



## ***Sustainability Strategy: A critical success factor for apparel sector***

**Seminar on Enabling Competitiveness in Apparel Sector & Launch of Compendium for Good Management Practices**

**Apparel Export Promotion Council (AEPC)  
(Ministry of Textiles)  
30<sup>th</sup> August 2019**

**Indra Guha, Partner, Thinkthrough Consulting (TTC)**

## The role of business is changing; Business to Sustainable Business...

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*“At Patagonia, making a profit is not the goal because the Zen master would say profits happen 'when you do everything else right'.”*

**-Yvon Chouinard**  
Founder, Patagonia

*“We generate wealth for the people. What comes from the people must, to the extent possible, therefore get back to the people.”*

**-Bharat Ratna, JRD Tata**



## Project SU.RE: Moving forward with sustainable fashion in India ...

*16 of India's leading fashion and retail brands commit to **Project SU.RE.**, contributing to a clean environment*



**Project SU.RE (Sustainable Resolution)** - A five point agenda for the apparel industry to move towards fashion that contributes to a clean environment, launched by Smriti Irani

### Five-point 'SU.RE.'

1. Complete understanding of environmental impact of garment produced
2. Development of sustainable sourcing policy for prioritising and utilising certified raw material
3. Right decision-making about raw materials and traceability
4. Effective communication on sustainability initiative to consumers and media
5. Shift a significant percentage of supply chain to sustainable supply chain by 2025

# Patagonia: Environmentally-conscious and socially-responsible ...

## Patagonia's Mission Statement

To build the best product, cause no unnecessary harm use business to inspire and implement solutions to the environmental crisis



**'Don't Buy This Jacket' Campaign**

Profit jumped **30%** in **2012**, capturing new customers rather than existing customers

### Patagonia's Business Model

1 High-Quality Products that Last

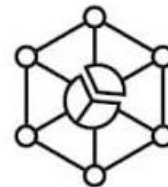
2 Premium Pricing

3 Anti-Growth Messaging

4 Consumer Trust

**Objective of both models:**

- Building high-quality materials
- Minimizing company's environmental impact
- Developing long-lasting relationships with consumers



### Patagonia's Operating Model

1 Raw Materials Selection

2 Supply Chain Management

3 Recycling

4 Transparency

5 Human Resources



# Walmart: Sustainability Index Program (SIP)...

Sustainability Index gathers and analyses information across a products' life cycle

Sourcing, manufacturing, transporting



Selling, customer usage, and end-of-use

Till December 2017, index covered:

**125+** categories

**70%** goods came from suppliers that participated in SIP

**1,800** Suppliers

### Walmart's commitments towards SIP

- In 2005, committed to their customers to sell products that sustain people and environment
- In 2009, committed to create a Sustainability Index establishing baseline and track progress against goal
- In 2012, committed to buy 70% of goods sold in U.S. stores from suppliers who participated in SIP, by 2017

### Impact created



Over 1,300 suppliers participated in FY 2017 and over 3,000 suppliers registered for SIP in July 2017.


### SUCCESS STORY

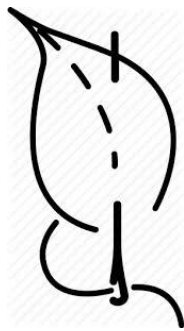
Walmart + Intradeco (Walmart's leading apparel supplier) = Every Day Low True Cost (EDLTC) T-shirt  
Using Sustainability Index Program

- Traceability
- Re-use of 30% of process water
- 50% renewable energy used
- Display of EDLTC story on its products

Essential message of EDLTC story  
High quality, more sustainable products are part of the Walmart everyday low price promise

# Sustainability issues in apparel sector...

 Apparel has 4<sup>th</sup> largest environmental impact after housing, transport and food 



Apparel sector's sustainability issues



Increasing use of pesticide for cotton production

Poor income of farmers

Lack of structural facilities for workers at shop floor, E.g., Rana Plaza Case

Extensive water depletion  
**1,800 gallons** of water = 1 pair of denims and increasing water stress

Increasing GHG emissions per kg of fabric produced, especially polyester

## Some interesting statistics for apparel sector...

**TRADITIONAL: 2 Cycles per year**



**TYPICAL FAST FASHION: 50 Cycles per year**



**Average consumers bought 60% more clothing in 2014 than in 2000, keeping each garment half as long**



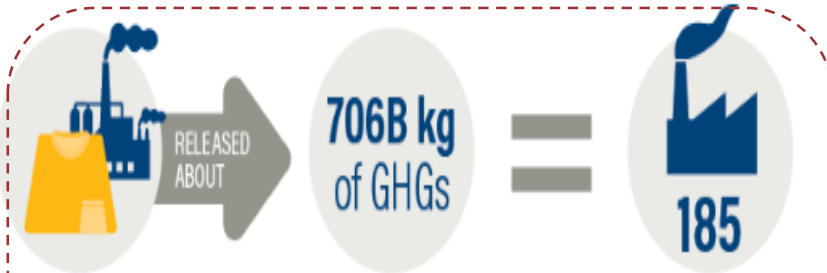
2000

2014

**It takes 2,700 litres of water to make one cotton shirt**



**Enough water for 1 person to drink for 2.5 years**



POLYESTER PRODUCTION FOR TEXTILES IN 2015

706B kg of GHGs

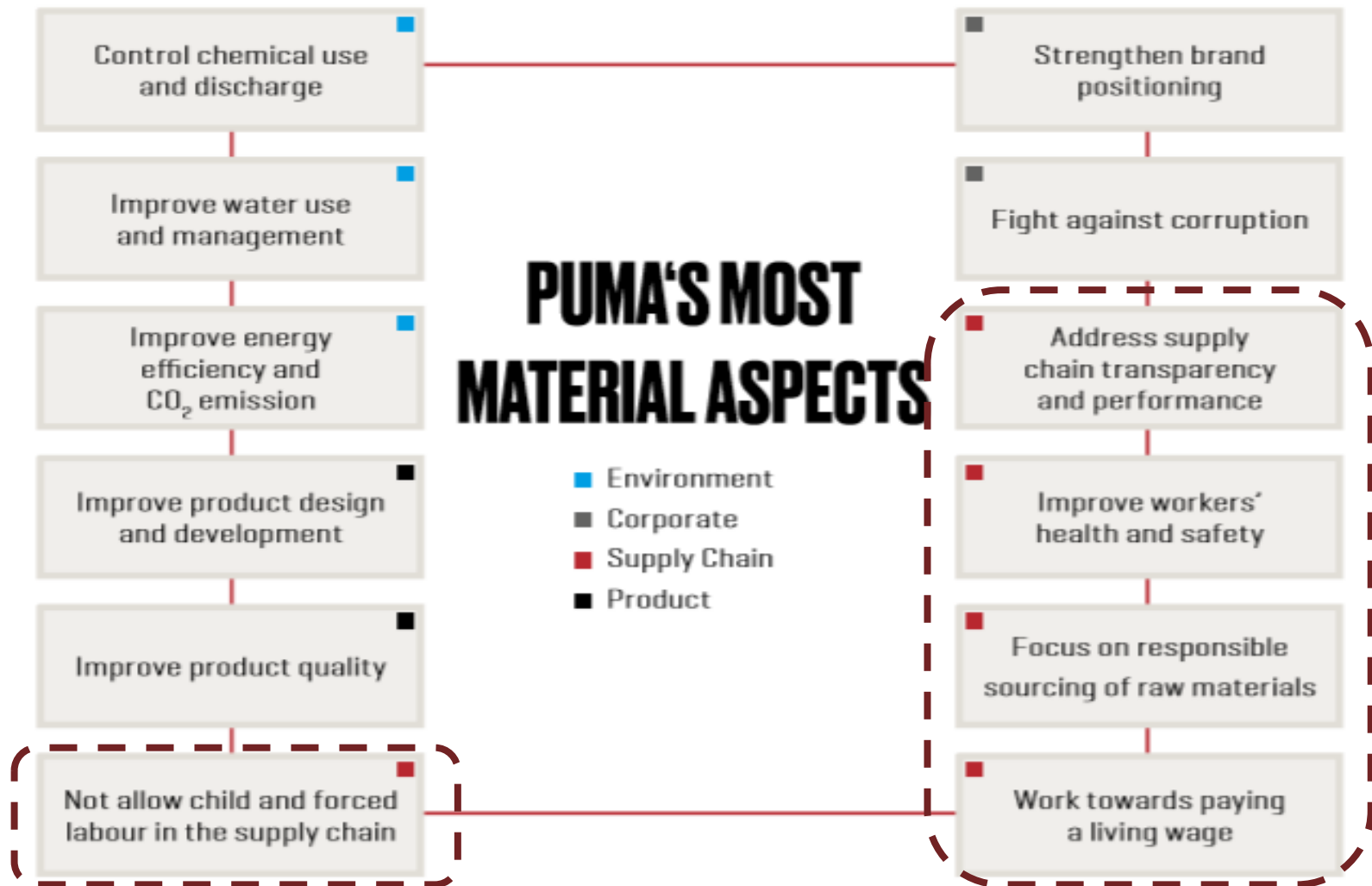
185

COAL-FIRED POWER PLANTS' ANNUAL EMISSIONS

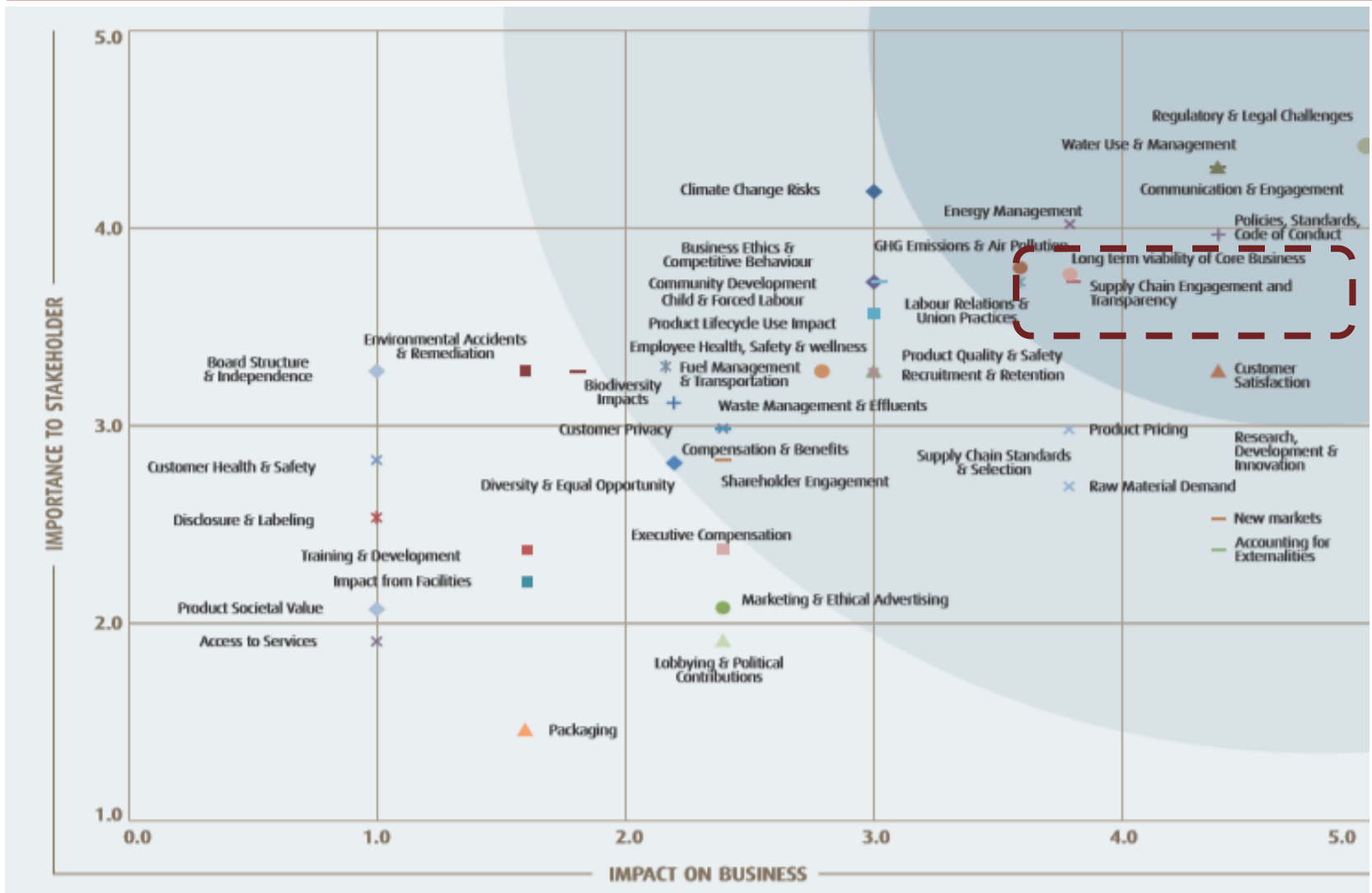
**Polyester production is carbon intensive**

Source: World Resource Institute (WRI)

# Materiality across apparel sector (1/2) - Puma...



# Materiality across apparel sector(2/2) - Arvind Limited...



# Risks and mitigation strategies... (1/2)

## Risks possessed due to sustainability issues

- 1 Operational Risk**  
  
Failure to ensure timely delivery of supplies
- 2 Regulatory Risk**  
  
Failure to comply with existing environmental and legal norms, investor confidence
- 3 Reputational Risk**  
  
Poor sustainability performance of investments
- 4 Market Risk**  
  
Failure to understand market dynamics

Global Reporting Initiative (GRI)

Ethical Trading Initiative (ETI)

Fashion Industry Charter for Climate Action (FICCA)

Global Organic Textile Standards (GOTS)

HIGG Index  
(Product/Brand/Facility Tool)

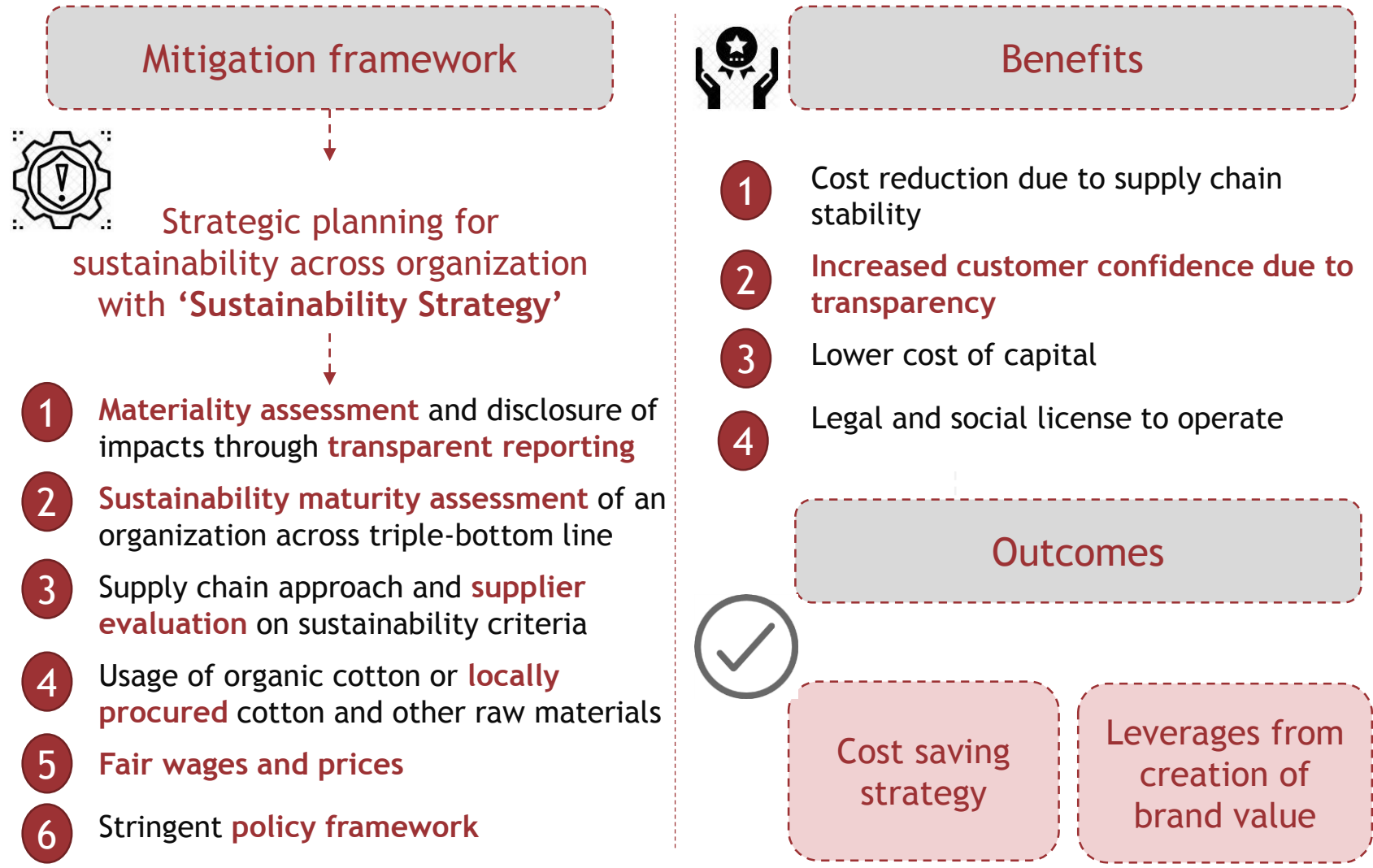
WRAP certified facility

Bluesign Fair Trade



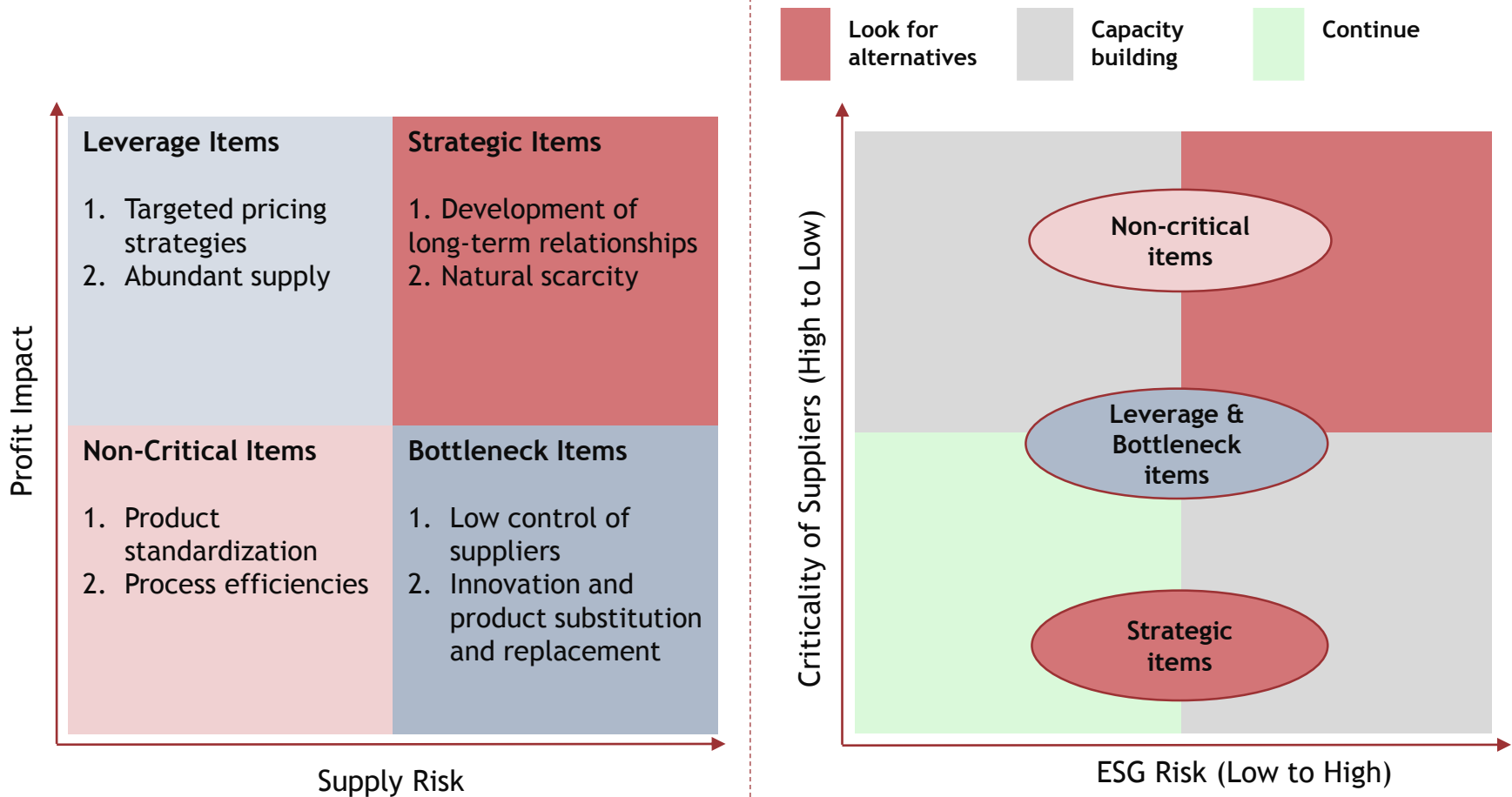
Sustainable value chain

# Mitigation strategies and benefits... (2/2)



# Mapping of suppliers across supply chain is of prime concern...

One of a key part of supply chain management is segmenting the vendor base



# Thank you...

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## Contact us :

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