

SHAPE UP OR SLIP OUT !

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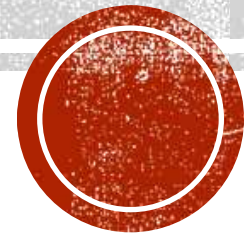
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GLOBAL ANALYSIS | Line Factor

The Devil Wears Prada

Luxury will continue in all its hues, but to reap success, players in this domain need to work out the right recipe in terms of price, positioning, consumer and market focus, argues Mona Gupta



LUXURY & FASHION FOR ALL, WILL CONTINUE IN ALL ITS HUES BUT TO REAP SUCCESS , PLAYERS IN THIS DOMAIN NEED TO WORK OUT THE RECIPE IN TERMS OF TRIPLE BOTTOM LINES

TODAY I WOULD SAY – THE TRIAD OF TOP PERFORMANCE



TO SUSTAIN WE MUST BE SUSTAINABLE !

- HAS BEEN OUR QUEST SINCE OVER FOUR DECADES
- PRIOR TO THIS SUSTAINABILITY WAS LIKE AN UNDERCURRENT .
- **BUT IN A CHANGING BUSINESS LANDSCAPE :**
- UNPRECEDENTED, ACCELERATING AND COMPLEX MIX OF RISKS AND OPPORTUNITIES, WHICH THEY MUST CONFRONT IN A FAST CHANGING, HYPER DIGITILAISED OPERATING ENVIRONMENT.
- NOT JUST FAST FASHION BUT A FASHION FRENZY
- IT IS NOT ENOUGH FOR COMPANIES TO CONCERN THEMSELVES ONLY WITH SHORT-TERM PROFITS or AUDITS
- DISASTERS, SOCIAL UNREST OR ECONOMIC DISPARITY CAN DAMAGE LONG-TERM PROSPERITY.
- **THE OLD MODELS NO LONGER APPLY – WHAT IS THE NEW FIT ?**



- For companies to navigate their businesses in the new millennium,
- Requires a keen sense of emerging trends- globally and locally
- A grounding in ethics and values that consumers and other stakeholders are increasingly invested in
- Sustainable operations from start to finish-transparency
- No longer can we have the head of the business or the environment as a driver .
- No longer are enablers needed – the business case is proven several times over
- The investor and consumer are super informed
- Sustainability no longer to be the fringe side of business but at their core.
- The businesses that understand this challenge and take action will be a step ahead

WHAT MUST BUSINESSES DO ?

The Thematic blueprint of SDG's , CSR , Financial Disclosures , UNGC, Sector CODES , ESG Guidelines ----

-----all point towards ----

Shape Up or Slip Out !



**END
SECRECY!**

**LABOR RIGHTS- Right
to
Information & Safety**

**We appreciate what is being done , but
can companies pledge transparency ?
A Garment Worker in Bangladesh**



**INFORMED
DECISIONS-
Whom am I
producing for ?**

**CONSUMER
CHOROUS ! & THE
WORKER VOICE !**

END SECRECY !

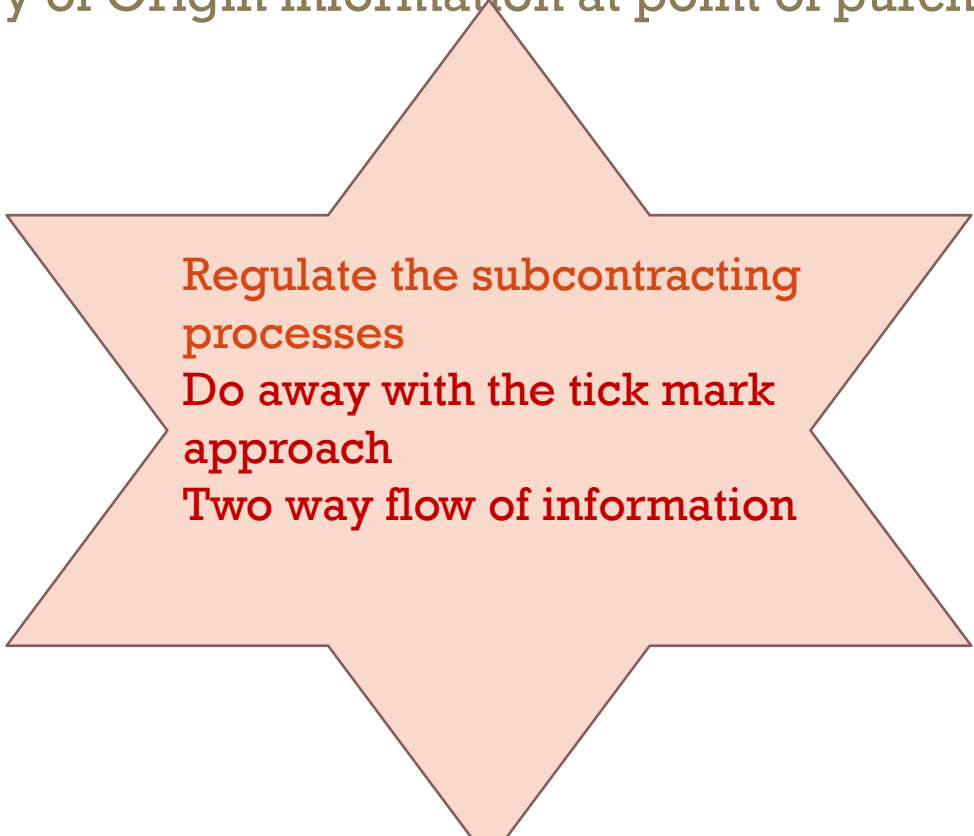
**WE WANT TO MAKE
INFORMED
DECISIONS !**

**LABOR RIGHTS /
HUMAN RIGHTS IN
THE DARK !**

**WILL ONLY
NUMBERS GET US
TALKING ?**



- Intractably Global / Regional Supply Chains
- Non linear Supply Chains [the main challenge to advancing social and environmental practices].
- Informal production- Raw material tiers
- Production subcontracting across multiple regions .
- Country of Origin information at point of purchase.



Regulate the subcontracting processes
Do away with the tick mark approach
Two way flow of information

WHAT SHOULD THE BRAND & THE BUYER DO MORE ?

AS THE QUEST FOR TRACEABILITY AND COMPLIANCE

Becomes more dynamic & daunting than before -----

Any luxury fashion brands are placing respect at the forefront for the environment, integrity, fairness and workplace practices. They also are showcasing their manufacturing supply chain and clearly communicating the entire manufacturing process to

	Provisional	Bronze	Silver	Gold
What does each level mean?	Meets all current M&S minimum requirements for sustainability.	Basic systems of governance (policy, measurement and management) in place.	Very good governance systems, which are consistently applied and trained against. Trials/Year on Year improvements/external collaboration/targets set.	Industry leading and demonstrable step change in standards. Sustainability embedded throughout the business.
Evidence we look for				
Environment	<ul style="list-style-type: none"> Legal compliance with environmental legislation in country of operation. A senior manager has accountability for environmental management at the site. 	<ul style="list-style-type: none"> Site has carried out an environmental impact assessment & business resilience health check and understands the key environmental risks and opportunity areas. Environmental management system in place, with annual targets. Measurement systems are in place for M&S KPIs on energy, water, waste. Best practice actions as defined by M&S have been implemented on site e.g. lighting, cleaning, water pressure, insulation. Site understands the sustainability impacts of its key raw materials. 	<ul style="list-style-type: none"> Demonstrable and verified year on year improvements in KPIs. Environmental targets & achievements are communicated to all staff. Site has 1 or 2 step change projects running either in energy, water, waste or carbon. Water, waste & energy action plans in place. The site is trialling new approaches/ technologies to resource efficiency and sharing learnings. Zero waste to landfill. Sustainable procurement plan in place. 	<ul style="list-style-type: none"> Significant energy reduction on baseline. % of renewable energy where possible. Significant waste reduction of raw materials (inc. packaging). Maximising water recycling/efficiency where appropriate, including water stewardship projects in water stressed areas. Site champions new standards for the industry through relevant collaborations. Sustainable management of supply chain & raw materials. Innovative lower carbon solutions.
Ethical trade	<ul style="list-style-type: none"> Legal compliance with Labour law in country of operation and commitment to improve to meet ETI base code. 	<ul style="list-style-type: none"> Clear policies and evidence of HR KPIs. Staff survey in place. Elected worker committee or trade union which meets regularly. Strong Health and Safety Management and training. Strong agency oversight, and targeting lower proportion of agency use. 	<ul style="list-style-type: none"> Very good approach to Health and Safety. Ethical KPIs completed. People/HR included in site strategy and strong HR team in place. Excellent communications and engagement. Employee representation via a worker committee/staff forum or trade union. Strong approach to training, and workforce cohesion. Good agency management. Employability scheme – for young people or other disadvantaged groups. 	<ul style="list-style-type: none"> Excellent approach to HR and H&S – representing leadership within the industry. Very strong level of communications and engagement. Strong deployment of ethical trade within the supply base. May have external accreditation eg. Investors in People, ROSPA.
Lean Manufacturing	<ul style="list-style-type: none"> The site has recognised it needs a formal strategy including an element on Lean. The site has begun to align its control measures to the strategy and senior managers objectives. The senior manager recognises the need to solve problems cross functionally using formal tools. Key suppliers have been identified and are managed closely. 	<ul style="list-style-type: none"> A structured approach exists for establishing site level strategy. Management process has been formalised across all level. All managers have regular appraisals. There are one or two examples of value stream mapping which have delivered improvements. Structured problem solving is underway with a some managers. Key suppliers have been identified and are regularly being measured for performance. 	<ul style="list-style-type: none"> The strategy is clear and well communicated to all levels. Managerial objectives are all aligned to delivering the strategy. The management process that delivers control and improvement is robust at all levels & works hourly, daily, weekly, monthly. Leaders are skilful in encouraging bottom-up improvement and have proven capability in coaching. Value stream mapping is used regularly and is in-line with the strategy to drive improvement involving employees at all levels. A formal system for problem solving has been deployed to all levels of the business and is used frequently. 	<ul style="list-style-type: none"> Continuous improvement of strategy, business processes, people, application of tools and techniques is happening at all levels of the organisation. Many different problem solving tools are used, everyone takes time to solve problems every week. Teams work not only to maintain, but also improve the process and approach taken. Key suppliers work together to help deliver the strategy.

THE CERTIFICATION SYNDROME

SO ITS NOT ABOUT A CODE
ITS ABOUT

GOVERNANCE

ETHICS

WORKERS

LEAN MANUFACTURING

COMMUNICATION

KNOWLEDGE

ENVIRONMENT

ENERGY

WASTE/ LANDFILLS

NATIONAL LAWS



TRANSPARENCY SCORECARD

	SECRETIVE — these brands have not published any of their overseas suppliers' names or addresses ¹				SHADY — these brands have only revealed some overseas supplier names and addresses			SUPER TRANSPARENT — these brands have published all overseas supplier factory names and addresses				
COMPANY	Best & Less	Pretty Girl Fashion (including Rockmans, Table Eight)	The Pas Group — Design Works (including Metallicus, Review)	The Just Group (including Just Jeans, Jay Jays, Dotti, Jacquie, Portmans, Peter Alexander)	Cotton On (Cotton On, Cotton On Kids, Cotton On Body, Factorie, Typo, Supre)	Pacific Brands (Bonds, Berlei, Holeproof, Voodoo, Razzamatazz, Jockey, Tontine and Dunlop Flooring)	Forever New (Forever New, Ever New)	Woolworths	Coles	Specialty Fashion Group (Millers, Katies, Rivers, Crossroads, Autograph, City Chic)	Target	Xmart
FACTORY LISTS PUBLIC	No	No	No	No ²	No — has only published a basic country breakdown	Partial — has published the details of the four factories they own	Partial — does not publish its full factory list. But has recently expanded its factory list.	Complete	Complete	Complete	Complete — goes beyond garments	Complete — goes beyond garments
COUNTRIES REPORTING IN	Hidden	Hidden	Hidden	Hidden	China (87%), Bangladesh (10.2%), India (2.32%), Myanmar (0.18%), Hong Kong (0.7%)	China (66%), Australia (15%), 3 factories, Indonesia (7%), one factory, Cambodia (5%), India (2%), Hidden (5%)	China (88.1%, named 9 factories), Vietnam (8.7%, named one factory), India (1.3%, named one factory), Europe (1.1%, named 8 factories), Bangladesh (0.6%, named one factory)	Bangladesh (36 factories), Cambodia (4), China (109), India (2), Vietnam (1)	China (49 factories), Cambodia (4 factories), Vietnam (3 factories), India (3 factories)	China (91 factories), Bangladesh (82 factories), India (15 factories), Vietnam (4r factories), Pakistan (one factory)	China (411 factories), Bangladesh (37 factories), India (16 factories), Cambodia (10 factories), Pakistan (6 factories), Indonesia (4 factories), Myanmar (4 factories), Australia (4 factories), Malaysia (2 factories), Sri Lanka, Thailand, South Korea and Belgium (one factory each)	China (414 factories), Bangladesh (35 factories), India (32 factories), Indonesia (10 factories), Cambodia (6 factories), Vietnam (15 factories), Pakistan and Taiwan (4 factories), Malaysia (2 factories), Egypt (one factory)
FACTORY LIST UPDATED REGULARLY ³	No	No	No	No	No	Limited factory list is new	Forever New's partial list is regularly updated	Yes	Yes	Yes	Yes	Yes
PUBLISH SOURCING POLICIES ⁴	No	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
PUBLISH CODE OF CONDUCT ⁵	Yes	No	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
PUBLISH AUDITOR DETAILS ⁶	No	No	No	Yes	No, but provides some details	Yes	No	Yes	No	No, but provides some details	No	No

¹ Regular updates are made every six months.
² This refers to the collection of company policies which govern and guide the way a company sources its products, from raw materials to finished product.
³ This is a code of conduct that governs the behaviour of a company's employees — including how they deal with suppliers overseas. Sometimes the code of conduct and the supplier policies are in the same document, which has also been taken into account above.
⁴ It is important to know the names of auditors hired by our fashion brands: not all auditors do the job we expect of them. There are many examples of audit firms reporting that workers are paid properly, are receiving all their entitlements, and that workplaces are safe, when in fact this is not the case. For big fashion labels, non-government organisations and consumers to feel confident an auditor is independent and getting it right, it is essential they know who these auditors are.
⁵ In their annual report, The Just Group does provide a list of the countries they source from. Unlike more transparent companies, they do not give a breakdown of the percentage of supply from every country in which they source garments, nor have they published the names and addresses of any factories on their website. The countries they list include Bangladesh, China, India, Indonesia, Italy, Korea, Sri Lanka, Taiwan and Vietnam. They note 86% comes from China.
⁶ Gfam's criteria is that brands align with best practice by publishing their full list of supplier factory names and addresses on their website. This draws a clear line between the brands in Australia and the factories they use around the world.

TRACEABILITY TO TRANSPARENCY

OVERLAYING TRACEABILITY AND SUSTAINABILITY IS TRANSPARENCY

NOT JUST ABOUT SHARIG INFORMATION BUT ADHEREING TO HUMAN RIGHTS & ETHICS





LABOR REFORM
SELF REGULATION ALIGNMNET WITH ILO
PILOT PROGRAMS DOVETAILING SDG'S
PARIS AGREEMENT

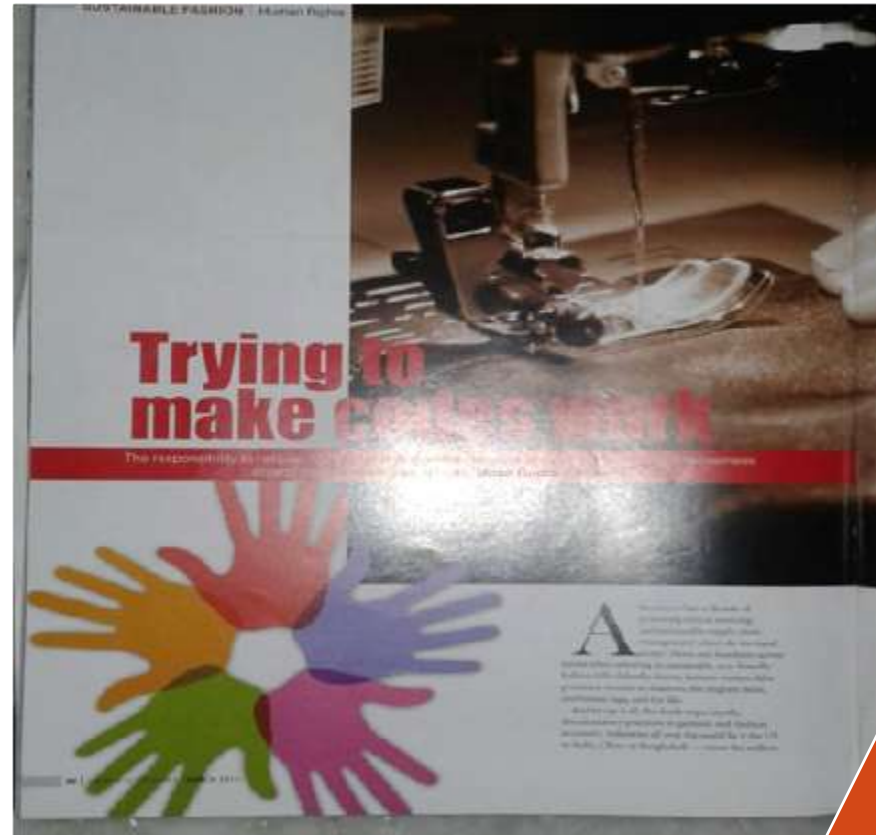
THE GOVERNMENT -- THE REGULATOR

**EMERGING
LANDSCAPE-----**

**AN
AMALGAMATION
OF**

**GLOBAL GOALS &
LOCAL BUSINESS**





**WAY FORWARD--
---- FROM
TRIANGULATION
----TO
CONVERGENCE**

**TRYING TO
MAKE
CODES
WORK**

