

# SOCIAL REPORT 2022

## Sustainability as a holistic transformation

Reporting period (financial year):

January - October 2022

Proud Fair Wear member since January 2016

[www.maryrose.at](http://www.maryrose.at)

[shop.maryrose.at](http://shop.maryrose.at)





Hi, my name is Stefan and I am the CEO of Paptex and Mary Rose. Right now, after lots of time, energy and passion, I am holding our bio-degradable bedding in my hands. Regarding this long journey, I would like to tell you something about how we became one of the pioneers in the field of sustainable home textiles.

For many years I have been keeping myself and my thoughts busy with sustainability and the protection of the environment. Actually, my passion for the environment and nature originate in my childhood since my grandpa always cared about environment protection and sustainability and established these kinds of thoughts in my head as well. However, my awareness for this topic was not risen until I found out about a company, in my home town Dornbirn, that was producing textiles and regularly put their dirty raw sewage in a river flowing through the town called Arch. All this was kind of normal back then but weird at the same time.

These experiences have shaped me and my way of thinking. They made me feel responsible to change something and this is why I decided to create and make our home textiles differently. My goal is to produce completely sustainable home textiles without any negative impact on the environment or humans. We do not let anything to chance, from the cultivation of our biological cotton to the point the product is finished, nothing is done without responsibility or thought.

In order to keep our supply chain transparent und sustainable, we certify and audit our company with the strictest standards that exist in the area of home textile production. Greenwashing is definitely something we do not want to be part of.

Because of constant changes in jurisdictional rules as well as the work of international organisations that advocate for better working conditions, we cannot not change and are therefore on a continuous way to become a better and more sustainable company.

Join us on our journey... it remains exciting!





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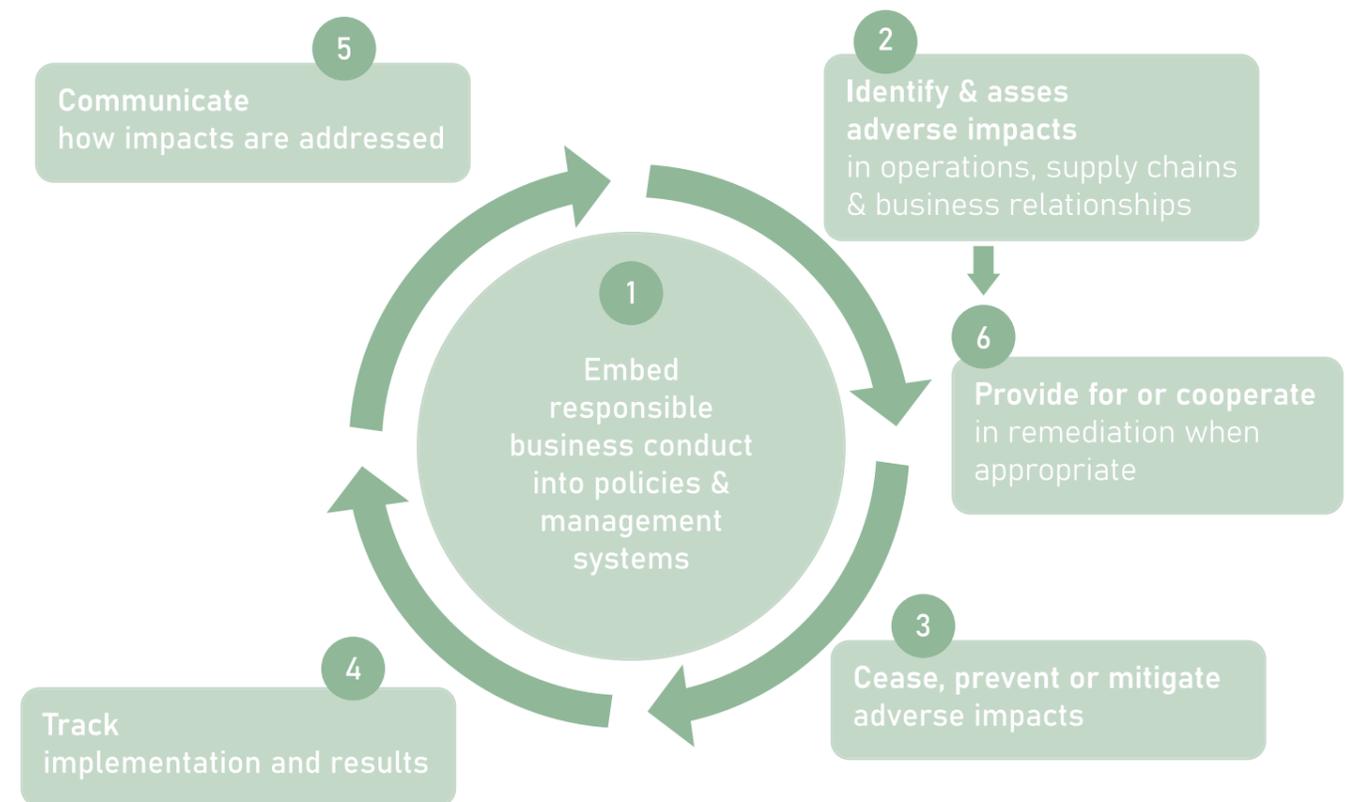
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## About this Report

This report is here to show our social compliance which we fulfil with help of Fair Wear (FW) and the implementation of the Code of Labour Practices. Paptex Textilhandels GmbH goes hand in hand with international standards and principles; among others, the OECD Due Diligence Guidance and UN Guiding Principles for Human Rights are an essential basis of our values.

Change is the nature of the world and currently there are some big ones going on; not only Fair Wear is in a transition year but also Germany introduced the supply chain act or the European Green Deal was passed for example. We Paptex also change with the change; our continuous progress is based on a risk-based view since we try to be an aware and open-minded company. To achieve this, we make use of the HRDD (Human Rights Due Diligence) cycle of FW as well as OECD guidelines. The HRDD cycle is made up of six steps which are rooted in the OECD Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector.



Source: Fair Wear [www.fairwear.org](http://www.fairwear.org)

**The Fair Wear Foundation** is a multi-stakeholder-initiative 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 (CoLP) consists of eight labour standards derived from ILO Conventions and the UN's Declaration on Human Rights and the 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.

As a result of the Brand Performance Check, our work towards fair working conditions was rewarded with Fair Wear "Good" status. 95% of our production sites are under monitoring according to the FW standard. If you would like to find out more about our FW assessment, please look here: <https://maryrose.at/soziale-verantwortung/>.

### 2. Factory Audits

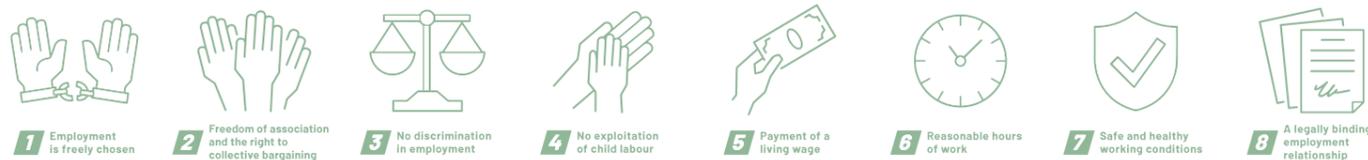
Fair Wear performs factory audits in order to find out how well our suppliers comply with the Fair Wear Code of Labour Practices (CoLP). Our suppliers are audited every 3 years on-site. Fair Wear goes through documentation, factory conditions and environment, etc. At the end of an audit, we the brand 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).



## Summary: Goals and Achievements

The textile industry is the field with most modern slavery in; people are underpaid, working overtime and even children endure this basic human right violation. Paptex sees itself responsible to change that and to not promote it; we pay at least the minimum wage and are trying to implement fair wages as well as we pay fairly for overtime and only a certain amount of additional working hours are allowed. Furthermore, we care about human rights and about equality which puts high priority on fair employment and payment of our workers disregarding their gender, religion, ethnicity and origin. We want to improve our workers conditions as well as their life and nature's life since we only got one planet and this one is our home.

Examples of what Paptex is doing to save the planet and improve their employees work experience, are that we as Paptex have 95% of our production under monitoring, however, we are constantly on the way for a totally transparent production process. Furthermore, we also received a score of 69% on the Fair Wears annual Brand Performance Check in 2022, maintaining its GOOD category.

## We proudly present our Achievements in 2022

- Since we want to improve our category and our employees work experience, we started a **project to increase the wage level** at our main supplier in Türkiye. We are evaluating the salaries and insurances with the working time constantly and conduct surveys about the daily costs of every employee. A crucial part of this project is the aim to increase the wages to living wages to make sure our employees get paid fairly and equally. Despite the current political and economic situation in Türkiye we try to further develop and nurture a long-term relationship with them. While learning with them how to do this we want to implement it in other partner suppliers as well.
- We implemented a **Responsible Business Conduct policy**. We sent our RBC policy to all our partners as well as it is published on our homepage so everyone can see and read it so we also have a transparent business policy. Additionally, with writing and implementing our RBC policy, we did the first step towards the HRDD cycle.
- We started writing a new **risk assessment** that is more in depth than our current one in order to implement a systematic structure to avoid and mitigate those risks. This is also step two of the HRDD cycle. We as a Fair Wear member care about our employees and therefore want to know the risks of each country we produce in as well as we want to know the risks of our individual factories. We do our best to always be up to date with what is happening in our factories and because of that we continuously request updates or conduct surveys. After identifying the possible impact, we mitigate it so it does not happen again in the future. For all this to run smoothly, we need a full monitoring system to track our implementations with which we evaluate how these impacts are addressed and what the result and our actions are to mitigate the risk and make sure it will not happen again in the future.

## Our GOALS – a look into the future

- The global demand on cotton is steadily increasing; raw material prices went up as well as energy prices. Those are just two examples of the **challenges** we had in 2022. Nevertheless, we tried to support our suppliers by planning the amount of what we want produce in advance for a longer period of time; we did this with so called framework contracts with all of our clients. These contracts made it much easier to plan the capacity, working hours and the accompanying risk of overtime of our partner's employees in their production facilities.
- Most of our articles are produced in a way so the environment is not harmed. We focus on circularity and that the cotton we use is biologically grown. To further **establish the biological cultivation of cotton**, we are a part of a project that supports farmers in Türkiye. The focus of this project is to convert from conventional cultivation of cotton to organic farming which means there are no fertiliser or chemical pesticides used for example. Furthermore, an advantage of supporting this project in Türkiye is keeping our delivery distance from the plantations to our production facilities short since they are both in the same country and we therefore prevent additional greenhouse gas emissions.
- We never give up on having a **transparent business concept** because it is an important value of us; a challenge for this was a long running conversation with a German partner of ours who did not agree with our wish of transparency and social requests. We will never abstain from our values which are also written down in our RBC policy. We tried to take this German business on board step-by-step but since not even small steps helped to convince them to respect and share our work morality, we are now preparing our responsible exit strategy and shift the production we had there to Liechtenstein. Giving up does not exist in our vocabulary but equality, fair work time and fair wages are something that is not negotiable for us and therefore we will try everything to make our partners see it as we see it but if it just does not work out, not even when only baby steps are made, we sadly see us forced to end a partnership if the our values and morality do not fit.
- On another note, we are happy to announce that we achieve the **Global Recycled Standard (GRS)**, which we also received in our "seal family". However, this seal requires a more in-depth examination of our company and our production. The seal has to do with the proportion of recycled components in our goods as well as compliance with human and labor rights.

- We want to bring **our wage increase project** forward; to do so, we are planning on doing further surveys and interviews with our supplier and worker representatives. Our goal is to reach a collectively determined target wage that are realistic and achievable, even in economical bad situations and times. The Turkish government increased the minimum wage to 8500 Turkish lira in autumn 2022, however we want to increase our employees' wages to living wages to provide them with a fair and equal payment and to motivate them as well as offer them a secured future.
- We want to focus even more on our **female employees** in our production facilities; what can we do to help them balancing their family and work life? We would preferably organise workshops if it is possible. We want to try this idea at our main supplier facility in Türkiye and if we know how it works, we will bring it forward to our other suppliers.
- Since COVID-19 happened we had no possibility to **plan audits or trainings** in China. However, in 2023 we will to change this situation to have a better overview on those production locations again.
- We are an open, honest and transparent company and want to share every effort we made and goals we reached in topics of sustainability and social compliance to show our company's morality. We want to work even more on our **social responsibility** and anybody who is interested can find more interesting information about Paptex and our work on our homepage. A holistic transformation of the company DNA.
- We want to go deeper in our **textile supply chain**; our goal is to know exactly which different suppliers are part of our supply chain, from raw material extraction to fabric sourcing. We have been collecting data for a while now we want to bring that into a systematic manner. Furthermore, we want to visit all of our suppliers in the near future to get a better overview of what is happening, to minimize risks and to build a sustainable work environment for them.



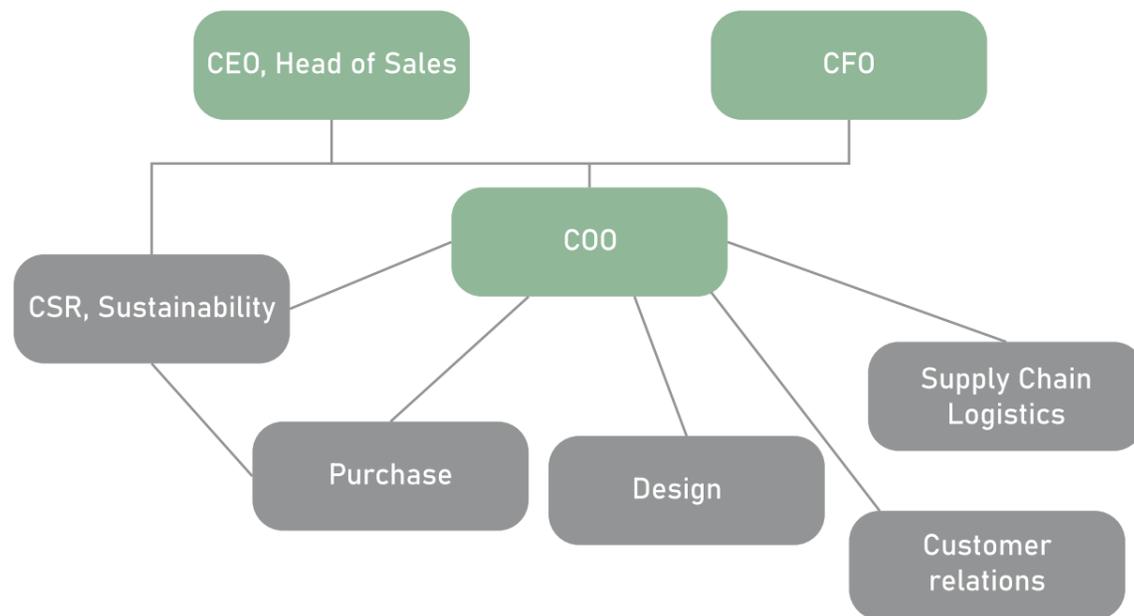
## About PAPTEX

Paptex Textilhandels GmbH is a wholesaling home textile company established in 1990. Our core products include bedlinen, tablecloths, blankets, curtains, home decoration and accessories. Our primary customers are leading furniture stores, retail and wholesale customers in Austria, Switzerland and Germany.

### Who we are

Paptex stands for innovation, competence, constant further development and looking beyond the horizon. We are committed to a more sustainable business approach and social and ecological sustainability is grounded in our business DNA. Our aim is it to be the best version of ourselves and also act in this way.

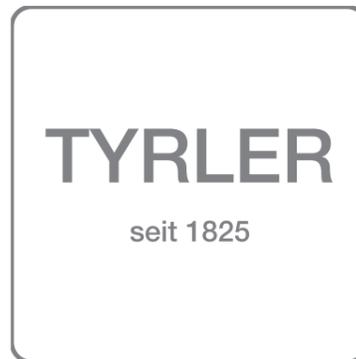
### Responsibilities and Company Structure



## Our Brands

Stylish. Sustainable. Fair. That is how easy Mary Rose's philosophy can be described. In 1990 Mary Rose as an enterprise was founded and established itself as a specialist for ethically as well as sustainably produced home textiles. Mary Rose is selling its brands Mary Rose and Mary's in its own flagship stores in Dornbirn (Mary Rose) and Innsbruck (Tyrler Innsbruck). All collections and designs are developed in our ateliers in Dornbirn. Furthermore, our long-term partnership production locations are in Türkiye, China and Romania. Each of our production location operates ethically and morally sensibly as well as sustainably since the majority of them cultivates their raw materials biologically.

mary rose®  
mary's



### Our Retail Stores



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## Our Philosophy

Paptex and its own brands represent urban and modern design statements. We want our customers to know where the product comes from, how it is made and why it is made in that way. The human component is present in every of our products: it passes through numerous hands and tells its own story. With numerous certificates and as a member of multiple diverse organisations and foundations we take responsibility and exhibit a continuous way to a sustainable transformation in the home textile industry.

“We all have the right to employment, to be free to choose our work, and to be paid a fair salary that allows us to live and support our family. Everyone who does the same work should have the right to equal pay, without discrimination. We have the right to come together and form trade union groups to defend our interests as workers”, [1] is the 23rd article of the UN human rights declaration. This and all the other 30 clauses of the human rights are what we as the company Paptex Textilhandels GmbH stand for. Hence, we disapprove of forced labour and child labour and place great importance on equal paid wages no matter the gender, religion, culture, ethic, and disregarding disabilities. Sexism, racism, ableism, and every other form of discrimination is strongly against our believes as a Fair Wear member and nothing we promote.

Our commitment as a company does not only apply to the equality and well-being of our employees but also to the sensible and respectful approach and handling of the environment. Since Paptex is a sustainable company, nature and environment are equally important to us as our employees. We want to make the world a better home for future generations and do not participate in worsening it with any kind of unnecessary pollution or exploitation.

## Our Vision: a holistic transformation in the home textiles industry

We are convinced that conscious living is the key to happiness. However, we wish to share this happiness with the world, which is why we place our emphasis on sustainability of our products. We are driven by the image of a future worth living in, in which we, but above all our descendants, can live a sustainable and liveable life every day. Many small but important steps are needed to make this vision of the future a reality. We are not perfect, but we want to contribute to an improvement and try to enable the way for a fair and socially sustainable home textile production while keeping our ecological footprint as small as possible.

## Our Values – Four pillar principles of sustainable production

- 01** GOTS - Global Organic Textile Standard 
- 02** Cradle to Cradle Certified® 
- 03** Fair Wear Foundation 
- 04** turn to zero 

With our company's values is obvious that PAPTEX is committed to a more sustainable textile industry, but we also seek official accountability. By having a more holistic approach towards sustainability we are able to provide our customers high-quality products that are some of the more sustainable in the international market. Moreover, as a wholesaler, and in addition to our two flagship stores, we also bring environmental and social awareness to the international market. We supply our products for well-known furniture houses but also supply them with ideas and new methods for a more sustainable economy.

## Our Values – Four pillar principles of sustainable production

### GOTS

The Global Organic Textile Standard, or GOTS, is the leading standard for textile processing of ecologically produced natural fibers. It defines environmental technology standards throughout the complete production chain on a high level while examining social criteria. Quality control is secured by an independent certification body.

### Cradle to Cradle Certified®

Our Cradle to Cradle certified® products are made from organic cotton and have been awarded with the Cradle to Cradle® GOLD certification. From the organic cotton material to the sewing thread, and from the weave and product label to the color pigmentation – everything is completely biodegradable and can be returned to the biological cycle without trace. In the centre of the evaluation are: material health, material reutilization, renewable energy, water stewardship and social fairness.

Cradle to Cradle certified® is a registered trademark of the Cradle to Cradle Product Innovations Institute.

### Fair Wear Foundation

The Fair Wear Foundation stands for the improvement of working conditions in the clothing and textile industry. They review whether the member companies implement the principals of FWF in their production lines. This multi-stakeholder-initiative was founded in 1999 and has seen a steady increase in member companies ever since. Together with other members, we work on creating awareness for fairness in the production and shipment process. This awareness includes, among other things, limitation of working hours, free choice of work place, no discrimination, safe and healthy working conditions and pay to secure one's livelihood. We work towards fairness becoming the norm in our industry rather than the exception.

### turn to zero

Turn to zero helps us minimising our greenhouse gas emissions since they offer carbon footprint calculations on various very detailed levels and for different uses and industries. With them we defined meaningful and reachable goals to compensate our greenhouse gas emissions. Effective climate protection requires more than just commitment and compensation, it requires real action. We understand this and therefore make our decisions sensibly and in an innovative way!

*Additionally to our four pillars of sustainability we have the GRS certificate and the vegan certification for our Cradle to Cradle certified® GOLD articles to dive deeper in our sustainable way. We try to bring out as much as possible of our holistic way to produce our articles.*

### Vegan

The V-Label is under the umbrella of The European Vegetarian Union (EVU). It is a standardized voluntary European certification scheme with the aim of easy identification of vegetarian and vegan products and services. Through the V-Label, companies promote transparency and clarity.

### GRS

The Global Recycle Standard (GRS) is an international, voluntary, fully-fledged product standard that specifies requirements for the independent certification of recycled materials, the product chain, social and environmental practices and chemical restrictions. The recycled content of products must be at least 20%, while the logo may only be used if the recycled content of the article is at least 50%.

#### 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.



#### Cradle to Cradle Certified®

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

2019 Cradle to Cradle Certified® Gold bed-linen and terry towels manufactured in Türkiye.



#### Fair Wear Foundation

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

In 2016 we were the first member brand to only produce and sell home textiles. To this day we still are the only home textile member brand.



#### turn to zero

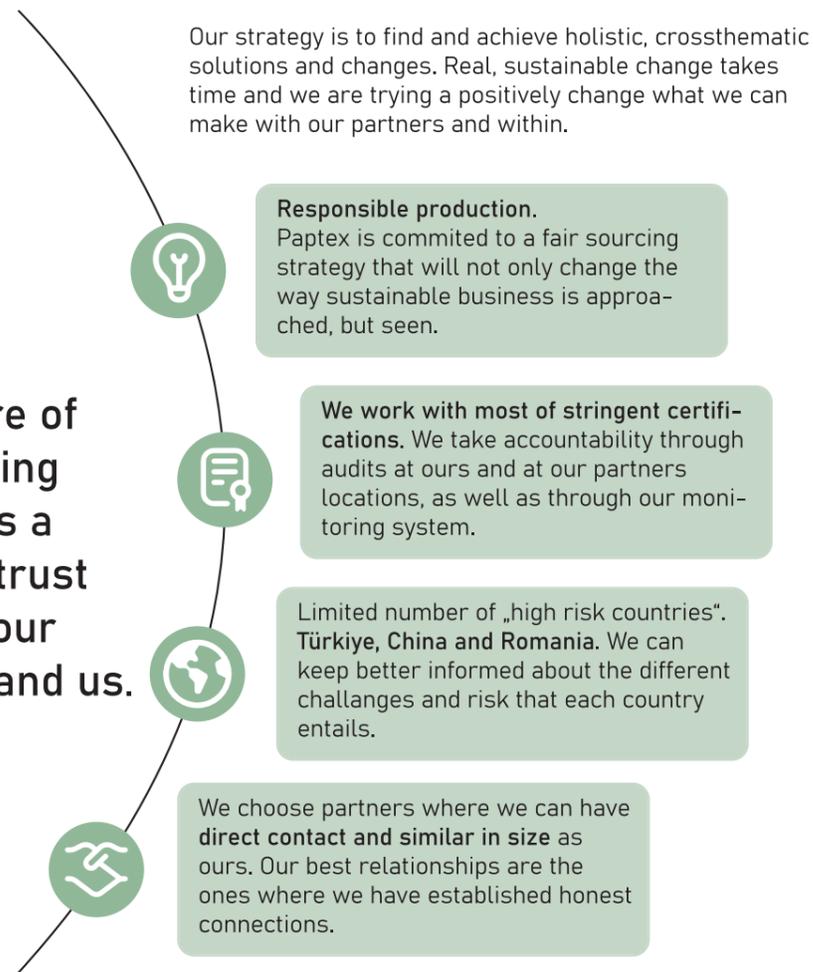
We as a sustainable company care about the environment and our planet and therefore produce sustainably and do our best to keep our carbon emissions as low as possible.

Additionally, we look closely at our carbon footprint in order to see and decide where we can do more to minimize our greenhouse gas emissions. We try to actively decrease our emissions and not just pay them off by compensation payments.



## Sourcing strategy

At the core of our sourcing strategy is a two-way trust between our partners and us.



## Human Rights Due Diligence

We as Paptex care about a two-way trust between our partners and us. Therefore, we conduct **human rights due diligence** at all our production locations before we place any orders. It is necessary for us that our values as written down in our **Responsible Business Conduct policy** are followed as for example the payment of at least minimum wage. However, the end goal is a salary of the living wage and to do the preliminary work for achieving this.

All our policies have to be signed before we start our production. Audits, workshops and regular on-site visits are conducted all the time and have to be respected. Moreover, we use policies related to the risks and let the supplier sign it. Before we source in a new production location, we have an on-site visit. Our mantra is to maintain long-term partnerships.

We want to have the direct contact to the management and can work together to fulfil goals which we decide in equal agreement. We try to be up to date, and we want to be able to influence working conditions (sufficient leverage) and be granted direct contact with the management. Furthermore, new suppliers should honour our Fair Wear membership and agree to

work towards the standards described in the Code of Labour Practices. This includes posting a worker information sheet (WIS) and signing the questionnaire. The CEO has the final say regarding sourcing decisions. These decisions are influenced by the potential compliance of new suppliers with Fair Wear's Code of Labor Practices. It is the companies' strategy to maintain a transparent and stable supply chain.

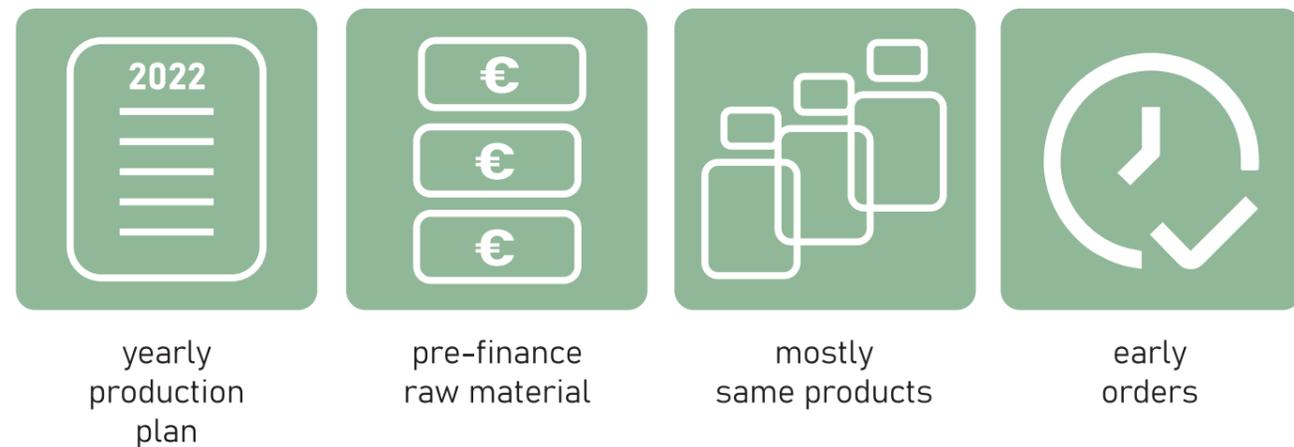
Our selection criteria before awarding a contract contains important steps and concerns. We have a sampling and quality control and review if the concerning company has and protects our framework conditions. Furthermore, we set value on a seriously taken partnership where we have influence. We also ask ourselves if the companies' structure suits our company's structure (SMEs, direct communication with management). Moreover, we go through our health and safety checklist and see if our possible business partner fulfils it. If those things seem alright, we send the Fair Wear trust relationship questionnaire to our potential supplier and orders are only placed once the questionnaire is completed. Additionally, we do regular inspections if employee information sheets are drawn up in the national language, the minimum wage is paid, no unknown subcontractors are used and whether the information sheets are clearly visible or not.

Real, sustainable change takes time, and we are trying to positively change what we can with our partners and within. We therefore make use of a supplier **evaluation system**. The suppliers are rated based on their compliance with Fair Wear's Code of Labour Practices (CoLP) in addition to other elements such as the communication with the factory. On an annual basis, the outcomes of the evaluations are shared with suppliers by means of scorecards. If a supplier performs well, the member brand will consider higher orders and (further) joint investments in the production location. Part of Paptex's production exists out of Never out of Stock items, these items are used for that. When a supplier is underperforming in terms of social compliance, this could lead to lower orders and eventually an exit by Paptex. We shared our template with Fair Wear, that other brands are also able to use it.

Furthermore, **responsible pricing** is an essential part of our sourcing strategy as well. 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. We support our partners in Türkiye 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.

If we cannot work with a factory anymore, we use our own **exit strategy**. A complete exit is our last resort and before that there are multiple steps. Downsizing for example is one of these; maintaining some leverage is a better option than completely leaving the factory. However, if we decide to leave a factory, we give fair notice as for example phasing out the plan to begin at least one season later. Moreover, we also determine the social impact of our decisions and consider their impact upon the workers as well. We try to monitor that workers who are laid off receive their due and ensure all workers are covered.

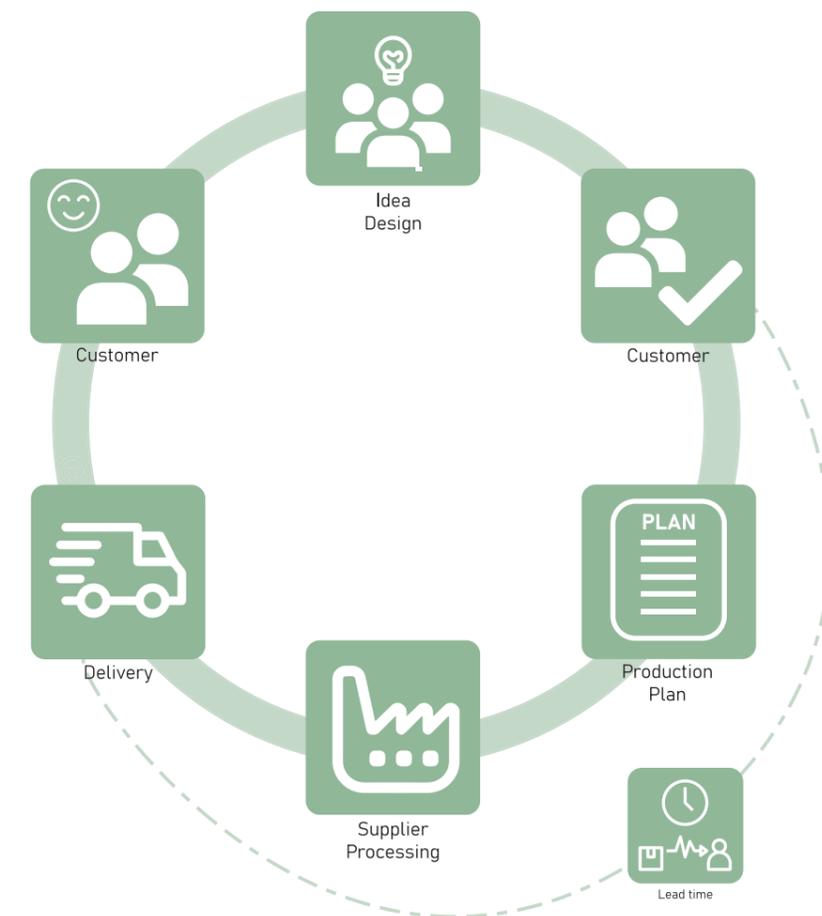


## Sourcing Department Structure

In terms of work force, we are a small company and therefore do not have a typical sourcing department. Our COO and our key account manager are taking care of our clients. However, the final decisions are made by our CEO. We might be a smaller company but still have a customer-employee ratio of 3 to 4. The tasks that are fulfilled by our COO and key account manager reach from quotation to placing final orders, which means all of us are in direct contact with our suppliers and with placing orders. Which manufactory will get which order is decided by the type of product, as well as the core focus and strength of the factory itself. When it comes to placing orders, all staff that works in that specific sector is informed to not place orders at new suppliers without having the final agreement of the CSR staff and CEO.

Nevertheless, since we are mainly producing timeless classics and orientate ourselves on never out of stock articles, the planning of our productions is kept within a limit. Because of foreseeable supply contracts, our suppliers have enough time to plan their worktimes and capacity of workers accordingly. Furthermore, the whole process is quite constant which makes the planning for other years easier too. Additionally, we try to buy raw material efficiently. An example therefore would be 2022 since due to constantly rising prices of raw material in that year, we bought materials at an early stage for our suppliers in order to give them price stability in their production.

In addition, twice a year we offer certain customers special collections on a certain topic. There is then also the possibility for other customers to join these orders. In the past financial year, we worked with only one agent in China, same as the year before. Our goal however, is to either limit the number of our suppliers who we have no direct business relationship or contact with their factory with, or finding a way to involve intermediaries more actively in the social dialogue.



## In general

We try to place orders as early as possible, once we receive them. Often, in order to save some time, we organise fabric and other needed material before the client placed the order. If our requested lead times are too short, our suppliers inform us and we check with our clients whether new delivery dates can be accepted. Sometimes we are also facing delays in production time. If our client cannot accept the delay, we solve this issue by splitting orders and import parts by airfreight.

## Supplier relations

We are relatively settled with our current suppliers as well as very careful in starting business with new suppliers.

Due to constantly gaining knowledge of our production facilities and our already existing know-how about them, it is not desirable for us to look for new partners or to change them. Changing partners only happens if a previous partner can no longer go with our innovations. In the past financial year, we neither terminated relationships with suppliers nor selected new suppliers since we value the partnerships we have built up over the years.

In Türkiye, which has been our partner for 20 years, organically grown cotton articles have been produced for over 8 years now, in China we produce string curtains, shower curtains, cushion covers, chair pads, apron gloves etc. and in Romania fitted sheets. Our feather filled pillows are bought in Austria and Germany.

These trusting business relationships are the cornerstones of our success on both sides and have enabled us to constructively manage new challenges. We are proud to have been working with the same main partners on build solid relationships for at least 10 years. Together they account for 88,26% of our total production volume.

2022 was still a year with COVID-19 restrictions, which meant another year of not visiting our suppliers in China. Even though some locations were hard to follow, we still managed to receive some important documents and information about their current affairs, but the lack of face-to face communication has taken a toll. But there was a silver lining. By minimising the COVID-19 measures in China at the end of 2022, it was possible for us to organize an audit with one supplier. An independent Fair Wear audit team operating at local level could have a look at how they handled COVID-19 as well as how they implement the Code of Labour Practices. On-site visits in Türkiye were possible and therefore our CEO took advantage of these to visit our main supplier there as well as our subcontractors.

Learning from each of our partners is a daily task. Not only about their factory conditions, but how open and willingly they address change and improvements.

## Integration monitoring activities and sourcing decisions

Within the last six years of our membership and monitoring activities we learned a lot about our partners. Not only about the working conditions in their production facilities but also about how open and willing they are to develop and improve.

With this development, we also had to determine business relationships; but more as a consequence of several non-tuning factors such as quality, trust and reliability. We always give our suppliers several chances but if they still show little to no interest and we only have little leverage, we stop placing new orders and shift them to other existing partners as well as we won't develop new articles with them. All of this will of course not happen before not giving them enough time to change.

On the other hand, we reward partners who show effort and cooperation with ongoing and new orders and constantly develop new products with them. Another benefit is our further development in terms of knowledge and participation in innovation. We want that we and our partners together walk the same path.

The outcome of an audit itself is not the most important factor when it comes to our sourcing decisions based on supplier code performance. We rather search for values such as experience, commitment and quality and whether a mutual interest in investing in the partnership and improvement is given.

Our aim is to implement the Code of Labour Practices in every production location, regardless how big our influence, in relation to our leverage, there is.

Since we did not change any of our existing suppliers or gained new one's last year, our sourcing strategy did not change significantly. We have once again explicitly stated our sourcing strategy and adherence to our social compliance ideas in our Responsible Business Conduct policy and forwarded it to all our partners.

## Monitoring and remediation

Our monitoring system was designed according to the Fair Wear monitoring requirements, but also to our own production standards. It is constantly developing and through this system, we collect the information that we need to act and make conscious decisions about our suppliers.

In order to do business with us, our suppliers have to fill out a certain questionnaire and sign the Code of Labour Practices which explains the eight social standards and requirements. Furthermore, our suppliers have to post the Fair Wear worker information sheet translated in the local language with the complaints helpline of Fair Wear in every factory. How we know if our suppliers comply with it or if they tell us the truth about the current situation at our production locations? This is where audits with independent, local and specifically trained audit teams from Fair Wear and on-site visits which we conduct are important. It is crucial to evaluate the compliance and the current situation. The resulting audit report contains suggestions for improvement and is shared with our suppliers immediately. The next step is to prioritize the remedial actions to be taken according to urgency. In order to deal properly with emerging risks for our workers we include country studies. The corrective actions that are taken in cooperation with our production facilities are intended to improve any issues that are found. These issues or findings build the base for our risk-oriented work and our risk assessment. During our factory visits and constant exchange, we check the progress and achieved success.

Additionally, we use our own supplier evaluation since 2020/21, in which we monitor the daily business and our supplier's progress and challenges towards social compliance. Each supplier will get their evaluation and their specific results with comments. Our supplier evaluation helps us not only to evaluate our suppliers, but also to make more conscious decisions on our partnerships and sourcing strategy. Generally, we learned that our suppliers are going through many issues other than just regarding social compliance. The political and economical situations in the world are bringing huge risks to our businesses.



## Production facilities Türkiye

In Türkiye we have worked with our main supplier for more than 20 years. This partner makes up more than half of our production volume. A close and trustworthily long-term business relationship with several personal visits, form the base of our good cooperation. The last visit by our CEO took place in October 2022. Together we develop new items and other projects to optimize production and invest in production processes.

The production location was audited in December 2021. After the audit we received the report and the Corrective Action Plan with the findings. The most urgent problems could be resolved after a short time. Urgent problems will be solved within 1-3 month which we also checked with the Fair Wear health and safety checklist at our visit in May 2022. Other findings like the increase of wages to come closer to living wages which are estimated by local stakeholders are still work in progress. Because of the high inflation, the collapse of the Turkish Lira, the increasing prices for raw material and cotton we continue our discussion about wages over a longer period than firstly thought. The first step was made by the Government in Türkiye though since they increased the minimum wage to 8,500 TL in autumn 2022.

The non-providing of ergonomic rubber floor mats is also still an open point, we are here in contact with another Fair Wear member brand, which also relates articles from our partner, to organise or to finance the project together.

In general, our partner is very open and sends us regularly salary overviews, insurances and working hours. To have a meaningful assessment, we have to switch in official salary slips. The recording of working hours happens through an installed electronic attendance system. Our main partner in Türkiye is also working with subcontractors which we visited in 2022. To avoid unauthorized subcontracting, we have our own subcontracting policy. Our monitoring system consists of filling out questionnaires, posting worker information sheets in the local language and doing on-site visits. Two of them are also BSCI member and shared their audit report with us. One of these subcontractors is audited by Sedex and shared the audit report as well as the Corrective Action Plan report with us. Our subcontractors are mostly open and share mostly all the data we need from them with us.

### Main supplier in Türkiye, Denizli (TR 1)

Product group	Organic cotton
Production process	Cut Make Trim, Cutting, Packing, Finishing
Fair Wear Monitoring	Last audit 2021
	Last Training 2022
Supplier since	2001
Number of employees	75
Leverage	95%

This partner has been our main supplier in Türkiye for more than 20 years. We grew together and appreciate the family-like partnership. The factory in Türkiye is also inspected by GOTS and Cradle 2 Cradle certified®. They are specialized in producing our articles from organic cotton like bedlinen, tablecloth, cushion, curtains and so on.

### Subcontractor Türkiye, Denizli (TR 2)

Product group	Organic cotton
Production process	Cradle to Cradle certified® GOLD terry towels
Fair Wear Monitoring	Filled out questionnaire and postings of WIS
	Last visit in May 2022
	SEDEX audited, CAPs received
Supplier since	2018
Number of employees	383
Leverage	0,02%

### Subcontractor Türkiye, Denizli (TR 3)

Product group	Organic cotton
Production process	Jersey articles
Fair Wear Monitoring	Filled out questionnaire and postings of WIS
	Last visit 2019
	BSCI audited Rating A
Supplier since	2017
Number of employees	410
Leverage	2,75%

### Subcontractor Türkiye, Denizli (TR 4)

Product group	Cotton
Production process	Blankets, Hamam towels etc.
Fair Wear Monitoring	Filled out questionnaire and postings of WIS
Supplier since	2015
Number of employees	25
Leverage	0,5%

### Subcontractor Türkiye, Denizli (TR 5)

Product group	Cotton
Production process	Knitted blankets
Fair Wear Monitoring	Filled out questionnaire and postings of WIS
	Last visit in May 2022
	BSCI audited Rating B
Supplier since	2021
Number of employees	204
Leverage	0,03%

## Production facilities China

Our second main supplier for many years is situated in China. Because of never stopping Covid-19 measures we haven't had the possibility to visit them. Unfortunately, the communication has also suffered from it. Additionally, there are other issues like the increasing prices for shipping. Paptex covered these increasing costs per container, and we also accepted delivery delays. Another struggle were the power cuts in August because of drought. We tried to be foresighted and plan the delivery times for our clients in advance.

While we were unable to visit China, we tried to find other solutions to have an eye on our suppliers and what's going on in the production locations. Fair Wear gave us the contact details of an employee who had contacts to freelancers and agencies which would help us. However, on the one hand we didn't have enough budget for that and on the other hand we didn't find anybody suitable. We are looking forward to our Fair Wear audit in 2023. Nevertheless, they did have an audit to check their social compliance and the BSCI audit revealed a Rating of C. We received the report and will work with it. The monthly overtime that was noted had nothing to do with our production though, which was also confirmed to us. Even if it is not our production, it is concerning to hear that they are hardly working on that issue and implemented their own overtime policy.

Our two subcontractors in China were organized through an agent with whom we've been working for years. On the 31st of October an audit performed by Fair Wear in one of our subcontractor factories took place. Unfortunately, it was not possible to talk to the employees off-site the factory. After receiving the report, we got in contact with our agent immediately and tried to work on the most urgent findings. Due to Christmas holidays and Chinese New Year the communication was difficult, and we are still working on it. The most urgent findings belong to the payment of minimum wages and the monthly payment of wages. Furthermore, a risk of electrical safety was observed, as well as the fire alarm was insufficient. Thanks to such audits, deficits in compliance can be identified and we can work on better conditions and find adequate solutions for the employees.

### Main supplier China, (CN 1)

Product group	Cotton
Production process	Curtain, cushion covers, filled cushions, chair-paids
Fair Wear Monitoring	Last audit 2019
	BSCI audited Rating C
Supplier since	2009
Number of employees	78
Leverage	42,8%

### Subcontractor Agency China, (CN 2)

Product group	Cotton
Production process	Apron, gloves (kitchen items)
Fair Wear Monitoring	Last audit 2022
	Filled out questionnaire and posting of WIS
Supplier since	2018
Number of employees	55
Leverage	1,9%

### Subcontractor Agency China, (CN 3)

Product group	Cotton
Production process	Blankets, dryer balls
Fair Wear Monitoring	Last visit 2019
	Filled out questionnaire and posting of WIS
Supplier since	2017
Number of employees	30
Leverage	0,8%

## Production facilities Europe

The stigma is that Europe has less risks than other regions, however, this is not true since Europe also has political and economical struggles.

### Factory Romania

Product group	Organic cotton
Production process	Fitted sheet
Fair Wear Monitoring	N/A
	External audit SA8000
Supplier since	2011
Number of employees	280
Leverage	0,57%

Even though our production and leverage in this factory are quite small, this supplier has always been very responsive and meets all our demands. Due to that we are increasing our orders. Our monitoring consists of a simple fill-out questionnaire and posted worker information sheets in Romanian. We normally visit them, but we couldn't do this in the last financial year. However, they share every requested information freely and openly. The production location is audited regularly by the SA8000 standard.

### Factory Germany

Product group	Feather fillings
Production process	Feather filled pillows
Fair Wear Monitoring	N/A
	They only signed the questionnaire
Supplier since	2007
Number of employees	-
Leverage	0,01%

This production location is a difficult and sour situation. They have no transparency and have shown no interest to abide to any of our social requests. We tried to start the conversation again in 2022, however, without success. We have found a new partner in Liechtenstein and will try to shift all of our products there as soon as possible.

## Factory Austria

### Studio Tyrler, AT 1

Product group	Cut Make Trim
Production process	Down and feather cleaning, sewing
Fair Wear Monitoring	N/A
	Staff training through CSR of Paptex in 2022
Supplier since	2020
Number of employees	9
Leverage	100%

This supplier is our associate company, it is located very close to our shop in Innsbruck. We visit them at least once a month. They signed and filled out the questionnaire as required and posted the worker information sheet in German.

### AT 2

Product group	Feather fillings
Production process	Feather filled pillows
Fair Wear Monitoring	N/A
Supplier since	2018
Number of employees	-
Leverage	1,4%

This company filled out and signed the questionnaire as required as they posted the German version of the workers information sheet. They also meet as the other Austrian suppliers very high standards regarding social compliance. We visited them in 2021.

### AT 3

Product group	Filling, packing, relabeling
Production process	Filling of cushion cover
Fair Wear Monitoring	N/A
	GOTS certified
Supplier since	2021
Number of employees	45
Leverage	1,96%

This organisation hires people with disabilities and long-term unemployed. They fill some of our cushions with natural materials like spelt, millet and/or stone pine, packaging and labeling. They have the German version of the workers information sheet and filled out the questionnaire as required.

## External production

We don't buy finished goods from other brands!

## Complaints procedure

Fair Wear created a helpline for workers to complain anonymously if they face any violation of the eight labour standards. If that should be the case, workers talk to a local representative in their local language. The helpline contact can be found on the worker information sheet that informs workers about their rights, which is posted in the work area and/or any other public area in the production location.

This complaint mechanism is on top of our factories other internal complaint mechanisms – systems like complaint boxes and worker representatives are another option besides the helpline. The Fair Wear complaint mechanism allows workers to express their complaints if the internal system fails.

In case Fair Wear receives a complaint, they immediately launch an investigation and require the brand to work on it with the factory. This process usually involves the factories management and worker representatives, and Fair Wear encourages us as a member brand to identify and address the root causes of the problem to ensure it doesn't happen again. To maintain transparency, every complaint is posted on the Fair Wear website. To train the workers on this complaint system we conducted WEP trainings in Turkey and China and informed them via the worker information sheet or by audits. We have not received any complaints in 2022.

### Complaint investigation and resolution protocol



01 Fair Wear received complaint

02 Plausibility check

03 Member brand is informed

04 Inform the accused production location

05 Investigation of the complaint

06 Searching for solutions/ Mediation

07 Develop an corrective action plan (CAP)

08 Implementation of the CAP

09 Evaluation/Verification/ Publication of results

## Training & Capacity Building

### Our activities to inform staff members

In April we did a staff training regarding Fair Wear and the Code of Labor Practices. As a Fair Wear member company, it is important to us that not only our work is Fair Wear but our employee's mindset. During that staff training we talked about our work regarding social compliance, did a presentation, showed a video about Fair Wear on YouTube and finished the meeting with a short quiz.

Additionally, Paptex has a welcome package for all of our new staff including a series of documents about our values and visions as well as about our four principals of sustainability which including Fair Wear. Detailed information sheets are accessible on our shared computer server as well. Moreover, there are online meetings in which we discuss our involvement with Fair Wear and other certification bodies. We also have a WhatsApp group where all the employees are informed about any updates and current activities.

During 2022, our sustainability manager and our purchasing team attended several webinars and lectures regarding sustainability, fair wear, and equality and human rights in workspaces. All new learned knowledge about social and economic sustainability is always immediately shared with our whole team, our CEO, our partner companies as well as our agent in China.



### Our activities to inform agents

We work with one agent in China, who is informed about the Code of Labour Practices. This agent underwent a specific online training to be a qualified agent. The training includes topics regarding the Code of Labour Practices in 2021. However, our agent also received our RBC policy (Responsible Business Conduct) as well as our other partners so they would be informed about our values and ethics. The audit in our Chinese production location was an additional possibility to refresh our agent's knowledge about the Code of Labour Practices.

### The activities of our manufactures

Our partner from Türkiye has established their own social compliance policy and does a training about BSCI behaviour rules and education of requirements.

### In general

The way of Fair Wear is one of our 4 pillar principals for sustainable production and cooperation with our suppliers. The guidelines, also known as the Code of Labor Practices (CoLP), inform workers and management about their labour rights. Any new supplier wanting to work with us must agree to comply with them and implement these labour practices. We ensure that information sheets, so called Worker Information Sheets (WIS), are hung up and displayed in central locations in all factories before the first production starts, in order to raise the general awareness of our work towards fairer working conditions, the independent complaints mechanism and the benefits of Fair Wears work. In order to create ongoing awareness among workers, we conduct internal factory training sessions, so-called WEPs, in cooperation with Fair Wear.



# Transparency & communication

Transparency and trust from both parties are crucial to receive accurate information. We try to directly discuss topics with our suppliers and visit them on a regular basis if possible. If we couldn't have face to face visits with all suppliers, we communicated by phone, emails, WeChat and other online platforms. During these calls and online meetings, we addressed specific concerns about the Code of Labour Practices and other important issues.

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

With our monitoring system and the 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 can track their progress, their challenges or lack of involvement.

To achieve sustainable improvement, we must have the factory's management on board. When they can see the issues with us, they can also experience the benefits that arise from complying with the standards.

Our retail customers or online buyers receive Fair Wear Flyers in our shop and in their shopping bags as well as we send them to our wholesale customers. Additionally, 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.

To constantly draw attention to Fair Wear, we promote the Fair Wear label on our website, our shops and email signatures. All our products are labelled with the Fair Wear and other certifications/organisations logo.

We constantly report about our way of sustainability and our social compliance on our social media channels to inform and share campaigns.

General information about our FWF membership, as well as our progress in improving our labour standards, can be found in our annual Social Report and the Brand Performance Check report. These documents are freely available to everyone on our website, as well as on the official Fair Wear homepage.

<https://maryrose.at/soziale-verantwortung/>  
<https://www.fairwear.org/brands/mary-rose>

**Fashion Revolution Week** was held during the week of April 19- 23, 2022. Fashion Revolution Day was introduced as a Global Day of Action after Rana Plaza, one of the largest textile factories, collapsed in Bangladesh on April 24, 2013, killing 1138 people. The annual day of action has been expanded into an entire week of action to ensure more transparency and more FAIR FASHION in the textile industry. During the annual Fashion Revolution Week we promoted the work and features of Fair Wear and put the focus on the Code of Labour Practices. We took the possibility to explain every of the 8 standards through this week.

We also used our **Green Month** starting on June 1, 2022, to talk and report about transparency, fair production, fair working conditions and the benefit of being a member brand of Fair Wear.

**No to black Friday** campaigns - Black Friday has become a world-wide tradition. Not only does it exacerbate excessive consumerism but it also plagues us and our planet with many environmental and ethical issues.

Since 2020 we deliberately decided against promotions and discounts for #blackfriday, as we rely on durable, sustainable and fair produced home textiles for fair prices. Transparency is the top priority for us, which is why we are regularly audited by Fair Wear.



## Stakeholder Engagement

In the past financial year, we made use of Fair Wear country studies and the monthly member updates. Besides being part of Fair Wear Foundation we are also an amfori BSCI (Business Social Compliance Initiative) member. BSCI is a code of conduct based on conventions of the International Labour Organisation (ILO) and the UNO's human rights declaration. We are also involved in the Swiss BSCI contact group which is very active in this field. Through different newsletters, we are also regularly updated and aware on current situations and developments in production countries.



## Highlights of 2022 – Corporate Social Responsibility

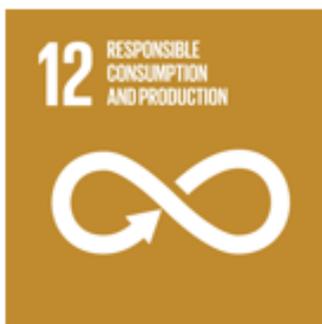
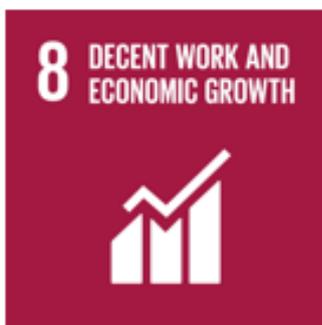
### ReMember days of Fair Wear

On the 15th of September Paptex was part of the ReMember days hosted by Fair Wear in San Blas in Bloemendaal am Zee, Netherlands. There, we did not only have the opportunity to meet the Fair Wear Director Alexander Kohnstamm and several Fair Wear employees but also to (re)connect with other Fair Wear member brands. It was an unique opportunity to talk to same minded people as well as to learn more about other member brands and how they handle difficulties like living wages. Furthermore, there were many interesting talks about the HRDD cycle, living wages, risk assessment, purchasing practices and more. Moreover, the ReMember day did not only connect different Fair Wear brands but also provided the chance of talking to different country teams to understand the difficulties different work sectors are suffering of in different countries. It was a very interesting and helpful day for our CSR manager who went there and shared all their enthusiasm and new learned knowledge with the rest of the team.

### Our ecological highlights in 2022

- March, 24 Cradle to Cradle Certified® certification „Reparaturwerkstätte Studio Tyrler“
- March, 31 ÖGUT nomination „Umweltpreis 2021 - World Without Waste“
- June, 1 start of „Green Month“, return system of bedsets and terrycloth
- June, 8 Circular Shift Amsterdam
- June, 11 Licensee Nanea Yarns - circular synthetic fibre
- November, 7 Cradle to Cradle Certified® Workshop with Albin Kälin at Dornbirn
- November, 24 Lecture Stefan Grabher „inatura“ Dornbirn

We support the achievement of the sustainable development goals to transform our world of the United Nations:



If you have any questions feel free to contact our CSR manager [soc@paptex.at](mailto:soc@paptex.at)

