



# **Brand Performance Check**

**PAPTEX GmbH & Co KG**

**Publication date: October 2023**

This report covers the evaluation period 01-01-2022 to 31-10-2022

## 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](http://www.fairwear.org). The online [Brand Performance Check Guide](#) provides more information about the indicators.

# Scoring overview

Total score: 68

Possible score: 182

Benchmarking Score: 37

Performance Benchmarking Category: Needs Improvement



## Summary:

PAPTEX GmbH & Co KG (Paptex) has shown insufficient progress on performance indicators. With a total benchmarking score of 37, the member is placed in the Needs Improvement category.

In 2022, Paptex had a tough year. The global crises have jacked up prices for raw materials and bumped up labour costs. A big part of Paptex's business comes from wholesale. While sales from its own retail channels have remained relatively steady, the company is witnessing a decline in customer purchases, resulting in reduced orders for Paptex. Consequently, this leads to decreased orders from Paptex to its suppliers.

Despite these challenges, Paptex is trying to switch gears from just following rules to utilising HRDD as an organising principle. They have started laying the groundwork by creating a system to figure out potential risks and ways to improve things before they turn into harms. However, there is still plenty of room for improvement in implementing this approach effectively.

Paptex has also collected gender-disaggregated data from its production locations, although this data remains unanalysed and untapped in the context of risk analysis and improvement programmes. And while Paptex has integrated Freedom of Association (FoA) principles into its policies, it has yet to conduct a comprehensive assessment to identify locations where FoA is present and feasible, as well as where it is not. Looking forward, Paptex's risk assessment for the coming year must encompass gender considerations and Freedom of Association.

In addition to its labour standards efforts, Paptex has demonstrated promising expertise in production planning. The brand's strategic use of internal deadlines well ahead of schedule has effectively extended lead times, allowing for sufficient time to complete production processes. Moreover, the company proactively engages with suppliers in the early production stages to preemptively identify and address potential delays. This proactive stance underscores Paptex's commitment to efficient and timely manufacturing, ultimately benefiting both its customers and stakeholders.

Given the aforementioned examples, Fair Wear strongly advises Paptex to prioritise comprehensive risk assessment and establish clear plans of action based on identified risks. This should involve creating well-defined strategies to prevent any actual harm or violations within its supply chain.

In 2023, Fair Wear implemented a new performance check methodology aligned with the OECD guidelines on HRDD. This new methodology raises the bar and includes some new indicators, which may result in a lower score for member brands. Because this is a transition year, Fair Wear lowered the scoring threshold for this year only.

## 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.

# Company Profile PAPTEX GmbH & Co KG

## Member company information

Member since: 1 Jan 2016

Product types: Home textiles

Percentage of CMT production versus support processes 100%

Percentage of FOB purchased through own or joint venture production 0.44%

Percentage of FOB purchased directly 89%

Percentage of FOB purchased through agents or intermediaries 39%

Percentage of turnover of external brands resold 0%

Are vertically integrated suppliers part of the supply chain? No

FLA Member No

Member of other MSI's Amfori - BSCI, Cradle to Cradle, GOTS, RDS (responsible down standard), GRS, Vegan, turn to zero

Other Initiatives GRS, Vegan, turn to zero

Number of complaints received last financial year 0

## Basic requirements

Definitive production location data has been submitted for the financial year under review? Yes

Work Plan and projected production location data have been submitted for the current financial year? Yes

## Production countries, including number of production locations and total production volume.

Production Country	Number of production locations	Percentage of production volume
Türkiye	5	68
China	3	29
Romania	1	1
Austria	3	1
Germany	1	0

# Layer 1 Foundational system's criteria

---

**Possible Points: 8**

**Earned Points: 8**

---

1.1 Member company has a Responsible Business Conduct policy adopted by top management.: Yes

Comment: Paptex needs to improve its Responsible Business Conduct Policy, to ensure better alignment with the OECD guidelines..

1.2 All member company staff are made aware of Fair Wear's membership requirements.: Yes

1.3 All staff who have direct contact with suppliers are trained to support the implementation of Fair Wear requirements.: Yes

1.4 A specific staff person(s) is designated to follow up on problems identified by the monitoring system, including complaints handling. The staff person(s) must have the necessary competence, knowledge, experience, and resources.: Yes

1.5 Member company has a system in place to identify all production locations, including a policy for unauthorised subcontracting.: Yes

1.6 Member company discloses internally through Fair Wear's information management system, in line with Fair Wear's Transparency Policy.: Yes

Comment: Paptex discloses 62% of production locations internally through Fair Wear's information management system. Fair Wear does not disclose Chinese factories on its website yet and therefore is lenient when members do not disclose Chinese factories.

**1.7 Member company discloses externally on Fair Wear's transparency portal, in line with Fair Wear's Transparency Policy.: Yes**

**Comment:** Paptex discloses 62% of production locations externally on Fair Wear's transparency portal.

**1.8 Member complies with the basic requirements of Fair Wear's communication policy.: Yes**

## Layer 2 Human rights due diligence, including sourcing strategy and responsible purchasing practices.

**Possible Points: 78**

**Earned Points: 36**

### Indicators on Sourcing strategy

Performance indicators	Result	Relevance of indicator	Documentation	Score	Max	Min
2.1 Member company's sourcing strategy is focused on increasing influence to meaningfully and effectively improve working conditions.	Intermediate	Fair Wear expects members to adjust their sourcing strategy to increase their influence over working conditions. Members should aim to keep the number of production locations at a level that allows for the effective implementation of responsible business practices.	Strategy document; consolidation plans, examples of implementation.	4	6	0

**Comment:** In 2022, Paptex developed a sourcing strategy mentioning and addressing influencing labour conditions. Paptex has consolidated its supply chain to the extent possible, considering its product range. Paptex's strategy is to work with existing suppliers rather than adding new suppliers and only adding new suppliers to decrease risk in its current supply chain. The member has 13 active suppliers. 88.7% of the production volume comes from suppliers where the member has at least 10% leverage at suppliers. 4.48% of the production volume comes from suppliers where Paptex buys less than 2% of its total FOB. Paptex evenly distributes its core product orders between its two main suppliers to ensure a stable flow of orders. This allows the company to maintain consistency and reliability in its supply chain. Paptex has yet to include in its sourcing strategy that it could increase influence by cooperating with other buyers.

**Recommendation:** Paptex could include in its sourcing strategy a plan to increase influence on suppliers by cooperating with other buyers.

Performance indicators	Result	Relevance of indicator	Documentation	Score	Max	Min
2.2 Member company's sourcing strategy is focused on building long-term relationships.	Basic	Stable business relationships underpin the implementation of the Code of Labour Practices and give factories a reason to invest in improving working conditions.	Strategy documents; % of FOB from suppliers where a business relationship has existed for more than five years; Examples of contracts outlining a commitment to long-term relationship; Evidence of shared forecasting.	2	6	0

**Comment:** In 2022, Paptex did not commit to long-term contracts yet. However, the brand's sourcing strategy focuses on maintaining long-term relationships, which is partially available in its publicly shared social report. 93% of the member's total FOB volume comes from suppliers with whom Paptex has had a business relationship for at least five years. The brand has maintained a longstanding relationship with its largest supplier for over 20 years. This supplier accounts for 60% of the brand's total FOB value.

**Recommendation:** Fair Wear recommends Paptex to commit to long-term contracts.

Performance indicators	Result	Relevance of indicator	Documentation	Score	Max	Min
2.3 Member company conducts a risk scoping exercise as part of its sourcing strategy.	Basic	Human rights due diligence, according to the OECD guidelines, requires companies to undertake a scoping exercise to identify and mitigate potential human rights risks in supply chains of potential business partners.	HRDD policy; Sourcing strategy linked to results of scoping exercise; HRDD processes, including specific responsibilities of different departments; Use of country studies; Analysis of business and sourcing model risks; Use of licensees and/or design collaborations.	2	6	-2

**Comment:** Paptex has a systematic approach to identifying human rights risks in its supply chain. Paptex conducts risk scoping on country risk based on information provided by Fair Wear and other external resources, on all eight labour standards and on gender specifically for Türkiye and Romania. In its risk scoping, the member has not assessed the impact and prevalence of all risks correctly. For instance, Paptex did not incorporate assessments for child labour in China, or FoA in Türkiye, while several sources, including Fair Wear's country study, indicate otherwise.

The member has not adjusted its sourcing strategy based on the results of its risk scoping yet.

**Recommendation:** Fair Wear recommends Paptex to reassess the risk scoping and include all risk factors in its risk scoping. Fair Wear also strongly recommends Paptex to adjust its sourcing based on the results of its risk scoping.

Performance indicators	Result	Relevance of indicator	Documentation	Score	Max	Min
2.4 Member company engages in dialogue with factory management about Fair Wear membership requirements before finalising the first purchase order.	Advanced	Sourcing dialogues aim to increase transparency between the member and the potential supplier, which can benefit improvements efforts going forward.	Process outline to select new factories; Material used in sourcing dialogue; Documents for sharing commitment towards social compliance; Meeting reports; On-site visits; Reviews of suppliers' policies.	4	4	0

**Comment:** It is the standard process for Paptex to familiarise new suppliers with its Fair Wear membership. The member does this by sending onboarding-related documents, which Paptex keeps track of using a checklist. Before starting operations at a new production location, the member brand aims to establish direct contact with the management, excluding any involvement of third-party intermediaries.

The member brand provides the supplier with various documents, including questionnaires, guidelines for the minimum wage, a policy against using unknown producers, a statement condemning forced labour, a policy regarding the employment of foreign workers, a transparency policy, and the Fair Wear Code of Labour Practices. All of these documents need to be thoroughly understood by the supplier and signed off on.

Normally, the brand would personally visit new suppliers to discuss Fair Wear's requirements. However, no new suppliers have been added since last year's performance evaluation.

Performance indicators	Result	Relevance of indicator	Documentation	Score	Max	Min
2.5 Member company collects the necessary human rights information to inform sourcing decisions before finalising the first purchase order.	2nd+ year member and no new production locations selected.	Human rights due diligence processes are necessary to identify and mitigate potential human rights risks in supply chains. Specific risks per factory need to be considered as part of the decision to start cooperation and/or place purchasing orders.	Questionnaire with CoLP, reviewing and collecting existing external information, evidence of investigating operational-level grievance system, union and independent worker committee presence, collective bargaining agreements, engaging in conversations with other customers and other stakeholders, including workers.	N/A	6	0

Performance indicators	Result	Relevance of indicator	Documentation	Score	Max	Min
2.6 Member actively ensures awareness of the Fair Wear CoLP, the complaints helpline, and social dialogue mechanisms within the first year of starting business.	No production locations in the first year of business.	This indicator focuses on the preliminary mitigation of risks by actively raising awareness about the Fair Wear Code of Labour Practices and complaints helpline. Discussing Fair Wear's CoLP with management and workers is a key step towards ensuring sustainable improvements in working conditions and developing social dialogue at the supplier level.	Evidence of social dialogue awareness raised through earlier training/onboarding programmes, onboarding materials, information sessions on the factory grievance system and complaints helpline, use of Fair Wear factory guide, awareness-raising videos, and the CoLP.	N/A	6	0

## Indicators on Identifying continuous human rights risks

Performance indicators	Result	Relevance of indicator	Documentation	Score	Max	Min
2.7 Member company has a system to continuously monitor human rights risks in its supply chain.	Basic	Members are expected to regularly evaluate risk in a systematic manner. The system used to identify human rights risks determines the accuracy of the risks identified and, as such, the possibilities for mitigation and remediation.	Use of risk policies, country studies, audit reports, other sources used, how often information is updated.	2	6	0

**Comment:** Paptex has started to develop a system to identify human rights risks in its supply chain and assessed the risks for each production location. The monitoring of risks happens as often as needed but is updated at least every six months or when a new (external) audit report becomes available. Paptex uses audits, OHS questionnaires and factory visits as monitoring tools.

Paptex accepts external audit reports. However, as it finds many audit reports not comprehensive, the member ensures its suppliers are enrolled in Fair Wear audits every three years. Monitoring tools from external resources do not explicitly include worker, stakeholder and/or supplier input. Next to that, Paptex regularly requests wage documentation to monitor the paid wages.

Since Paptex did not include certain human rights risks in its country scoping as mentioned under 2.3, not all relevant human rights are assessed properly.

**Recommendation:** Fair Wear recommends Paptex to assess whether the member causes, contributes or is linked to the identified risks. Paptex could integrate worker, supplier, and stakeholder input in its monitoring tools. Paptex should also include all relevant human rights risks in its monitoring system.

Performance indicators	Result	Relevance of indicator	Documentation	Score	Max	Min
2.8 Member company's continuous monitoring of human rights risks includes an assessment of freedom of association (FoA).	Insufficient	Freedom of association and collective bargaining are 'enabling rights.' When these rights are respected, they pave the way for garment workers and their employers to address and implement the other standards in Fair Wear's Code of Labour Practices - often without brand intervention.	Use of supplier questionnaire to inform decision-making, collected country information, and analyses.	0	6	0

**Comment:** Paptex has not yet mapped the risks to FoA for all its sourcing countries. While Paptex has integrated FoA in its policies, the member does not know which suppliers have trade unions and CBAs in place. The member is also unfamiliar with gender-specific risks related to FoA.

**Requirement:** Paptex must map the risks to FoA for all the countries it sources from and understand if FoA is respected by its suppliers. The member should familiarise itself with Tool 1 of the FoA Guide (or other tools to collect country-specific information).

**Recommendation:** is strongly recommended to deepen its understanding of risks to FoA in its supply chain. Paptex should include risks specific to women workers in its risk assessment regarding FoA at its suppliers.

Performance indicators	Result	Relevance of indicator	Documentation	Score	Max	Min
2.9 Member company includes a gender analysis throughout their continuous monitoring of human rights risks, to foster a better understanding of gendered implications.	Basic	Investing in gender equality creates a ripple effect of positive societal outcomes. Members must apply gender analyses to their supply chain to better address inequalities, violence, and harassment.	Evidence of use of the gender mapping tools and knowledge of country-specific fact sheets.	2	6	0

**Comment:** Paptex could show it understands the basic gender risks for Türkiye and Romania, and for instance, identified women are paid structurally less than men in those countries. Other issues found during the risk scoping exercise are physical and verbal violence against women, the underrepresentation of women in leadership positions, as well as their comparatively lower rate of unionisation compared to men. It also stated the lack of alignment between legislation regarding policies focused on gender equality and the practical reality.

While the member is aware of the gender-related risks in China, and uses the Fair Wear gender fact sheet as a reference, it has yet to be included in the risk scoping on the country level.

Paptex has yet to start collecting gender-disaggregated data on factory level related to the eight labour standards.

**Requirement:** Paptex must include gender in its risk scoping and assessment for all its production countries.

**Recommendation:** Paptex is recommended to collect gender data per factory related to every Code of Labour Practices.

Performance indicators	Result	Relevance of indicator	Documentation	Score	Max	Min
2.10 Member company considers a production location's human rights performance in its purchasing decisions.	Intermediate	Systematic evaluation is part of continuous human rights monitoring. A systematic approach to evaluating production location performance is necessary to integrate social compliance into normal business processes and to support good decision-making.	Supplier evaluation format, meeting notes on supplier evaluation shared with the factory, processes outlining purchasing decisions, link to responsible exit strategy.	2	4	0

**Comment:** At Paptex, suppliers' human rights performance is evaluated systematically every year in a Supplier Evaluation, together with other criteria. Paptex looks at the perceived attitude towards labour standards, communication and cooperation. Occasionally, the result of this evaluation impacts purchasing decisions. The results of the evaluation are shared with the member brand's suppliers annually. Nevertheless, the brand's primary requirement is that the supplier remains willing to address non-compliances before terminating the business relationship. Paptex has yet to share the outcomes with worker representation.

**Recommendation:** Fair Wear recommends Paptex to share and discuss the outcome of the supplier evaluation with all its suppliers and their worker representatives. Fair Wear recommends the member to ensure that the evaluation of human rights performance of its suppliers is systematically considered in purchasing decisions.

Performance indicators	Result	Relevance of indicator	Documentation	Score	Max	Min
2.11 Member company prevents and responds to unauthorised or unknown production and/or subcontracting.	Intermediate	Subcontracting can decrease transparency in the supply chain and has been demonstrated to increase the risk of human rights violations. Therefore, when operating in higher-risk contexts where it is likely subcontracting occurs, the member company should increase due diligence measures to mitigate these risks.	Production location data provided to Fair Wear, financial records from the previous financial year, evidence of member systems and efforts to identify all production locations (e.g., interviews with factory managers, factory audit data, web shop and catalogue products, etc.), licensee contracts and agreements with design collaborators.	2	4	0

**Comment:** Paptex uses the outcomes of its human rights monitoring to respond to unauthorised subcontracting. Next to that, it will assess the production capacity of the factory, including available production processes. In this way, the member can already check if the order is feasible for the factory. Furthermore, Paptex adopts proactive measures to discourage unauthorised subcontracting by performing in-line inspections whenever there is a perceived risk of such practices. In uncertain cases, the member brand visits the supplier to engage in dialogue about the topic.

Performance indicators	Result	Relevance of indicator	Documentation	Score	Max	Min
2.12 Member company extends its due diligence approach to homeworkers.	Intermediate	Homeworkers should be viewed as an intrinsic part of the workforce, entitled to receive equal treatment and have equal access to the same labour rights, and therefore should be formalised to achieve good employment terms and conditions.	Supplier policies, evidence of supplier and/or intermediaries' terms of employment, wage-slips from homeworkers.	2	4	0

**Comment:** According to the member, there is a very low risk of homeworkers being used by its suppliers because homework is not prevalent for the kind of products Paptex produces. Embroidery is done by machine and easily identified when made by hand. Audit findings did not show any evidence of homeworkers in Paptex's supply chain. Paptex focuses on monitoring its suppliers' production capacity through regular inspections, aiming to prevent any instances of unauthorised subcontracting or the use of homeworkers. Because of these reasons, Paptex assumes that homeworkers are not used for its orders. The member has not had a conversation about this with its suppliers.

The member has yet to include the topic in its risk assessment.

**Recommendation:** Fair Wear recommends Paptex to engage in dialogue with suppliers to confirm homeworkers are not used for its production.

## Indicators on Responsible purchasing practices

Performance indicators	Result	Relevance of indicator	Documentation	Score	Max	Min
2.13 Member company's written contracts with suppliers support the implementation of Fair Wear's Code of Labour Practices and human rights due diligence, emphasising fair payment terms.	Insufficient	Written, binding agreements between brands and suppliers, which support the Fair Wears CoLP and human rights due diligence, are crucial to ensuring fairness in implementing decent work across the supply chain.	Suppliers' codes of conduct, contracts, agreements, purchasing terms and conditions, or supplier manuals.	0	4	0

**Comment:** Paptex does not use contracts with its suppliers. The member does not have agreements on liability and penalties. On its purchase orders, it does mention the payment terms and delivery conditions which are fair and reasonable. Paptex evaluates late deliveries or issues with quality on a case-by-case basis, rarely holding the suppliers accountable. Despite this, the situation remains less favourable for suppliers, as they have no written agreement stating each parties' rights and obligations.

**Requirement:** Paptex needs to use written contracts with all its suppliers that include shared responsibilities and support the implementation of human rights due diligence.

**Recommendation:** Fair Wear strongly recommends Paptex to include the shared responsibility of CoLP implementation in its contracts, including fair payment terms. The member could use the Common Framework of Responsible Purchasing Practices (CFRPP) for inspiration on how to draft a fair contract.

Performance indicators	Result	Relevance of indicator	Documentation	Score	Max	Min
2.14 Member company has formally integrated responsible business practices and possible impacts on human rights violations in their decision-making processes.	Intermediate	Corporate Social Responsibility (CSR), purchasing, and other staff that interact with suppliers must be able to share information to establish a coherent and effective strategy for improvements. This indicator examines how this policy and Fair Wear membership requirements are embedded within the member company.	Internal information systems, status Corrective Action Plans, sourcing score- cards, KPIs listed for different departments that support CSR efforts, reports from meetings from purchasing and/or CSR staff, and a systematic manner of storing information.	4	6	0

**Comment:** There is an active interchange of information between CSR and other departments to enable coherent and responsible business practices. The member has not yet included responsible business practices in job role competencies, nor do sourcing and purchasing staff work with KPIs supporting good sourcing and pricing strategies. Nonetheless, the CSR manager reports directly to the CEO and has a short line of communication with the CEO. CAPs and audit reports are shared internally, as well as the risk scoping and risk assessment.

**Recommendation:** Paptex could adopt KPIs that support good sourcing and pricing strategies within its sourcing, purchasing and design departments. Paptex could also include responsible business practices in its job role competencies of sourcing and purchasing staff.

Performance indicators	Result	Relevance of indicator	Documentation	Score	Max	Min
2.15 Member company's purchasing practices support reasonable working hours.	Intermediate	Members' purchasing practices can significantly impact the levels of excessive overtime at factories.	Proof that planning systems have been shared with production locations, examples of production capacity knowledge that is integrated into planning, timely approval of samples, and proof that management oversight is in place to prevent late production changes.	4	6	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 increased stock value at Paptex's warehouse in 2021 and 2022. Paptex knows the capacity of its suppliers in the number of pieces but has yet to understand the capacities of suppliers on labour minutes.

**Recommendation:** Fair Wear recommends the member to explore planning production in minutes instead of pieces to assess better its suppliers' production capacity (and wage levels).

Performance indicators	Result	Relevance of indicator	Documentation	Score	Max	Min
2.16 Member company can demonstrate the link between its buying prices and wage levels at production locations.	Basic	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, cost sheets including labour minutes.	2	6	0

**Comment:** Paptex has a basic understanding of the wage levels at its suppliers and does not yet connect this understanding to its own buying prices. In 2022, Paptex initiated the target wage project with its primary supplier in Türkiye. Paptex includes changes in legal minimum wage or inflation in its buying prices.

While its biggest suppliers in China and Türkiye had the Fair Price introduction training, the member brand has yet to gain insight in the labour component of its prices. The member brand does not know the labour minute value at any of its suppliers.

**Recommendation:** Paptex is encouraged to provide buyers (or other employees involved in price negotiations with suppliers) training on cost breakdown, for example using the Fair Price app.

Performance indicators	Result	Relevance of indicator	Documentation	Score	Max	Min
2.17 All sourcing intermediaries play an active role in upholding Fair Wear's Code of Labour Practices and ensure transparency about where production takes place.	Advanced	Intermediaries have the potential to either support or disrupt CoLP implementation. It is members' responsibility to ensure production relation intermediaries actively support the implementation of the CoLP.	Correspondence with intermediaries, trainings for intermediaries, communication on Fair Wear audit findings, etc.	4	4	0

**Comment:** Paptex works with three agents. In addition, its main supplier in Türkiye acts as an agent for other production locations in the country. All 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.

**Recommendation:** Paptex could require its intermediaries to uphold the purchasing practices mentioned in the CFRPP framework.

## Layer 3 Remediation and impact

**Possible Points: 86**

**Earned Points: 22**

### Indicators on Quality and coherence of prevention and remediation system

Performance indicators	Result	Relevance of indicator	Documentation	Score	Max	Min
3.1 Member company integrates outcomes of human rights risk identification (layer 2) into prioritisation and follow-up programmes according to the risk profile.	Insufficient	Based on the risk assessment outcomes, a factory risk profile can be determined with accompanying intervention strategies, including improvement and prevention programmes.	Overview of supplier base with accompanying risk profile and follow-up programmes.	0	6	0

**Comment:** Paptex has not yet integrated the outcomes of the risk assessment on the factory level into prioritisation and follow-up programmes.

**Requirement:** Paptex is required to ensure that prioritisation in follow-up matches the factory's risk profile.

**Recommendation:** Fair Wear recommends Paptex to ensure more factories have a follow-up plan that matches their risk profile.

Performance indicators	Result	Relevance of indicator	Documentation	Score	Max	Min
3.2 Member company's improvement and prevention programmes include a gender lens.	Insufficient	The prevention and improvement programmes should ensure equitable outcomes. Thus, a gender lens should be incorporated in all programmes regardless of whether or not the programme is specifically about gender.	Proof of incorporation of the gender lens in follow up programmes, including stakeholder input.	0	6	0

**Comment:** Paptex has yet to develop improvement and prevention actions and therefore has not applied a gender lens yet.

**Requirement:** Paptex must start including a gender lens in the implementation of improvement or prevention actions.

Performance indicators	Result	Relevance of indicator	Documentation	Score	Max	Min
3.3 Member company's improvement and prevention programmes include steps to encourage freedom of association and effective social dialogue.	Insufficient	Freedom of Association and Collective Bargaining are enabling rights. Therefore, ensuring they are prioritised in improvement and prevention programmes can help support improvements in all other areas.	Available prevention and improvement programmes, including stakeholder input.	0	6	0

**Comment:** Paptex has yet to develop improvement and prevention actions and therefore has not included steps to promote FoA yet.

**Requirement:** Members must include steps to promote FoA and social dialogue in its improvement or prevention actions. This should be linked with its assessment of risks to FoA and social dialogue as part of its human rights monitoring (see indicator 2.8). Examples of steps that could be included can be found in Fair Wears brand guide on FoA and collective bargaining.

Performance indicators	Result	Relevance of indicator	Documentation	Score	Max	Min
3.4 Member company actively supports operational-level internal grievance mechanism.	Insufficient	Fair Wear's complaints helpline is a safety net in case local grievance mechanisms do not provide access to remedy. Members are expected to actively support and monitor the effectiveness of operational-level grievance mechanisms as part of regular contact with their suppliers.	Communication with suppliers, responses to grievances, minutes of internal worker committees, evidence of democratically elected worker representation, evidence of handled grievance, review of factory policies, and proof of effective social dialogue.	0	6	0

**Comment:** Paptex monitors the effectiveness of internal grievance mechanisms by using audit reports. The member brand also mentioned workers report grievances directly to the worker representation or make use of the factory's suggestion box. Paptex has yet to follow up on these procedures. The member brand does also not yet support these mechanisms through training or actively incorporating its results into improvement and prevention plans.

**Recommendation:** Fair Wear recommends Paptex to always involve suppliers and worker representatives in the assessment of the internal grievance mechanism, and to share and discuss the outcome of the assessment with the above stakeholders, who should be encouraged to lead a discussion on how the mechanisms can be improved.

Performance indicators	Result	Relevance of indicator	Documentation	Score	Max	Min
3.5 Member company collaborates with other Fair Wear members or customers of the production location.	Advanced	Cooperation between Fair Wear members increases leverage and the chances of successful outcomes. Cooperation also reduces the chances of a factory needing to conduct multiple improvement programmes about the same issue with multiple customers.	Communication between different companies.	6	6	0

**Comment:** Paptex cooperates with other Fair Wear members at its shared suppliers, responding to CAPs and complaints. The member also started working together with other member brands on living wages as a preventive measure. Paptex has yet to cooperate with customers that are not Fair Wear members.

**Recommendation:** Paptex could work together with other customers that are not Fair Wear members.

## Indicators on Improvement and prevention

Performance indicators	Result	Relevance of indicator	Documentation	Score	Max	Min
3.6 Degree of progress towards implementation of improvement programme per relevant factory.	60%	Fair Wear expects members to show progress towards the implementation of improvement programmes. Members are expected to be actively involved in the examination and remediation of any factory-specific problem.	Progress reports on improvement programmes.	4	6	-2

**Comment:** In the past financial year, Paptex has received two audit reports. During the performance check, the member could demonstrate with samples that 60% of the CAP issues requiring improvement actions have been followed up. Findings the brand have been working on are improving awareness on the internal grievance mechanism and spreading orders to decrease excessive overtime. The member has started dialogue with two suppliers to organise health and safety training.

Other examples of improvement actions that were taken include some health and safety findings related to the floor tiles and water damage in the factory, but also setting up onboarding training for new workers to inform them of their rights.

The CAP issues that require improvement actions and are still open are issues that are more complex or structural, and therefore need more time to be remediated, mostly the findings about wages.

Performance indicators	Result	Relevance of indicator	Documentation	Score	Max	Min
3.7 Degree of progress towards implementation of prevention programme.	Insufficient progress	Fair Wear expects members to show progress towards the implementation of prevention programmes. With this indicator, Fair Wear assesses the degree of progress based on the percentage of actions addressed within the set timeframe.	Update on prevention programmes.	-2	6	-2

**Comment:** Paptex has identified some root causes of the CAP issues and discussed these with its suppliers. These mainly relate to findings about wages and excessive overtime, as those are the most problematic topics at the suppliers. The member has implemented some preventive measures on these topics, see indicators 3.9 and 3.11.

**Requirement:** Paptex should identify root causes of CAP issues and discuss these with its suppliers. The member needs to start developing preventive actions to address these root causes.

**Recommendation:** Fair Wear recommends Paptex to translate its root cause analysis into concrete preventive actions as part of the risk profiles.

Performance indicators	Result	Relevance of indicator	Documentation	Score	Max	Min
3.8 Member company validates risk profile and maintains regular dialogue with factories where no improvement or prevention programme is needed.	Insufficient	When no improvement or prevention programme is needed, Fair Wear expect its member companies to actively monitor the risk profile and continue to mitigate risks and prevent human rights abuses.	Use of Fair Wear workers awareness digital tool to promote access to remedy. Evidence of data collected, worker interviews, monitoring documentation tracking status quo.	0	6	0

**Comment:** Paptex has some suppliers where improvement or prevention programmes are not needed. These cover 3% of the member's total FOB. The member does not have a system to ensure possible human rights risks are regularly discussed with these suppliers. Paptex irregularly reviews changes to the risk situation. The member has yet to include worker representatives/local unions in discussions with factory management on possible human rights risks.

**Requirement:** Paptex needs to ensure its assessment of factories not needing any improvement or prevention programmes is based on a risk assessment. Paptex must regularly discuss possible human rights risks with factory management in factories where no prevention or improvement programmes are necessary.

Performance indicators	Result	Relevance of indicator	Documentation	Score	Max	Min
3.9 Degree to which member company mitigates root causes of excessive overtime.	Basic	Member companies should identify excessive overtime caused by the internal processes and take preventive measures. In addition, members should assess ways to reduce the risk of external delays.	This indicator rewards self-identification of efforts to prevent excessive overtime. Therefore, member companies may present a wide range of evidence of production delays and how the risk of excessive overtime was addressed, such as: reports, correspondence with factories, collaboration with other customers of the factory, use of Fair Wear tools, etc.	2	6	0

**Comment:** In 2022, Paptex conducted an analysis to identify the root causes for excessive overtime in 2021. According to the member brand, other brands significantly contribute to the problem of excessive overtime during peak periods. To address this concern, the member brand implements the practice of delivering orders in batches and also increases the availability of its "never out of stock" items, allowing the member not to be too reliant on seasonality.

**Recommendation:** Fair Wear recommends Paptex to evaluate with its suppliers if deliveries in batches result in less excessive overtime. The brand could also use Fair Wear’s Fair Working Hours Guide to discuss root causes together with suppliers.

Performance indicators	Result	Relevance of indicator	Documentation	Score	Max	Min
3.10 Member company adequately responds if production locations fail to pay legal wage requirements and/or fail to provide wage data to verify that legal wage requirements are paid.	Intermediate	Fair Wear members are expected to actively verify that all workers receive legal minimum wage. If a supplier does not meet the legal wage requirements or is unable to show they do, Fair Wear member companies are expected to hold the management at the production location accountable for respecting local labour law.	Complaint reports, CAPs, additional emails, Fair Wear Audit Reports or additional monitoring visits by a Fair Wear auditor, or other documents that show the legal wage issue is reported/resolved.	2	4	-2

**Comment:** In December 2021, one audit report revealed non-payment of legal minimum wage and legally required wage elements by the supplier. The audit findings pointed out that the supplier had not enrolled day workers in the social insurance system. Subsequently, Paptex addressed this with the factory, but due to a lack of willingness to cooperate on the factory's side, impact of the remediation has not been verified.

**Recommendation:** Fair Wear encourages Paptex to discuss with all suppliers about different strategies to work towards higher wages and develop a systemic and time-bound approach. It is advised to start with suppliers where the member is responsible for a large percentage of production and has a long-term business relationship. Paptex should have an overview of wages paid in all its production locations.

Performance indicators	Result	Relevance of indicator	Documentation	Score	Max	Min
3.11 Degree to which member company assesses and responds to root causes of wages lower than living wages in production locations.	Basic	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.	Member companies may present a wide range of evidence of how payment below living wage was addressed, such as: internal policy and strategy documents, reports, wage data/wage ladders, gap analysis, correspondence with factories, etc.	2	6	0

**Comment:** Paptex has a good understanding of the wage levels at its suppliers, mostly based on audit reports and wage slips. Paptex discusses the topic of wages with the suppliers, which are included in its living wage projects. Its suppliers expressed hesitancy in using a Fair Price App for all the different styles individually, but Paptex remains in dialogue. The member brand Paptex has yet to create an overview of the wage levels at its suppliers and the gap towards the estimated living wage.

**Recommendation:** Members can help suppliers maintain their wage levels by, for instance, linking them to relevant governmental support programmes, or offering pre-payments or loans.

Performance indicators	Result	Relevance of indicator	Documentation	Score	Max	Min
3.12 Member company determines and finances wage increases.	Basic	Member companies should have strategies in place to contribute to and finance wage increases in their production locations.	Analysis of wage gap, strategy on paper, demonstrated roll out process.	2	6	0

**Comment:** Paptex has started to address the topic of living wage internally, by putting it on the agenda when meeting with its suppliers. Paptex has a strategy on how to finance wage increases at its suppliers. The member brand reduces the cost for its suppliers by changing the design of the packaging. Paptex allows the suppliers to keep the profits it gains from these changes in design. It is unknown if these proceeds go directly to the workers.

**Recommendation:** In determining what is needed and how wages should be increased, it is recommended to involve worker representation. To support companies in analysing the wage gap, Fair Wear has developed a calculation model that estimates the effect on FOB and retail prices under different pricing models. Fair Wear advises companies to avoid the concept of a one-time charitable contribution. We strongly recommend members to integrate the financing of wage increases it into their own systems, herewith committing to a long-term process that leads to sustainable implementation of living wages.

Performance indicators	Result	Relevance of indicator	Documentation	Score	Max	Min
3.13 Percentage of production volume where the member company pays its share of the living wage estimate.	0%	Fair Wear requires its member companies to act to ensure a living wage is paid in their production locations to each worker.	Member company's own documentation such as reports, factory documentation, evidence of Collective Bargaining Agreement (CBA) payment, communication with factories, etc.	0	6	0

**Comment:** Paptex does not contribute to higher wages at any of its production locations.

**Requirement:** Paptex is expected to begin setting a target wage for its production locations.

Performance indicators	Result	Relevance of indicator	Documentation	Score	Max	Min
3.14 Member addresses grievances received through Fair Wear's helpline in accordance with the Fair Wear Complaints Procedure.	No complaints received	Members are expected to actively support the operational-level grievance mechanisms as part of regular contact with their suppliers. The complaints procedure provides a framework for member brands, emphasising the responsibility towards workers within their supply chain.	Overview of supporting activities, overview of grievances received and addressed, etc.	N/A	4	-2

Performance indicators	Result	Relevance of indicator	Documentation	Score	Max	Min
3.15 Degree to which member company implements training appropriate to the improvement or prevention programme.	Basic	Training programmes can play an important role in improving working conditions, especially for more complex issues, such as freedom of association or gender-based violence, where factory-level transformation is needed.	Links between the risk profile and training programme, documentation from discussions with management and workers on training needs, etc.	2	6	0

**Comment:** Paptex has taken proactive measures to address labour standards in the work place and increase knowledge about living wage at its suppliers. Specifically, the company has implemented a Workplace Education Programme Basic focused on addressing awareness about the Code of Labour Practices at its largest supplier in China. Furthermore, Paptex has organised the Fair Price App training at its second biggest supplier in Türkiye.

**Recommendation:** Paptex is recommended to implement training for all factories where this is part of its improvement and/or prevention programme.

Performance indicators	Result	Relevance of indicator	Documentation	Score	Max	Min
3.16 Degree to which member company follows up after a training programme.	Member company did not implement any training	Training is a crucial tool to support transformative processes but complementary activities such as remediation and changes at the brand level are needed to achieve lasting impact	Evidence of engagement with factory management regarding training outcomes, documentation on follow-up activities, and proof of integration into further monitoring and risk profiling efforts.	N/A	6	0

**Comment:** The training report was not available in 2022, meaning the brand did not follow-up on its contents.

Performance indicators	Result	Relevance of indicator	Documentation	Score	Max	Min
3.17 The member company's human rights risk monitoring system includes a responsible exit strategy.	Intermediate	Withdrawing from a non-compliant supplier should only be the last resort when no more impact can be gained from other strategies. Fair Wear members must follow the steps as laid out in the responsible exit strategy.	Exit strategy policy, examples of supplier communications.	2	4	0

**Comment:** Paptex's human rights risk monitoring includes a responsible exit strategy. The exit strategy does not mention the inclusion of different stakeholders. Paptex did not discuss the responsible exit strategy with its suppliers.

**Recommendation:** Paptex should discuss the responsible exit strategy with its suppliers, for instance as part of its supplier evaluation. Paptex is also recommended to include the workers voice in its exit strategy.

Performance indicators	Result	Relevance of indicator	Documentation	Score	Max	Min
3.18 Member company's measures, business practices and/or improvement programmes go beyond the indicators or scope.	Basic	Fair Wear would like to reward and encourage members who go beyond the Fair Wear policy or scope requirements. For example, innovative projects that result in advanced remediation strategies, pilot participation, and/or going beyond tier 2.	Overview of Human Right risk monitoring, remediation and prevention activities and processes.	2	6	0

**Comment:** Paptex undertakes activities related to human rights that go beyond Fair Wear's scope, namely by using the Code of Labour Practices for its Tier 2 suppliers which are monitored by Cradle-to-Cradle.

## Layer 4 External communication, outreach, learning, and evaluation

**Possible Points: 18**

**Earned Points: 10**

### Indicators on Communication, transparency and evaluation

Performance indicators	Result	Relevance of indicator	Documentation	Score	Max	Min
4.1 Member company actively communicates about Fair Wear membership and its human rights due diligence efforts.	Advanced	Fair Wear membership includes the need for a brand to show its efforts, progress, and results. Fair Wear members have the tools and targeted content to showcase accountability and inform customers, consumers, and retailers. The more brands communicate about their sustainability work, the greater the overall impact of the work of the Fair Wear member community.	Member website, sales brochures, and other communication materials.	4	4	0

**Comment:** Paptex communicates accurately about Fair Wear membership on its website. The member also uses other channels to inform customers and stakeholders about Fair Wear membership, for example, on its social media platforms.

Performance indicators	Result	Relevance of indicator	Documentation	Score	Max	Min
4.2 Member company sells external brands with a Human Rights Due Diligence system (if applicable).	No reselling of external brands	Some member companies resell other brands, which Fair Wear refers to as 'external production'. These members are expected to investigate the Human Rights Due Diligence system of these other brands, including production locations and the availability of monitoring information.	External production data in Fair Wear's information management system, collected information about other brands' human rights due diligence systems, and evidence of external brands being part of other multi-stakeholder initiatives that verify their responsible business conduct.	N/A	4	0

Performance indicators	Result	Relevance of indicator	Documentation	Score	Max	Min
4.3 Social report is submitted to Fair Wear and is published on the member company's website.	Advanced	The social report is an important tool for member companies to share their efforts with stakeholders transparently. The social report explicitly refers to the workplan and the yearly progress related to the brands goals identified in the workplan.	Social report.	4	4	0

**Comment:** Paptex has submitted its social report, which Fair Wear approved. Paptex has also published the report on its website.

Performance indicators	Result	Relevance of indicator	Documentation	Score	Max	Min
4.4 Member company engages in advanced reporting activities.	Intermediate	Good reporting by members helps ensure the transparency of Fair Wear's work and helps share best practices within the industry. This indicator reviews transparency efforts reported beyond (or included in) the social report.	Brand Performance Check, audit reports, information about innovative projects, specific factory compliance data, disclosed production locations (list tier 2 and beyond), disclosure of production locations, alignment with the Transparency Pledge.	2	4	0

**Comment:** Paptex published its social report, which includes some factory-level data and remediation results, on its website. The member has yet to disclose its full factory list and its time-bound improvement plans.

**Recommendation:** Paptex is recommended to publish a complete factory list.

Performance indicators	Result	Relevance of indicator	Documentation	Score	Max	Min
4.5 Member company has a system to track implementation and validate results.	Insufficient	Progress must be checked against goals. Members are expected to have a system in place to track implementation and validate the progress made.	Documentation of top management involvement in systematic annual evaluation includes meeting minutes, verbal reporting, PowerPoint presentations, etc. Evidence of worker/supplier feedback.	0	6	0

**Comment:** Paptex has no system to track progress and check if implemented measures have been effective in preventing and remediating human rights violations.

**Requirement:** Paptex must have an internal evaluation system to keep track of implemented measures in preventing and remediation human rights violations to check if these have been effective.

**Recommendation:** The member is advised to include feedback from workers and suppliers in its evaluation system.

Performance indicators	Result	Relevance of indicator	Documentation	Score	Max	Min
4.6 Level of action/progress made on requirements from previous Brand Performance Check.	No requirements were included in the previous Brand Performance Check	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 should show documentation related to the specific requirements made in the previous Brand Performance Check.	N/A	4	-2

## 5 Appreciation chapter

5.1 Member company publicly responded to problems/allegations raised by consumers, the media, or NGOs.: Not applicable

5.2 Member company actively participated in lobby and advocacy efforts to facilitate an enabling environment in production clusters.: Yes

**Comments:** Paptex has successfully lobbied for the incorporation of Fair Wear to cover the social aspect of cradle-to-cradle, thereby relieving brands from doing double reporting.

5.3 Member company actively contributed to industry outreach, visibility, and learning in its main selling markets.: Not applicable

## Recommendations to Fair Wear

Fair Wear should consider arranging additional events similar to Fashion Revolution. Paptex is on board with a fee increase but suggests that larger brands bear a proportionately higher cost. Paptex expresses a preference for conducting a "pre" Brand Performance Check (BPC). To address the challenge of written documentation for smaller brands, the solution lies in breaking it down into more manageable portions (bite-size chunks).

For the pre-brand performance check, it's advisable to adopt a modular approach that covers various topics. This is aimed at facilitating the progress of brands by allowing them to engage more effectively in content-related tasks.

# Brand Performance Check details

Date of Brand Performance Check: **05-06-2023**

Conducted by: **Jason Mandels**

Interviews with: **Silke Krahl - CSR Manager**

**Stefan Grabher - CEO**