



Brand Performance Check

PANGAIA Material Science Limited

Publication date: March 2024

This report covers the evaluation period 01-01-2023 to 31-12-2023

About the Brand Performance Check

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

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

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

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

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

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

Scoring overview

Total score: 138

Possible score: 188

Benchmarking Score: 73

Performance Benchmarking Category: Leader



Foundational
system's criteria

100%



Sourcing strategy

76%



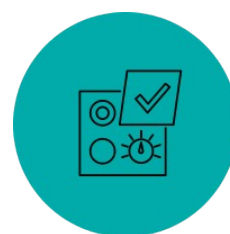
Identifying
continuous human
rights risks

80%



Responsible
purchasing
practices

77%



Quality and
coherence of
prevention and
remediation system

67%



Improvement and
prevention

64%



Communication,
transparency and
evaluation

89%

Summary:

PANGAIA has shown advanced results on performance indicators. With a total benchmarking score of 73, the first year member is placed in Leader category.

During its first year of membership, PANGAIA has created robust procedures and systems. Even though PANGAIA was only founded four years ago, it is evident it is committed to long-term relationships and could show four- to ten-year contacts for some of its suppliers. The member company has a detailed onboarding procedure and a solid supplier evaluation system. PANGAIA's country risk scoping, though not including levels of prevalence and severity, is very detailed and includes a gender lens. While the member company has not assessed risks on supplier level, it has collected an impressive amount of data from its suppliers up to non-CMT subcontractors, which is gathered in a handy overview.

PANGAIA started to create preventive actions for all its suppliers, and is recommended to include a prioritisation to inform timelines. The member company has taken first steps in its work towards living wages, informed its suppliers about the living wage roadmap and selected living wage benchmarks.

The member company has laid a solid foundation for future growth

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 of this transition, Fair Wear temporarily lowered the scoring threshold.

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 PANGAIA Material Science Limited

Member company information

Member since: 1 Jan 2023

Product types: Garments, clothing, fashion apparel, Sports & activewear and Footwear

Percentage of turnover of external brands resold 0%

FLA Member No

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? No

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

Production Country	Number of production locations	Percentage of production volume
Portugal	19	84.2%
Türkiye	1	11.2%
Romania	2	4.6%

Layer 1 Foundational system's criteria

Possible Points: 8

Earned Points: 8

1.1 Member company has a publicly shared Human Rights Due Diligence policy that has been adopted by top management.: Yes

Comment: PANGAIA has a Responsible Business Conduct and Human Rights Due Diligence policy in place. PANGAIA has published both policies on its website.

1.2 All member company staff are made aware of Fair Wear's membership requirements, in particular the Fair Wear's HRDD policy and Fair Wear's Code of Labour Practices.: Yes

1.3 All staff who have direct contact with suppliers are trained to support the implementation of Fair Wear requirements, in particular the Fair Wear's HRDD policy and Fair Wear's Code of Labour Practices.: 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: PANGAIA discloses 100% of production locations internally through Fair Wear's information management system.

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

Comment: PANGAIA discloses 100% of production locations externally via its website and the Open Supply Hub.

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: 90

Earned Points: 70

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: PANGAIA has a sourcing strategy that explicitly focuses on increasing influence through consolidation and long-term business relationships. The member has 22 production locations, including non-CMT, of which 19 are located in Portugal, two in Romania and one in Türkiye.

57% Of the production volume comes from suppliers where the member has at least 10% leverage at suppliers. Less than 3 % of the production volume comes from suppliers, where PANGAIA buys less than 2% of its total FOB.

Recommendation: PANGAIA 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.	Intermediate	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.	4	6	0

Comment: PANGAIA is only four years old but shows it has established long-term partnerships with its key suppliers that have been partners for over three years. The volume placed at these supplies is almost 63% of the total FOB volume. The member commits to long-term contracts with some Cut Make Trim (CMT) and yarn and fibre suppliers ranging from four to ten years. These long commitments are essential for PANGAIA to collaborate with its suppliers on innovation. However, as described in indicator 2.13, contracts also include a clause that the contract can be terminated with immediate effect.

Recommendation: PANGAIA is advised to embed long-term contracts in its sourcing strategy and remove or adapt the clause on immediate termination from the 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.	Advanced	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.	6	6	-2

Comment: PANGAIA developed detailed country risk decks for its three sourcing countries and potential new countries. In this risk scoping, a gender lens is included for each labour standard. For its main sourcing country, Portugal, PANGAIA identifies the risk of discrimination against migrant workers as there has been an influx of Brazilian migrant workers recently. For Türkiye, one of the risks PANGAIA identified is double bookkeeping, where wages are paid out by bank transfer and (overtime) premiums are in cash. While its country risk scoping does not include levels of likelihood and severity, it is very comprehensive. PANGAIA has also worked on a detailed product level risk assessment, identifying risks of its different styles and a raw material risk assessment. The member has assessed there are no risks specific to its business- and sourcing model.

The member company has done an extensive country risk ranking that includes corruption, slavery and ITUC indexes. Based on this ranking, countries are classified as prohibited (for instance, Myanmar, Turkmenistan and Uzbekistan), high risk (for example, China and Türkiye), and approved (Portugal and Romania). This ranking influences sourcing decisions. For instance, based on this risk ranking, PANGAIA concluded that it does not have sufficient resources for conducting human rights due diligence to expand to China.

Recommendation: Fair Wear strongly recommends PANGAIA to include likelihood and severity in its country 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: Upon joining Fair Wear in January 2023, PANGAIA informed all its suppliers about Fair Wear membership and made introductory material to explain Fair Wear. PANGAIA developed a standard protocol for informing new suppliers about its HRDD policy and Fair Wear membership. Part of that protocol is a video call to discuss what is required from Fair Wear and PANGAIA. The member expects that CMT suppliers will inform their subcontractors about these requirements. This process has been followed for the new Portuguese supplier added last year.

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.	Advanced	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.	6	6	0

Comment: PANGAIA developed a clear onboarding process that details which documentation is collected from potential new suppliers. The member company will always collect existing full assessment reports and only accepts audits that include worker interviews in the methodology. Depending on the severity of the issues found, PANGAIA will also request a remediation plan and improvement timeline. If no existing audit report is available, the member prescribes that a full assessment must be organised before sampling occurs.

As PANGAIA grows, the company is looking into onboarding more new suppliers. Based on the information included in the requested audit reports, the member company has decided to onboard a new supplier in Sri Lanka in 2024. PANGAIA preferred the Sri Lankan supplier over other suppliers it looked into because of its community outreach programme and fewer risks than it identified at potential suppliers in India and Bangladesh.

The member's sourcing strategy does not mention a preference for suppliers where workers are free to form or join a trade union and/or bargain collectively.

Recommendation: Fair Wear strongly recommends PANGAIA to privilege suppliers where workers can freely form or join a trade union or bargain collectively and make this more explicit in its sourcing strategy.

Performance indicators	Result	Relevance of indicator	Documentation	Score	Max	Min
2.6 Member actively ensures awareness of the Fair Wear CoLP, the grievance mechanism, and social dialogue mechanisms within the first year of starting business.	Basic	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.	2	6	0

Comment: Upon joining Fair Wear, PANGAIA shared information about Fair Wear's CoLP and the grievance mechanism with all its suppliers. To ensure that workers understand Fair Wear's Worker Information Sheets, PANGAIA edited them in cooperation with Fair Wear's local team. A sample of production locations shows that suppliers have posted these sheets. PANGAIA asks its suppliers to inform their workforce about Fair Wear, via a daily briefing or factory audio system.

While PANGAIA has organised onboarding sessions for its suppliers to raise awareness about the Fair Wear CoLP and the grievance mechanism, these sessions were only targeted at management.

Recommendation: PANGAIA is recommended to organise onboarding sessions for workers, specifically focusing on the CoLP and the grievance mechanism within the first year of doing business.

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 assess human rights risks in its production locations.	Intermediate	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.	4	6	0

Comment: While PANGAIA has yet to translate its country risk scoping to a supplier risk assessment, the member has a comprehensive overview of the different issues at its suppliers. This overview includes detailed information about non-compliances, workforce composition, worker representation and wages.

So far, the new member company has worked with existing audit reports, and PANGAIA convinces suppliers to have audits that include more detailed information. The member company works with a preferred external audit agency that it believes has a sound methodology for interviewing workers. The audits for its two Romanian suppliers did not identify non-compliances, which, according to the member, is not surprising since the facilities are well organised. However, In Fair Wear's experience, even the best-organised production locations will have some non-compliances.

PANGAIA's approach to assessing human rights risks is to have all its suppliers audited every year, which is also required by some of its wholesale customers. However, for some suppliers, it could be an option to only enrol them in modular assessments focusing on one labour standard or audit less frequently to prevent audit fatigue.

Recommendation: Fair Wear strongly recommends PANGAIA to identify risks per labour standard per supplier, including likelihood and severity, to help prioritise follow-up. Fair Wear recommends that PANGAIA not depend on full assessments alone and expands its tools to assess risks for a specific labour standard. PANGAIA is recommended to organise Fair Wear audits for its Romanian suppliers to check if the used auditing methodology is appropriate to identify risks that are prevalent in Romania. When it finds that these audits contain more information, PANGAIA should consider enrolling its Turkish supplier in a Fair Wear audit as well.

Performance indicators	Result	Relevance of indicator	Documentation	Score	Max	Min
2.8 Member company's human rights due diligence process includes an assessment of freedom of association (FoA).	Intermediate	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.	4	6	0

Comment: PANGAIA has mapped the risks to FoA in its sourcing countries and can explain the main risks per country, such as union busting in Türkiye and a restrictive environment in Romania. According to PANGAIA, the big advantage of sourcing in Portugal is that there are CBAs in place and fewer limitations on social dialogue. The member company is aware that women are underrepresented in social dialogue structures but could delve more into this topic.

The member has supplier-level monitoring in place to assess and understand the risk at suppliers. PANGAIA knows per factory, up to the non-CMT subcontractors, if there is a CBA in place and if there is elected worker representation. The member has yet to strengthen its communication with worker representatives.

Recommendation: Fair Wear recommends PANGAIA to use the Quality Controller based in Portugal to have communication with factory representatives and/or local unions. The member company is also encouraged to consider how social dialogue structures and worker representation are accessible for female workers.

Performance indicators	Result	Relevance of indicator	Documentation	Score	Max	Min
2.9 Member company includes a gender analysis throughout its human rights risk identification, to foster a better understanding of gendered implications.	Intermediate	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.	4	6	0

Comment: PANGAIA has included gender in its human rights risk identification. The member could show that it understands the basic gender risks for its sourcing countries and, for instance, identified that in Türkiye, most informal workers are women who do not have access to social dialogue. For Romania, PANGAIA noted that new mothers often experience a wage decrease, while new fathers will get a wage increase.

For each production location up to non-CMT subcontractors, the member company has collected data on the gender composition of the workforce and management and whether there are discrimination and harassment policies in place.

Recommendation: Fair Wear recommends the member to continue collecting more data, and start analysing the gender data collected at country and factory levels and connect them. Fair Wear's gender instruments can be helpful.

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.	Advanced	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.	4	4	0

Comment: Suppliers are evaluated systematically every year, and human rights are part of that. Indicators included in the area of sustainability/impact are related to audit findings, transparency, and commitment to improve. Together, they have an equal weight to the areas such as product development and quality, etc. Based on this evaluation, PANGAIA gives its suppliers yearly feedback on where they perform well and where PANGAIA needs to see improvements. One accessory supplier shows low performance on impact, quality, and other departments and demonstrates no commitment to improving. Therefore, PANGAIA has informed this supplier it is put on hold. A supplier that does well on all areas is rewarded with more orders.

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.	Advanced	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.	4	4	0

Comment: The member takes measures to prevent unauthorised subcontracting or unknown locations, such as visiting suppliers during production. When developing new products, PANGAIA's Impact team works closely with the Product Development and Production teams to identify possible new processes. The member company then checks in with the supplier to see if they can execute the new process or if it requires subcontractors. It discovered that the process of making tracksuits feel soft inside (brushback) is usually outsourced. PANGAIA has also taken steps to get more transparency deeper in its supply chain. Next to that, in its product risk assessment, PANGAIA identifies which styles have a higher risk of subcontracting.

PANGAIA's local Quality Controller visits the Portuguese production locations during production and can check if all orders are made in-house. As part of PANGAIA's commitment to innovation, the member company also invests in suppliers to offer specific production processes that are usually outsourced in-house.

Performance indicators	Result	Relevance of indicator	Documentation	Score	Max	Min
2.12 Member company extends its due diligence approach to homeworkers.	Advanced	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.	4	4	0

Comment: PANGAIA has identified whether homework is prevalent in its sourcing countries and a risk for its product styles and concludes it is not a risk in tier 1 and 2 of its supply chain. The member company started a collaboration with an NGO to identify and mitigate risks of informal labour -including homeworkers- in the raw material stage, which is particularly relevant for non-traditional materials such as nettle and banana waste.

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.	Intermediate	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.	2	4	0

Comment: PANGAIA uses contracts with its suppliers. Clauses that are advantageous for suppliers include collaboration on setting reasonable deadlines and the consideration of adverse impacts of proposed changes to an order. Damages and delays will only be levied by PANGAIA if there is proof of fault of the supplier. However, a clause on delivery delays also states that it may be the reason for contract termination or rejection of the goods. Payment terms vary but are favourable, with most suppliers being paid up to 30 days after the goods are loaded on the vessel, and in some cases, early deposits are agreed upon. While the contract includes reference to PANGAIA's exit strategy, a separate clause stipulates that PANGAIA may terminate the contract with immediate effect at any time before delivery of the goods.

Recommendation: PANGAIA is advised to review the contract and take out the contradictory clauses that put an unequal burden on suppliers. For its review, PANGAIA could use the Supplier Model Contract Clauses and the principles mentioned in the Common Framework of Responsible Purchasing Practices (CFRPP).

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 its decision-making processes.	Advanced	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.	6	6	0

Comment: There is an active interchange of information between CSR and other departments to enable coherent and responsible business practices. The member includes responsible business practices in job role competencies. For instance, the role description of the sourcing manager includes ensuring supplier compliance with audits and requires knowledge of supply chain and impact-related issues. The different departments also work with KPIs on social impact themes such as transparency and social dialogue.

Recommendation: PANGAIA could adopt more KPIs that support good sourcing and pricing strategies within its sourcing, purchasing and design departments.

Performance indicators	Result	Relevance of indicator	Documentation	Score	Max	Min
2.15 Member company's purchasing practices support reasonable working hours.	Advanced	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.	6	6	0

Comment: PANGAIA's product development starts about two years before the first order is placed and uses this time to identify if there is capacity in its current supplier base. During the yearly forecast, suppliers are informed roughly what can be expected the following year. After the supplier allocation, suppliers will be informed about the number of styles. This is nine months before production time. Suppliers advise PANGAIA whether they have capacity available then, and if not, how PANGAIA can work around that.

The member company works with a critical path. It calculates all internal and external deadlines from the launch date, defining, for instance, when orders need to be placed at material suppliers and when tech packs need to be ready. PANGAIA generally works with lead times of around eight to ten weeks, but the exact time is established together with its suppliers. The critical path considers annual closures and local holidays.

During weekly meetings, the relevant departments check if they are on track with meeting the deadlines defined in the critical path. In case of delays, PANGAIA considers skipping a phase, such as extra sampling, or postponing the exit factory date to keep the production time from being squeezed. During production, sourcing has weekly video calls with suppliers to receive updates and identify potential hiccups. The earthquake in Türkiye affected many fabric facilities, and PANGAIA reached out to its supplier about how deadlines should be adjusted because of the fabric delay.

After production, PANGAIA evaluates with all relevant departments and suppliers what went well and what could have been done better.

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: PANGAIA works with open costing but only has insight into the total cut make costs and does not know the direct and indirect labour costs, or the labour costs per minute. The member finds that suppliers are still reluctant to share more detailed labour costs. In its negotiations, PANGAIA will not touch the cut-make costs and focuses on design specs and volume. The member company has an overview of the paid wages at its suppliers up to non-CMT subcontractors, knowing how much of the workforce earns equal to or above the legal minimum wage, and the gap to the living wage.

Recommendation: PANGAIA is recommended to investigate why some suppliers are reluctant to work with Fair Price or any other form of fact-based costing, if needed, with the support of Fair Wear's local teams.

Performance indicators	Result	Relevance of indicator	Documentation	Score	Max	Min
2.17 All sourcing intermediaries play an active role in upholding HRDD and 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: PANGAIA's sourcing model purposely excludes the use of sourcing intermediaries for its CMT suppliers. Only for Tier three and further, PANGAIA uses agents.

Layer 3 Prevention, mitigation and remediation

Possible Points: 80

Earned Points: 52

Indicators on the quality and coherence of a members' 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 risk prioritisation and creates subsequent action plans.	Intermediate	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.	4	6	0

Comment: PANGAIA manages its supplier data on an external data management platform, which distinguishes CAP actions that come out of audit results and preventive actions. PANGAIA has added preventive actions for all its suppliers. The preventive actions that are created match the identified country risks. Since the member company just started using the platform, it still needs to include a prioritisation, which would be the next step to ensure higher risks are given more urgency. Therefore, the score of this indicator has been adjusted to intermediate.

Recommendation: Fair Wear strongly recommends that PANGAIA adds a prioritisation to its preventative actions.

Performance indicators	Result	Relevance of indicator	Documentation	Score	Max	Min
3.2 Member company's action plans include a gender lens.	Intermediate	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.	4	6	0

Comment: PANGAIA has included gender preventive actions for its suppliers. The member started approaching gender by asking its suppliers how they try to get more women in management and collect gender-disaggregated wage data. PANGAIA soon concluded that a different approach was needed, focusing on creating awareness about gender amongst factory management. The member company created a checklist that suppliers can use to apply a gender lens to the working conditions in their factory. This ranges from safe commuting options and proper precautions for pregnant and nursing workers to questions about whether workers are being punished when they make a fault. Part of PANGAIA's action plans for its suppliers is to have them develop Equity, Diversity and Inclusion policies. The member company has yet to start implementing these actions.

Recommendation: PANGAIA is recommended to start implementing the gender lens it included in its preventive actions.

Performance indicators	Result	Relevance of indicator	Documentation	Score	Max	Min
3.3 Member company's action plans include steps to encourage freedom of association and effective social dialogue.	Basic	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.	2	6	0

Comment: In 2023, PANGAIA created a position on Freedom of Association, considering it the starting point for improving working conditions. PANGAIA included steps to encourage FoA and effective social dialogue in its action plans, especially ensuring each factory has elected worker representatives. PANGAIA discovered that in Portugal, most workers are not inclined to put themselves forward as worker representatives, as it was seen as an additional burden rather than a positively remunerated position. PANGAIA still needs to examine the level of discussion worker representatives have and whether they are equipped to carry out their role.

The member has yet to apply a gender lens and ensure its steps to promote FoA and effective social dialogue address specific risks for female workers.

Recommendation: Fair Wear recommends PANGAIA to ensure that at factories with a piece-rate bonus system, worker representatives do not lose income when spending time to execute their role during working hours. The member company could facilitate training for worker representatives to ensure they know about their rights and can carry out their role.

Performance indicators	Result	Relevance of indicator	Documentation	Score	Max	Min
3.4 Member company actively supports a factory-level grievance mechanism.	Advanced	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.	6	6	0

Comment: PANGAIA assesses its suppliers' factory-level grievance mechanisms at the start of a business relationship. The member company has discussions with factory management about the type and frequency of grievances raised. PANGAIA continuously monitors the functioning of grievance mechanisms via full assessments and factory visits. The Impact team has listed questions about grievance mechanisms for colleagues to ask during visits. Before PANGAIA joined Fair Wear it found that one factory had an insufficient grievance mechanism, and PANGAIA has helped the supplier to improve this. With the support of an NGO, the member company developed guidance on what an effective grievance mechanism looks like.

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.	Intermediate	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.	4	6	0

Comment: PANGAIA cooperates with other Fair Wear members and non-Fair Wear brands at its shared suppliers, such as responding to CAPs. While the member company has been involved in brand working groups to exchange knowledge and experience and discussed plans for training, it has yet to start cooperating on taking preventive measures.

Recommendation: We recommend PANGAIA to also work together on preventing human rights violations.

Indicators on implementation: improvement and prevention

Performance indicators	Result	Relevance of indicator	Documentation	Score	Max	Min
3.6 Degree of verified actions.	52%	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: During the performance check, the member could demonstrate with a sample that up to two-thirds of the CAP issues requiring improvement actions have been followed up. These actions are linked to CAPs of existing audit reports collected in 2023. The Portuguese CAPs mainly include occupational health and safety (OHS) findings. For its Turkish supplier, PANGAIA showed that most OHS findings were closed, and more complex findings are still in progress.

Performance indicators	Result	Relevance of indicator	Documentation	Score	Max	Min
3.7 Degree of progress towards implementation of prevention programme.	Basic 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: The existing assessment reports that PANGAIA collected for its Portuguese suppliers only identified non-compliances on occupational health and safety issues. PANGAIA found that while larger facilities are subjected to rigorous governmental monitoring, smaller subcontractors are not. That is the reason why these locations have more non-compliances. Next to that, these subcontractors also perform production processes that can come with more OHS issues, such as wet processing.

PANGAIA has also discussed the root causes of the wages and working hours findings with its Turkish supplier, see indicator 3.9 and 3.10 for more information. The member has yet to implement the preventive steps.

Recommendation: Fair Wear recommends PANGAIA implement preventive actions addressing the root causes.

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 action plan is needed.	No factories in the respective risk profile	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.	N/A	6	0

Comment: PANGAIA does not have suppliers where action plans are not needed.

Performance indicators	Result	Relevance of indicator	Documentation	Score	Max	Min
3.9 Degree to which member company mitigates root causes of excessive overtime.	Intermediate	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.	4	6	0

Comment: In the previous year, one audit report mentioned excessive overtime. PANGAIA discussed the root cause with the supplier. Workers doing the night shifts are interested in working overtime hours because of the overtime premiums. This shows the connection between overtime and living wages. PANGAIA has agreed with the supplier to extend production lead time in case the delivery dates are not feasible without excessive overtime hours. PANGAIA could not yet show that its efforts resulted in reduced excessive overtime.

Recommendation: PANGAIA is recommended to work on living wages next to reducing overtime hours.

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 the previous year, one full assessment included findings regarding legal minimum wage. The Turkish supplier pays out part of the wages in cash, a prevalent country risk for Türkiye that PANGAIA is aware of. Social insurance premiums are not paid for this part of wages. PANGAIA discussed the root cause of the finding with its supplier. Turkish employers resort to this practice to avoid workers are being taxed over their complete income.

Recommendation: PANGAIA is recommended to continue engaging with the supplier to resolve the issue.

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.	Intermediate	Assessing the root causes for wages lower than living wages will determine what strategies/interventions are needed for increasing wages, which will result in a systemic approach.	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.	4	6	0

Comment: PANGAIA has an overview of the wages at its suppliers and will gather more specific data on wage levels. PANGAIA discusses the topic of wages with its suppliers and finds it easier to start these conversations since PANGAIA itself is a certified living wage employer (meaning that everyone working for PANGAIA, from retail to warehouse, earns a living wage). The member company has created a living wage roadmap that it has introduced to all suppliers. PANGAIA finds that generally, low pricing and inflation are the root causes of why wages at suppliers are below the living wage. However, for the first time, it sees that the gap between legal minimum wage and living wage in Portugal was never as close as now.

Recommendation: Fair Wear encourages PANGAIA to discuss different strategies to work towards higher wages with suppliers and develop a systemic and time-bound approach.

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: PANGAIA has started to address the topic of living wages internally and has created a living wage policy and roadmap. PANGAIA uses the living wage benchmarks of the Wage Indicator. It uses the living wage benchmark set for the individual as a first target wage to progress to the living wage benchmark defined for the family.

In 2023, PANGAIA explored how to start working towards living wages and selected the Fair Trade factory programme. It will begin to pilot this programme at its new supplier in Sri Lanka. This will be financed from PANGAIA's margin.

Recommendation: Fair Wear strongly recommends members to integrate the financing of wage increases into their own systems, herewith committing to a long-term process that leads to sustainable implementation of living wages. Fair Wear encourages PANGAIA to implement the pilot and use the learning points for its work with other suppliers.

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: PANGAIA does not yet contribute to higher wages at 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's Access to Remedy Policy.	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

Comment: PANGAIA received no complaints in the past financial year.

Performance indicators	Result	Relevance of indicator	Documentation	Score	Max	Min
3.15 Degree to which member company implements training to address the risks identified.	Advanced	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.	6	6	0

Comment: PANGAIA has some CAP findings where training is a recommended follow-up action and planned and budgeted to enrol its Romanian and Turkish production locations in Fair Wear training. Due to Fair Wear transforming its training modules, Fair Wear did not have capacity to organise the requested modules.

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: PANGAIA did not implement training for workers at its suppliers (NA), see indicator 3.15.

Performance indicators	Result	Relevance of indicator	Documentation	Score	Max	Min
3.17 The member company's human rights due diligence 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: PANGAIA is currently exiting an accessory supplier where it has negligible leverage; see also indicator 2.10. PANGAIA's human rights due diligence system includes a responsible exit strategy, which is part of the supplier contract and, in this way, communicated to all suppliers. However, the clause also mentions that PANGAIA may gradually decrease order numbers at its sole discretion. According to Fair Wear's Responsible Exit Strategy, the timeline over which orders will be reduced should result from a discussion with the supplier.

Recommendation: PANGAIA is advised to rephrase the responsible exit strategy clause in its contract.

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.	Advanced	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.	6	6	0

Comment: PANGAIA undertakes monitoring, remediation and prevention activities related to human rights beyond Fair Wear's scope. PANGAIA includes mills and yarn suppliers in its monitoring and remediation activities. CAPS for mills and dying houses mainly include OHS findings such as ventilation and management of chemicals. The member company has developed risk country decks for all countries where its material is sourced. As PANGAIA works with non-traditional materials such as nettle, banana peels, and pineapple waste leaves, it is also confronted with an informal labour economy, for which it has teamed up with an NGO specialising in non-standard employment. Additionally, PANGAIA offers training to Indian cotton farmers on OHS and farming and helps them transition to regenerative cotton, covering income loss when the first years yield a lower harvest.

Layer 4 External communication, outreach, learning, and evaluation

Possible Points: 18

Earned Points: 16

Indicators related to communication

Performance indicators	Result	Relevance of indicator	Documentation	Score	Max	Min
4.1 Member company actively communicates about Fair Wear membership.	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: PANGAIA communicates accurately about Fair Wear membership on its website. The member also uses other channels to inform customers and stakeholders about Fair Wear membership. Information about membership is included in deck for B2B and wholesale. Via LinkedIn, PANGAIA actively spreads the Fair Wear message.

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 Human rights due diligence reporting 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: PANGAIA has submitted its social report, which Fair Wear approved. PANGAIA 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: PANGAIA published its social report, which includes some factory-level data and remediation results, on its website.

Recommendation: Fair Wear recommends PANGAIA to publish time-bound plans for its suppliers.

Performance indicators	Result	Relevance of indicator	Documentation	Score	Max	Min
4.5 Member company has a system to track implementation and validate results.	Advanced	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.	6	6	0

Comment: PANGAIA has a system to track progress and check if implemented measures have been effective in preventing and remediating human rights violations. The member company compares recent full assessment reports with previous ones, to evaluate if there is sufficient progress. The internal evaluation system involves top management. PANGAIA only uses audits with triangulated information, which informs the evaluation.

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

Comment: This is PANGAIA's first performance check.

5 Appreciation chapter

5.1 Member company publicly responded to problems/allegations raised by consumers, the media, or NGOs.: Yes

Comments: PANGAIA frequently engages with customer queries and media questions and responds to NGOs.

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

Comments: PANGAIA actively participated in Fair Wear campaign for EU legislation to lobby for change. The member company is part of the Circular Fashion Innovation Network (CFIN), an industry-led programme led by the British Fashion Council (BFC) and UK Fashion and Textile Association (UKFT) in partnership with UK Research and Innovation (UKRI) to accelerate the UK towards a Circular Fashion Ecosystem. PANGAIA also participated in a side session of the OECD forum, hosted by The Industry We Want.

5.3 Member company actively contributed to industry outreach, visibility, and learning in its main selling markets.: Yes

Comments: PANGAIA regularly speaks at events on impact, innovation and responsible production. From COP to Davos, Textile Exchange to small innovation forums and Responsible Innovation events, PANGAIA is very present and discusses how the garment industry can work with others for common goals.

Recommendations to Fair Wear

PANGAIA recommends Fair Wear to ensure earlier delivery of updated documents. PANGAIA would like to have more clarity on the usage of the member hub for the performance check and fulfilling membership requirements. PANGAIA would like to receive more Fair Wear guidance on responsible contracting. The member company would like to have Fair Wear communication that can be shared with suppliers describing what Fair Wear is and have guidance and policies including examples and best practices. PANGAIA recommends Fair Wear to expand its country risk scoping to other sourcing countries such as Portugal, and PANGAIA could share its research results for this purpose.

Brand Performance Check details

Date of Brand Performance Check: **20-02-2024**

Conducted by: **Niki Janssen**

Interviews with: **Anaïs James** - Ethics and Social Impact Specialist

Emma Harding -Ethics & Social Impact Senior Manager

Leila Abu el Hawa -Director of Product Development, Sourcing, Production & Quality

Maria Sbiti - Responsible Innovation Director'

Christina Grater- Senior Sourcing and Production Manager