



06 - 02 -2020

Buying Practices Risk Matrix webinar



Anti-trust statement

As participants in this meeting, we need to be mindful of the constraints of anti-trust laws (mededingingsregels).

This implies that:

- Participants are free to exchange or discuss publicly available information.
- Discussions on commercially sensitive information are strictly prohibited.
- Commercially sensitive information = company-specific information which could influence competitor's future conduct.

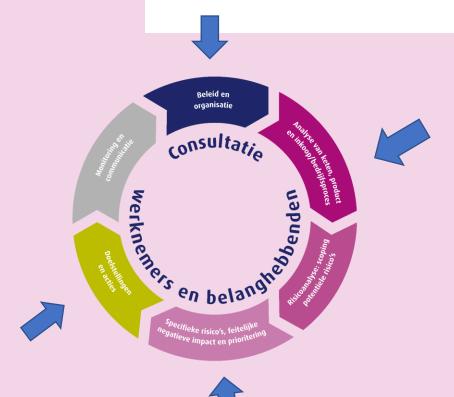
Strictly prohibited to share **non-public** information on:

- Prices and pricing elements, -strategy, planned –changes, other trading conditions
- Cost structures, profit margins, capacity or output
- Plans on future business, investment, product, marketing / advertising strategies
- Purchasing or bidding plans or other commercial strategies
- Sales volumes or values, sales quotas or market shares
- Propriety technical development
- Individual dealings with customers or suppliers including content of yearly negotiations

If at any time during this meeting you feel uncomfortable about the nature of the discussion, please raise this with the chair.

Purchasing practices & Due diligence

- Understand current purchasing practices. Fe:
 - Purchasing Practices Self assessment tool
 - Buying Practices Workshop
 - ETI Guide to Responsible Buying
- Analyze the impact of purchasing practices
 - Fe. Better Buying or own survey for supplier feedback
- Steps towards buying more responsibly
 - Implement two-way- code of conduct
 - · Adjusting policies, processes realign way of working
- Key: Topmanagement commitment & Collaboration throughout different departments
 - Buying director should carry out what is expected of buyers
- Membership ACT



FNG

CKS	fred & ginger	EXPRESSO
STEPS	GINGER	SUPERSTAR
Miss Etam	claudia sträter	PROMISS

Laura Koedijk

Process & Planning Manager BMD Steps Allocation manager Steps & Promiss CSR co-ordinator Steps

STEPS PROMISS





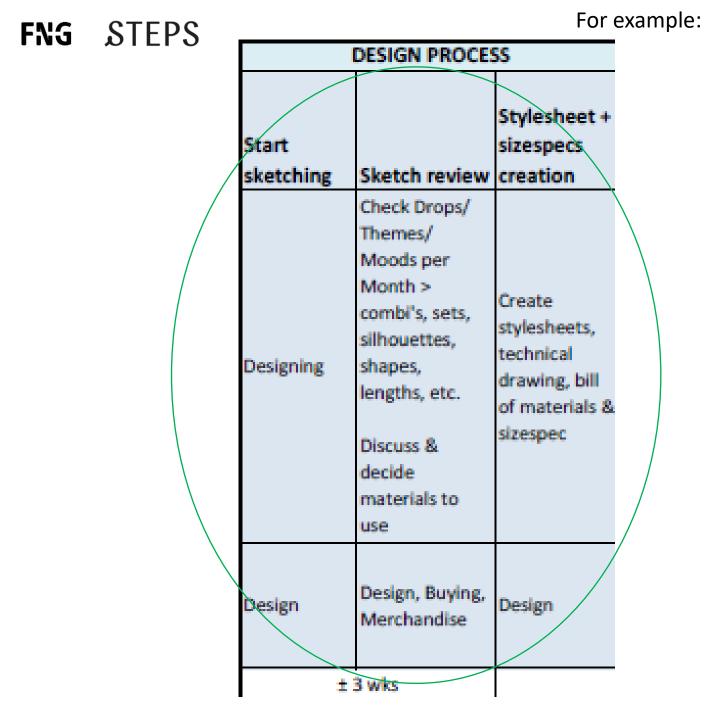
FNG STEPS

Buying, Merchandise, Design Process (BMD)

								DESIGN PROCESS			DEVELOPMENT PROCESS					PRODUCTION PROCESS			Ī		
WHAT	Discuss: - Sell through per product group - Actuals / results	INSPIRATION Visit shops, fairs, etc. for inspiration	Lineplan 1st Proposal buying plan budgat &	Drops/ Themes /Moods, Trends, Color cards, Silhouettes,	Fabric sourcing Send out fabric sourcing requests to suppliers	(Business plan meetings) Budget per product group & options/business plan meeting per product group per period (price	Create buying plan budget & lineplan with number of options per drop/theme/		Sketch review Check Drops/ Themes/ Moods per Month > combi's, sets, silhouettes, shapes, lengths,	Stylesheet + sizespecs creation Create stylesheets, technical drawing, bill of	Allocation / sourcing Decide which supplier will get which proto request taking into account	Proto	Proto review	(Final) Proto comments Final comments to prepare SMS	SMS Sample review & price check	WHOLESALE	Order	Pre-shipment sampling PP sample & Photoshoot sample in bulk fabric	Ex origin		to Stores
		Design,	drop/theme/ mood		Design > input	margin, avrg price level, etc.		Design	Discuss & decide materials to use Design, Buying,	sizespec	vendor performance, etc. Buying	Design,	Design, Buying,	Buving	Design, Buying,	Sales		Buying			Buying (planning & QC) &
wнo	Design	Buying				Merchandise			Merchandise		i.c.w. Design		Merchandise		Merchandise						Allocation / Logistics (transport)
Leadtime								±	: 3 wks		± 2 wks		±1	12 wks		± 4-6 wks	± 10-16 w	ks (20 wks flat kn	it & jacquard)		

STEPS FNG

FNG STEPS					DESIGN PROCESS			DEVELOPMENT PROCESS			PRODUCTION PROCESS							
ING DIEIC)	Fabric sourcing	Product group meetings (Business plan meetings)	Finalize Budget - Collection lineplan	Start sketching	Sketch review	Stylesheet + sizespecs creation	Allocation / sourcing	Proto request	Proto review	(Final) Proto comments	SMS Sample review & price check	Sales period		Pre-shipment sampling	t Ex origin	in DC	to Stores
	WHAT	Send out fabric sourcing requests to suppliers	Budget per product group & options/business plan meeting per product group per period (price range/sourcing,etc.); finalize lineplan per product group. Set KPPs for Buy in margin, avrg price level, etc.	Create buying plan budget & lineplan with number of options per drop/theme/ mood	Designing	Check Drops/ Themes/ Moods per Month > combi's, sets, silhouettes, shapes, lengths, etc. Discuss & decide materials to use	Create stylesheets, technical drawing, bill of materials & sizespec	Decide which supplier will get which proto request taking into account material, product type, price range, capacity, vendor performance, etc.	Start sampling proces		Final comments to prepare SMS			Write final order	PP sample & Photoshoot sample in bulk fabric	Ship/ transport	Process	Delivery
	who	Design > input Buying > request sourcing	Design, Buying, Merchandise	Merchandise	Design	Design, Buying, Merchandise	Design	Buying (= product development) i.c.w. Design	Design, Buying	Design, Buying, Merchandise	Buying	Design, Buying, Merchandise	Sales		Buying			Buying (planning & QC) & Allocation / Logistics (transport)
	Leadtime					3 wks		± 2 wks		±1	12 wks		± 4-6 wks	± 10-16 w	ks (20 wks flat kr	nit & jacquard)		
	CSR related	Risk(s) - Environmental impact	Risk(s) - Wages	Risk(s) - Excessive overtime	Risk(s) - Environmer	ntal impact		Risk(s) - Subcontracting = less	Risk(s) - Excessive ove	rtime	Risk(s) - Excessive overtir	me		Risk(s) - Excessive over	ertime			Risk(s) - Environmental
In each step of the BMD process identified optional	risks / remarks:	- Animal welfare - Health & safety working area	Health & safety working area Health & safety working area Subcontracting = less transparancy	- Wages - Subcontracting = less transparancy	 Animal well Excessive or Wages Health & sa 	fare		- Soborn acting - Jess transparancy - Excessive overtime	- Wages	ty working area ng = less al impact	 Wages Health & safety Subcontracting : transparancy 	working area		- Wages - Health & safe - Subcontractin	ety working area ng = less transpar al (transport air/l			(chemicals, packaging, transport) - Animal welfare
CSR risks:		How to avoid /	How to avoid /	How to avoid /	How to avoi	d /		How to avoid /	How to avoid /	/	How to avoid /			How to avoid /	/			How to avoid /
CSR HSRS.		By who? * Design	By who? * Buying	By who? * Merchandise	By who? * Design			By who? * Buying	By who? * Buying		By who? * Buying			By who? * Buying				By who? * Buying
		* Buying	* Merchandise	* Buying	* Buying													* QC
* Which risk(s)?		 CSR coördinator →> Set goals for use of sustainable materials Visit seminars & workshops for research 	> Set realistic KPI's for Buy In Margin (BIM), average buying price level per product group > non realistic KPI's can cause pressure	-> - Without a buyingplan it is harder to give forecasts to suppliers, so they can not make a decent production	(Roadmap Su - Send comp technical ske	r use of sustainat ustainability 2025 lete information & ttch for 1st proto) & clear development	> - Consolidate # main suppliers & so # of production locations to increase long term	supplier in rela monitoring - Send complet	le location with ition to bulk & te information	> - Give clear and or comments on all : style in order to k as low as possible	aspects of the eep # of proto's		(reference Yea - Order size in l leadtime	n time based on ir calender / Critic line with product	cal path) tion capacity /		* Allocation * Logistics -> - Request test reports / certificates for styles
* How to avoid /		& developments in sustainable options	on buying prices > risking an effect on production	planning based on needed capacity		's can be kept as s means longer (business relations & gain transparency		evelopment on roto's can be	 Give final comm time for supplier 				nute changes to s te style change is			indicated as high risk during development in
By who?		- Discuss sustainable	planning (subcontracting), paid	> risking an effect on prod.	time which o	ften leads to sho	rter production	 Increase commitment 	kept as low as	possible	leadtime for prod	uction		buying should	agree to a reason	nable leadtime		material or finish
by who?		alternatives with suppliers	wages, hazardous situations in working environment	planning (subcontracting/excessive		sking an effect on bcontracting/exce		from suppliers in working on CSR goals by		means longer ime which often	> longer developr leads to shorter p				n agreement with thanges lead to sh			 Test bulk delivery randomly of styles with
			(full factories), etc. - Request open costings for more	overtime), paid wages, hazardous situations in	overtime), p in working er	aid wages, hazard avironment	lous situations	commiting to turn over - Ensure the right factory	leads to shorte leadtimes, riski	r production ing an effect on	leadtimes, risking prod. planning	an effect on			ing an effect on p p/excessive over	prod. planning time), paid wages,		high risk materials or finishes according to RSL
* \^/;+ +7			insight and have dialogue with	working environment	(full factories			produces the right	prod. planning	(subcontracting	(subcontracting/e			hazardous situ	ations in working			- Distribution of goods
* With what?			supplier on wages and costing - Get insight in inflation and	(full factories), etc.				product, avoiding subcontracting, excessive		ous situations in	situations in work	ages, hazardous ing environment			times can avoid l	last minute		based on commercial results to avoid additional
(Relevant			(minimum) wages increase					overtime, etc. - In case of new	working enviro (full factories),		(full factories), etc	E		deliveries by ai	irplane			relocation of goods - Recycle packaging in
•								production location(s) the vendor set up procedure	- Request relev certificates/tes	ant								warehouse - Combine transport to
documents,								needs to be followed	sustainable ma	it reports for iterials & high								stores to reduce # of
policies, guidelines,									risk styles									transport
		With what?	With what?	With what?	With what?			With what?	With what?		With what?			With what?				With what?
etc.)		 CSR Policy / CoC Roadmap 	 Country/region related info on wage standards from sources online 	 Buying plan from which a sourcing/allocation plan with 	 CSR Policy / Roadmap s 	CoC ustainability 2025		 Buying / sourcing- allocation plan 	 Stylesheet inc sketch, bill of n 	cl. technical materials, fabric	 PDM system wit comments, pictur 	h clear fittng es and sizespec		- Year calendar	r / Critical path			- Restricted Substances List (RSL) latest version
		sustainability 2025 - Product guidelines (for	and/or NGO's, Modint wages & salary alert/newsletter	budget / forecast per supplier can be made		delines (for mate ncl. technical ske		- CSR Policy / CoC - Roadmap sustainability	& trim info	r / Critical path	- Year calendar / (Critical path						Recycling projects Transport consolidation
		materials)	- Buying plan with buying price &	111111		bric & trim info		2025	- Product guide									
			margin target / calculations - Open cost calculation template					 FNG Vendor set up procedure 		bstances List								
									(RSL) latest ver	rsion								
	For detailed CSR subjects, risks, policy & goals - see Roadmap sustainability 2025																	



STEPS	For example:	Risk(s)	r <mark>,</mark>
DILFS	ror example.	- Environmental impact	
		-Animal welfare	
		- Excessive overtime	
		- Wages	
		- Health & safety working area	
		- Subcontracting = less transparancy	
		- subcorrulacting – less transparaticy	\backslash
		How to avoid /	
		By who?	
		* Design	
		* Buying	
		* CSR coördinator	
		>	
		- Set goals for use of sustainable materials	
		(Roadmap Sustainability 2025)	:
		- Send complete information & clear	
		technical sketch for 1st proto development	
		so # of proto's can be kept as low as possible	/
		> more proto's means longer development	. /
		time which often leads to shorter production	. /
		leadtimes, risking an effect on prod.	• /
		planning (subcontracting/excessive	
		overtime), paid wages, hazardous situations	I.
	\backslash	in working environment	-
	Ň	(full factories), etc.	I

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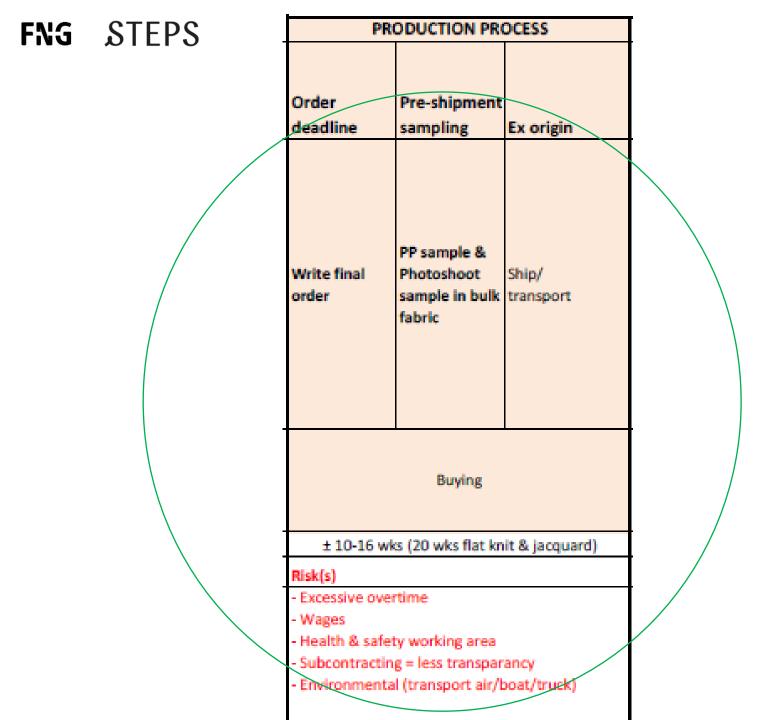
FNG STEPS For example:

With what?

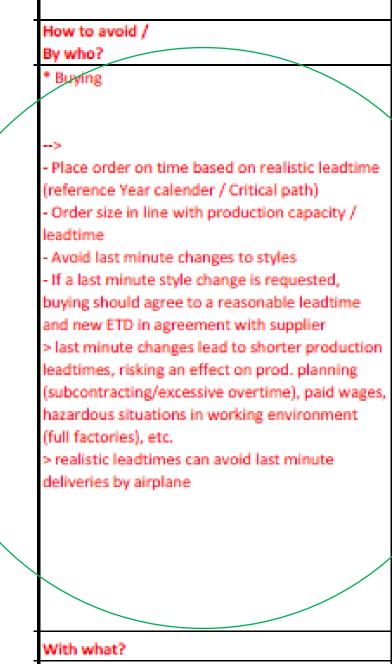
- CSR Policy / CoC
- Roadmap sustainability 2025
- Product guidelines (for materials)
- Stylesheet incl. technical sketch, bill of materials, fabric & trim info

	07500	DEVELOPMENT PROCESS										
FNG	STEPS					SMS						
						Sample						
			Proto		(Final) Proto	review & price						
		Allocation / sourcing	request	Proto review	comments	check						
		Decide which supplier will get which proto request taking into account material, product type, price range, capacity, vendor performance, etc.	ecide which supplier will et which proto request iking into account Start sampling iaterial, product type, proces rice range, capacity,		Final comments to prepare SMS							
		Buying (= product development) i.c.w. Design	Design, Buying	Design, Buying, Merchandise	Buying	Design, Buying, Merchandise						
		± 2 wks		±	12 wks							
	\backslash	Risk(s)	Risk(s)		Risk(s)							
		 Subcontracting = less 	- Excessive over	rtime	- Excessive overtin	me /						
		transparancy	- Wages		- Wages							
		- Excessive overtime			- Health & safety							
			- Subcontractin	g = less	- Subcontracting =	i less						
			transparancy - Environmenta - Animal welfar	-	transparancy							
		How to avoid /	How to avoid /		How to avoid /							

		i.c.w. Design	Merchandise	Merchandise						
FNG	STEPS	± 2 wks	± 12 wks							
		Risk(s)	Risk(s)	Risk(s)						
		 Subcentracting = less transparancy Excessive overtime 	 Excessive overtime Wages Health & safety working area Subcontracting = less transparancy Environmental impact Animal welfare 	 Excessive overtime Wages Health & safety working area Subcontracting = less transparancy 						
		How to avoid / By who?	How to avoid / By who?	How to avoid / By who?						
		* Buying	* Buying	* Buying						
		> - Consolidate # main suppliers & so # of production locations to	> - Discuss sample location with supplier in relation to bulk & monitoring	> - Give clear and complete comments on all aspects of the style in order to keep # of proto's						
		increase long term business relations & gain transparency - Increase commitment	- Send complete information for 1st proto development on time, so # of proto's can be kept as low as possible	as low as possible - Give final comments on proto on time for supplier to have realistic leadtime for production						
		from suppliers in working on CSR goals by commiting to turn over - Ensure the right factory	> more proto's means longer development time which ofter leads to shorter production leadtimes, risking an effect on	> longer development time often						
		produces the right product, avoiding subcontracting, excessive overtime, etc. - In case of new	prod. planning (subcontracting / excessive overtime), paid wages, hazardous situations in working environment (full factories), etc.	overtime), paid wages, hazardous						
		production location(s) the vendor set up procedure needs to be followed	- Request relevant certificates/test reports for sustainable materials & high risk styles							



FNG STEPS



Year calendar / Critical path



Questions?

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Thank you!

