

Why Social Compliance, Sustainability & Traceability Matter

Worldwide Responsible
Accredited Production

(WRAP)

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Warsaw, Poland



Agenda

- Overview of Social Compliance
- What is Sustainability?
- What is Traceability?
- The Business Case for Compliance
- Sourcing Imperatives
- An Introduction to WRAP
- WRAP Certification & GS1 Standards
- Benefits of WRAP Certification
- Conclusion / Q&A



Origins & Evolution of Social Compliance

- In the mid-to-late 1990s, US / EU brands and retailers were embarrassed by reports of worker abuse in factories making their products.
- Many brands and retailers wrote corporate Codes of Conduct and began auditing factories.
- Evolving from comply-or-die models to conversations about sustainability.



What is Sustainability?

Sustainability is being able to do whatever it is we are doing now, without endangering the ability of future generations to do the same.



What is Traceability?

- **Traceability** is being able to verify the history, location, and use of an item by means of documentation.



Why Do Compliance, Sustainability & Traceability Matter?

- Doing the Right Thing
- If that's not enough - it comes down to protecting your company
 - *Social Compliance = Risk Management*
 - *Sustainability = Business Continuity*
 - *Traceability = Accountability = Trust*



What is Driving Change?

- Modern technology brings global, instant communication.
- What happens in China, Bangladesh or Poland now appears on CNN or BBC within minutes.
- Reputation/supply chain management are global issues, with very high stakes.
- Greater awareness of need for sustainable manufacturing and sourcing practices.



Ali Enterprises-September 11, 2012

Anger and Grief Across Karachi After Fire

-The New York Times



**Karachi
factory
fire
highlights
risks for
workers**

-Dawn.com

Deadly Karachi blaze was “waiting to happen”

-BBC



Tazreen Fashions-November 24, 2012

Fatal Fire in Bangladesh Highlights the Dangers Facing Garment Workers

-The New York Times

Retailers and suppliers hit by fallout from deadly Bangladesh factory fire

-CNN



Paying with Their Lives: The High Cost of Cheap Clothing

-Solidarity Center

Rana Plaza-April 24, 2013

Building Collapse in Bangladesh Leaves Scores Dead

-The New York Times



Factory collapse A 'wake-up call' for fashion industry

-ABC Australia

Big Brands Face Scrutiny Over Factory Safety After Bangladesh Collapse

-Associated Press

Business Case for Compliance

- Protecting your organization
- Return on investment:
 - Systemic approach to management
 - Direct business benefits
 - More efficient production
 - Lower worker turnover
 - Satisfying client requirements



Sourcing Imperatives

- 15 years ago:
 - Price + Quality + Delivery
- Now:
 - Price + Quality + Delivery + Social Compliance
- 3-5 years from now:
 - Price + Quality + Delivery + Social Compliance +
 - Vendor Partnerships
 - Efficiency Improvements
 - Environmental Compliance



An Introduction to WRAP

Mission:

WRAP is an independent, objective, non-profit team of global social compliance experts dedicated to promoting safe, lawful, humane and ethical manufacturing around the world through certification and education.



Organizational Overview

- Task force established by AAMA in 1996 to study the issue of “sweatshops” in offshore manufacturing and recommend an industry-wide response
- WRAP incorporated in 2000 with 12-point code
- Based on universally recognized min. standards
- Compliance to national laws, respect for local culture
- By charter, Board is majority non-industry
- HQ in Arlington, VA, USA



Leading Independent Certification Program

WRAP Top 10 for 2014

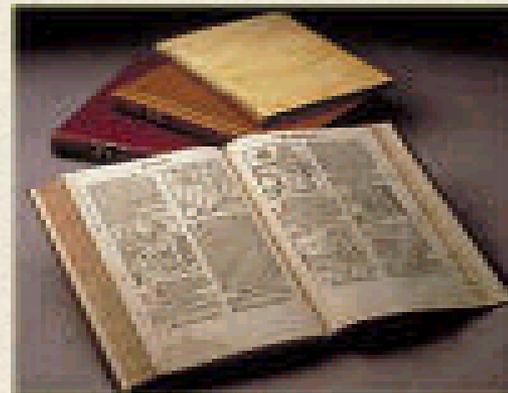
<i>Rank</i>	<i>Country</i>	<i>Registrations</i>
1	China	742
2	Bangladesh	254
3	Vietnam	203
4	India	166
5	Pakistan	140
6	Sri Lanka	87
7	Cambodia	59
8	Indonesia	56
9	Mexico	41
10	Egypt	39

- In 2014, received over 2400 applications
- As of early 2015, over 2000 facilities employing more than 1.8 million workers in over 40 countries have been certified



WRAP Principles

1. Compliance with Laws and Workplace Regulations
2. Prohibition of Forced Labor
3. Prohibition of Child Labor
4. Prohibition of Harassment or Abuse
5. Compensation and Benefits
6. Hours of Work



WRAP Principles

7. Prohibition of Discrimination
8. Health and Safety
9. Freedom of Association and Collective Bargaining
10. Environment
11. Customs Compliance
12. Security



Certification Process

- Must have management systems approach
- Commitment from Top Management, with specific individual(s) assigned compliance responsibility
- Adoption, Deployment & Monitoring
- Maintain supporting documentation or other relevant evidence
- Continuous education of all employees



Social Compliance Best Practices

- Even the most progressive of approaches to auditing will not suffice if auditing is all you do
 - Social compliance is a two-way street
- Engagement necessary at all levels
 - Understanding the practical challenges faced
 - Being consistent with message
 - No “disconnect” between sourcing and compliance
 - Building partnerships
 - Continuous improvement
 - Ongoing training and education



WRAP Practices

- Management systems approach to social compliance and sustainability
 - Engaging with facilities to build relationships
- Education is essential
 - WRAP Training offerings



WRAP Training Offerings

- General awareness training
- Five-day lead auditor
- Two-day internal auditor
- Modular training courses
 - Fire safety training
 - C-TPAT training



WRAP Certification & GS1 Standards

- Traceability at rudimentary level in apparel/textile sector's supply chain:
 - Focused primarily on where products are sourced (e.g., farms)
 - Needs to focus more on social compliance at all stages
- Potential for the future:
 - WRAP certified factory could be identified by a Global Company Prefix(GCP) and/or a Global Location Number(GLN) used in all data exchange or shipments, or linked to an EPC/RFID-tag applied to each item at source during production



Benefits of WRAP Certification

- WRAP's Credibility and Dependability
 - Clear requirements; systemic approach
 - Cost effective expertise
 - Availability of expert resources (training)
- Safer Working Conditions
- Improved Worker Morale and Communications
- Avoiding Audit Fatigue
- Remember the Business Case for Compliance
 - Protecting your organization
 - Satisfying Client Requirements



Summary

- **Social Compliance, Sustainability, and Traceability** are becoming increasingly important aspects of supply chain management in today's global value chain.
- A properly implemented, and credibly certified (WRAP!) social compliance system serves the dual purpose of meeting buyer requirements as well as increasing worker efficiency and morale, and, thereby, productivity & profitability.



Conclusion

WRAP is:

- The “standard most often cited” for social compliance certification in the textile sector.
 - “Making Private Standards Work For You”
2010 UNIDO Study
- A respected leader in the training arena.
- A highly recognized, responsive and effective partner for supply chain social compliance management.



Questions



Thank you!

Clay E. Hickson

Vice President of Strategy & Bus. Dev.

chickson@wrapcompliance.org

Worldwide Responsible Accredited Production

Arlington, VA, USA

www.wrapcompliance.org

+1-880-2883-6356

+1-703-243-0970

