simple format to a comprehensive document covering the supplier, the supplier's country and region. The brand conducts a yearly risk assessment for all its production countries; the information in the risk assessment is based on Fair Wear guidance documents. The risk assessment is linked to the evaluation of suppliers utilising a supplier evaluation form (see 1.5). The companies' strategy is not to move large parts of the production to other countries and to maintain a stable supply chain. Paptex's due diligence policy has been briefly described in its sourcing strategy document. In 2021 Paptex did not have a preventive actions list for identified risks.

In 2021, Paptex kept itself informed on the impact of COVID-19 by having weekly calls with its suppliers. The member also made use of Fair Wear's country-specific guidance on COVID-19. Paptex offered financial support to its main suppliers.

Recommendation: A risk analysis as part of the decision-making process of selecting new production locations is an important step to mitigate risk and prevent potential problems. Fair Wear recommends Paptex to clearly define preventive actions for identified risks and connect them to sourcing decisions. This also includes strategies to tackle structural risks such as low wage levels in the country, limited freedom of association and restricted civil society that are beyond the brand's individual sphere of influence. Fair Wear advises to use information from Fair Wear country studies and wage ladders and use the Fair Wear Health and Safety guidelines. Paptex can use the CSR Risk Check (<https://www.mvorisicochecker.nl/en/risk-check>) to further assess the risks in (potential new) sourcing countries. For gender risk assessments, Paptex can use the gender-toolkit that has fact-sheets per country, supplier checklists and a model policy on Sexual Harassment. Paptex can cooperate with local stakeholders to further investigate the situation in a specific country, particularly with regards to forced labour and freedom of association in China and Turkey. Fair Wear can offer information on local stakeholders.

| 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: Paptex has its own supplier evaluation system. The suppliers are rated based on compliance with Fair Wear's Code of Labour Practices and other elements such as the communication with the factory. The results of the evaluation is shared with the suppliers by means of a scorecard yearly. If a supplier performs well, the member brand will consider higher orders. However, this is not formalised policy. Paptex has big production volume in its never out of stock items. When a supplier performs well, they will get the opportunity to start a never out of stock programme. When a supplier is repeating non-compliant with the Code of Labour Practices the supplier risks losing orders. Compliance of suppliers is documented by the brand in the supplier evaluation sheet. In 2021, Paptex did not stop with any supplier because of non-compliance.

In 2021, Paptex stopped with six suppliers. All of them terminated the business from their side as orders from Paptex were too small to invest in. After stopping with four suppliers in 2020, three of them due to Code of Labour Practices non-compliance, Paptex introduced an informal responsible exit strategy in 2021.

| 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: A great share of Paptex's business consists of never out of stock items. These items are repeat orders. Because the suppliers are familiar with the items, they can be produced ahead of peak season. After the pandemic hit, Paptex required customers to give forecasts six months ahead to ensure enough time to produce the goods. Production lead times are set between Paptex's purchasing department and its suppliers. Whenever possible, Paptex places orders as early as possible. Placing orders earlier has resulted in higher flexibility at suppliers. They can produce and ship early to avoid extra workload during peak moments. This has resulted in a stock value of almost 1.5 times the usual for Paptex in 2021.

| 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: After audit findings of excessive overtime in 2021, Paptex immediately contacted its supplier to help find a solution to reduce excessive overtime. However, a root cause analysis was not undertaken by Paptex in 2021. As a preventive measure, Paptex initiated talks with its customers to sign a contract of minimum order quantities throughout the year to guarantee stability for its suppliers. Almost all customers reacted positive and agreed to it.

In 2021, Paptex pre-financed raw materials to avoid material delay, which eventually could result in pressure on the suppliers.

Recommendation: Besides discussing it with the supplier and assessing root causes, Fair Wear strongly recommends PAPTEX Textilhandels GmbH to actively take measures when excessive overtime is found. Taking measures to ensure that PAPTEX Textilhandels GmbH knows and shows whether excessive overtime takes place at a supplier is key in resolving the issue. Measures such as regular checks by the local technician, documents checking and interviewing workers help assess whether excessive overtime takes place.

| 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: Paptex has fixed styles and has information on these styles that show the prices per production stage of each style. These calculations are based on open costing and are updated yearly. The brand buys ready-made goods from its suppliers. Most of the costs Paptex pays are in the raw materials. For most of the products, it receives a detailed cost breakdown of the accessories, applicants and materials.

Moreover, the brand knows the approximate labour time needed to produce its styles. If the member brand has to negotiate prices, it bargains on material costs, stock optimisation and less or simpler packaging. If Paptex cannot reach the customer's target price, it will not offer the product.

Paptex is aware of the minimum wages in China and Turkey, where most of its production occurs. The brand is also aware of the Fair Wear wage ladders. Based on the open costing received from its suppliers, Paptex made calculations that show a relation between buying prices and wage levels but has not formalised it by documenting it structurally. Paptex is working with its main suppliers to broaden its knowledge in open costing and determining its relation with wage levels. In December 2021, Paptex convinced one of its Turkish suppliers to participate in a Fair Price App training.

In 2021, however, one audit finding showed that the member was not paying prices supporting the factory in working towards a living wage at a supplier with a lot of leverage. The corrective action plan of this audit was only shared with the brand in January 2022. The actions the brand took should count towards next years brand performance check.

Recommendation: As an advanced step, increased transparency in costing and productivity gives 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.

| 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. | No problems reported/no audits | 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. | N/A | 0 | -2 |

Comment: After an audit finding which showed that social security was not paid fully, Paptex immediately contacted its supplier. After hearing the supplier's side of the audit finding, Paptex agreed with its supplier to get access to the wage slips. The wage slips show the net amount, gross amount and the amount reserved for social security. Paptex actively checks that social security is fully paid and monitors for other legal minimum wage irregularities. However, the corrective action plan of the audit was only shared with the brand in January 2022.

In 2021, Paptex structurally checked in with its supplier to ensure wages were paid to factory workers during the lockdown. Paptex reviewed the wage slips monthly. In 2021 only at its Turkish factories a lockdown took place.

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

Comment: In 2021, there was no evidence of late payment to suppliers. Paptex did not face any liquidity issues due to the pandemic, and the member stuck to its standard payment terms. For suppliers in China, this means orders are prepaid. For orders from Turkey, this means cash against documents. Moreover, to support the payment of wages, Paptex supports its suppliers by pre-financing orders.

| 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 is in the home-textile industry, which is a highly competitive market. As a result, the cost price does not allow for the payment of a living wage. Low cost price is one of the findings of a root cause analysis into payment of living wages. However, the member took action to see where improvements could be made. Paptex also participated in the Fair Wear living wage pilot for Turkey with its main supplier which enabled Paptex to use the Fair Price Application. The app is a web-based application that helps in determining labour minutes and product costing calculations to support factory management in costing for wage increases.

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.

| 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). | 1% | 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 a member company's score. | Supplier information provided by member company. | 1 | 2 | 0 |

Comment: Paptex owns a production workshop in Austria that is used for stitching and the finishing of goods.

| 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 has not set target wages at its suppliers yet.

Despite not reaching target wages, Paptex has declared it will pay price increases from its profit margin and price increases to its customers. This was agreed upon with top management in 2021.

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

| 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: For 2021, Paptex aimed to reach the payment of a target wage in Turkey, but because of high inflation volatility, working towards a target wage has become unfeasible, according to Paptex. The brand shifted priorities to keep orders stable so that its leading supplier in Turkey would not collapse. In China, Paptex attempted to reach a target wage with Fair Wear's help but could not do so in 2021.

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: 33

2. Monitoring and Remediation

| Basic measurements | Result | Comments |
|--|---|--|
| % of production volume where an audit took place. | 94% | |
| % 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. | No (implementation will be assessed next performance check) | FWF members must meet tail-end monitoring requirements. Implementation will be assessed during next Brand Performance check. |
| Requirement(s) for next performance check | | |
| Total monitoring threshold: | 95% | Measured as percentage of production volume (Minimums: 1 year: 40%; 2 years 60%; 3 years+: 80-100%) |

| Performance indicators | Result | Relevance of Indicator | Documentation | Score | Max | Min |
|---|--------|--|--|-------|-----|-----|
| 2.1 Specific staff person is designated to follow up on problems identified by monitoring system. | Yes | Followup is a serious part of Fair Wear membership, and cannot be successfully managed on an ad-hoc basis. | Manuals, emails, etc., demonstrating who the designated staff person is. | 2 | 2 | -2 |

Comment: The sustainability 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: Fair Wear audit report findings and Corrective Action Plans (CAPs) are shared with factory management and followed up during (video) calls, email or visits. Corrective actions are discussed during these meetings, and it is agreed on which ones need to be addressed immediately. Depending on what the supplier explains they agree on a time-bound plan. The CSR team checks in due time whether this plan is followed.

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 to 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 prioritisation 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 has a structured way of following up on corrective action plans. The sustainability manager keeps track of the status of the corrective action plan findings. Following up on corrective action plans is prioritised by Paptex and discussed with the CEO, who does most of the travelling to suppliers.

During the brand performance check, Paptex could show follow-up on all corrective action plans is in progress and parts had been remediated. One example was that the brand was able to show that wage payment went from once in every three months, to every month.

The member only conducted one Fair Wear audit and commissioned no external audits in 2021. Paptex did not specifically address COVID-19 risks for its production in China and Turkey.

| Performance indicators | Result | Relevance of Indicator | Documentation | Score | Max | Min |
|--|----------------|--|---|-------|-----|-----|
| 2.5 Percentage of production volume from production locations that have been visited by the member company in the previous financial year. | not applicable | Due to the Covid-19 pandemic, brands could often not visit their suppliers from March - December 2020. For consistency purposes, we therefore decided to score all our member brands N/A on visiting suppliers over the year 2020. | Member companies should document all production location visits with at least the date and name of the visitor. | N/A | 4 | 0 |

Comment: In 2021, Paptex's biggest supplier in Turkey could be visited again. However, as other travel was restricted due to the COVID-19 pandemic, this indicator is not applicable in 2021.

Recommendation: Fair Wear recommends to document the outcome of visits and ensure checking whether the Code of Labour Practices is posted is part of every visit. Reporting back to the whole team on the discussions and follow up of CAPs with the supplier will help towards setting up an integrated system for improving working conditions. Fair Wear has developed a Health & Safety Guide that can be used during these visits.

| Performance indicators | Result | Relevance of Indicator | Documentation | Score | Max | Min |
|--|--------|---|--|-------|-----|-----|
| 2.6 Existing audit reports from other sources are collected. | No | 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. | 0 | 3 | 0 |

Comment: In 2021, Paptex did not collect existing audit reports from other sources.

| 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. | 3 | 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 | Intermediate | | | 3 | 6 | -2 |
| Other risks specific to the member's supply chain are addressed by its monitoring system | Intermediate | | | 3 | 6 | -2 |

Comment: Turkey: Paptex, with its main supplier in Turkey and Fair Wear, Paptex developed a policy to address issues with refugees working illegally in the country. Paptex ensures no undocumented refugees are working at its facilities by keeping close contact with suppliers.

China: Paptex is aware of the risks of forced labour, excessive overtime and Freedom of Association (FoA) in China. To convey disapproval and unwillingness to do business with any supplier involved in forced labour, Paptex has disclosed a forced labour statement on its website, which is to be signed by all suppliers. However, the brand has no official policy to identify and remediate forced labour in its supply chain. Paptex did not show it (preventively) worked on improving Freedom of Association-related topics.

COVID-19: in 2021, the brand engaged with its leading suppliers and subcontractors to stay up to date on COVID-19-related risks. In China, there were no lockdowns in 2021; travelling is, however, still tricky. The brand did not visit China in 2021. To monitor the situation in China, Paptex regularly received media through WeChat from its suppliers. In Turkey, there was one lockdown, but it did not affect Paptex's operations. The brand also ensured wages were paid fully by checking the wage slips.

Recommendation: Recommendation for China:

Fair Wear advises Paptex to create a policy to identify and remediate forced labour in its supply chain.

Recommendation for Turkey:

Fair Wear recommends Paptex to audit subcontractors in Turkey.

| 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 |

Comment: Paptex actively cooperates with other Fair Wear members to resolve corrective action plans. In 2021, however, no corrective action plans were active.

| 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. | 1% | 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. | 1 | 2 | 0 |

Member undertakes additional activities to monitor suppliers.: No (o)

Comment: Paptex sources at four suppliers in low-risk countries, Austria and Germany, responsible for 1% of its total production volume. All suppliers have returned the signed Code of Labour Practices, one of the four suppliers did not post the workers' information sheet in 2021. Paptex is currently working on its exit strategy with this supplier.

| 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 |

| 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: 24

Earned Points: 14

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: The sustainability manager at Paptex is responsible for following up on worker complaints.

| Performance indicators | Result | Relevance of Indicator | Documentation | Score | Max | Min |
|---|--------|--|--|-------|-----|-----|
| 3.2 Member company has informed factory management and workers about the FWF CoLP and complaints hotline. | Yes | Informing both management and workers about the Fair Wear Code of Labour Practices and complaints hotline is a first step in alerting workers to their rights. The Worker Information Sheet is a tool to do this and should be visibly posted at all production locations. | Photos by company staff, audit reports, checklists from production location visits, etc. | 2 | 2 | -2 |

Comment: Paptex regularly checks whether the Worker Information Sheet is still posted in the factory. In normal circumstances, staff would also make regular factory visits, during which the Worker Information Cards would be handed out to the workers. Paptex is planning to resume visits to China once travel is allowed again.

| Performance indicators | Result | Relevance of Indicator | Documentation | Score | Max | Min |
|--|--|--|--|-------|-----|-----|
| 3.3 Degree to which member company has actively raised awareness of the FWF CoLP and complaints hotline. | All production in low-risk countries/training not possible | After informing workers and management of the Fair Wear CoLP and the complaints hotline, additional awareness raising and training is needed to ensure sustainable improvements and structural worker-management dialogue. | Training reports, Fair Wear's data on factories enrolled in the WEP basic module. For alternative training activities: curriculum, training content, participation and outcomes. | N/A | 6 | 0 |

Comment: Because COVID-19 restrictions in 2021 limited the possibility of conducting training, this indicator is considered not applicable in this check. However, Paptex completed a Workplace Education Programme basic module training at its main supplier in China in July 2021.

| 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: 3

Earned Points: 3

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 has a welcome package for the new staff. It is a series of documents about its involvement with different partners, including Fair Wear. Moreover, detailed information sheets are available on the public server, and the Fair Wear membership is discussed during online meetings and in the companies' WhatsApp group.

| 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: All staff in direct contact with suppliers includes the sustainability manager, production planning manager and the CEO. All are aware of Fair Wear requirements and work together to monitor the suppliers' working conditions.

| Performance indicators | Result | Relevance of Indicator | Documentation | Score | Max | Min |
|--|-----------------------------|--|---|-------|-----|-----|
| 4.3 All sourcing contractors/agents are informed about FWF's Code of Labour Practices. | Yes + actively support COLP | Agents have the potential to either support or disrupt CoLP implementation. It is the responsibility of member company to ensure agents actively support the implementation of the CoLP. | Correspondence with agents, trainings for agents, Fair Wear audit findings. | 2 | 2 | 0 |

Comment: In 2021, Paptex works with three agents. In addition, its main supplier in Turkey acts as an agent for locations in the country. The agents are aware of the Fair Wear Code of Labour Practices. They play a crucial role in corrective action plan remediation and organising workers' education programmes as these agents are Paptex's primary point of contact with the factory.

| Performance indicators | Result | Relevance of Indicator | Documentation | Score | Max | Min |
|---|--|--|---|-------|-----|-----|
| 4.4 Factory participation in training programmes that support transformative processes related to human rights. | All production in low-risk countries/training not possible | Complex human rights issues such as freedom of association or gender-based violence require more in-depth trainings that support factory-level transformative processes. Fair Wear has developed several modules, however, other (member-led) programmes may also count. | Training reports, Fair Wear's data on factories enrolled in training programmes. For alternative training activities: curriculum, training content, participation and outcomes. | N/A | 6 | 0 |

Comment: Because of COVID-19 restrictions in 2021 that limited the possibility to conduct training, this indicator is considered not applicable in this check.

| Performance indicators | Result | Relevance of Indicator | Documentation | Score | Max | Min |
|---|--|---|--|-------|-----|-----|
| 4.5 Degree to which member company follows up after a training programme. | No training programmes have been conducted or member produces solely in low-risk countries | After factory-level training programmes, complementary activities such as remediation and changes on brand level will achieve a lasting impact. | Documentation of discussions with factory management and worker representatives, minutes of regular worker-management dialogue meetings or anti-harassment committees. | N/A | 2 | 0 |

Training and Capacity Building

Possible Points: 5

Earned Points: 5

5. Information Management

| Performance indicators | Result | Relevance of Indicator | Documentation | Score | Max | Min |
|---|--------------|---|--|-------|-----|-----|
| 5.1 Level of effort to identify all production locations. | 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: Paptex has a subcontracting policy which states that outsourcing is possible but should be declared beforehand. The policy includes suppliers as well as agents. The company has made significant efforts in Turkey and China to identify all suppliers. The brand is consciously phasing out some products that pose a higher risk for subcontracting.

Recommendation: Fair Wear recommends Paptex to integrate systematic periodical checks with its agents whether all known production locations are still up to date and use the information coming from questionnaires to update supplier data, including subcontractors.

| 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 appropriate 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 its Fair Wear activities through its website, brochures, shops and on social media. Since 2020, the brand is using on-garment communication, it's now on all products.

| Performance indicators | Result | Relevance of Indicator | Documentation | Score | Max | Min |
|--|---|---|--|-------|-----|-----|
| 6.2 Member company engages in advanced reporting activities. | Supplier list is disclosed to the public. | Good reporting by members helps to ensure the transparency of Fair Wear's work and shares best practices with the industry. | Member company publishes one or more of the following on their website: Brand Performance Check, Audit Reports, Supplier List. | 2 | 2 | 0 |

Comment: Paptex publishes the Brand Performance Check reports on its website. In 2021, the member disclosed more than 90% of its factories both to other members in Fairforce and on the Fair Wear Website following the new transparency policy.

Recommendation: Fair Wear recommends member brand to disclose 100% of production locations to other Fair Wear members in Fair Force and on the Fair Wear website

| Performance Indicators | Result | Relevance of Indicator | Documentation | Score | Max | Min |
|---|--|---|--|-------|-----|-----|
| 6.3 Social Report is submitted to FWF and is published on member company's website. | Complete and accurate report submitted to FWF AND published on member's website. | The social report is an important tool for members to transparently share their efforts with stakeholders. Member companies should not make any claims in their social report that do not correspond with Fair Wear's communication policy. | Social report that is in line with Fair Wear's communication policy. | 2 | 2 | -1 |

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

Transparency

Possible Points: 6

Earned Points: 6

7. Evaluation

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

Comment: The CEO and sustainability manager are actively involved with Paptex's Fair Wear membership and evaluate regularly but ad hoc basis. Supplier feedback is taken into account in these evaluations. The Brand Performance Check report is used to set priorities and input the sourcing strategy and the Fair Wear work plan.

| 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. | 100% | 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: Paptex has one requirement from last year's brand performance check and has addressed it sufficiently.

Evaluation

Possible Points: 6

Earned Points: 6

Recommendations to Fair Wear

Paptex would like more events to be organised amongst other members locally. The brand would like Fair Wear to connect with brands that are interested in such events. Paptex also recommends Fair Wear becomes more visible in external communications.

Scoring Overview

| Category | Earned | Possible |
|--------------------------------|--------|----------|
| Purchasing Practices | 33 | 52 |
| Monitoring and Remediation | 14 | 24 |
| Complaints Handling | 3 | 3 |
| Training and Capacity Building | 5 | 5 |
| Information Management | 4 | 7 |
| Transparency | 6 | 6 |
| Evaluation | 6 | 6 |
| Totals: | 71 | 103 |

Benchmarking Score (earned points divided by possible points)

69

Performance Benchmarking Category

Good

Brand Performance Check details

Date of Brand Performance Check:

25-07-2022

Conducted by:

Jason Mandels

Interviews with:

Stefan Grabher - CEO

Silke Krah - CSR

Lucia Fuentes-Murillo - CSR (currently on maternity leave)

Kristina Oberlechner - Marketing