

IRBC Agreements
Agreement on Sustainable Garments and Textile



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.

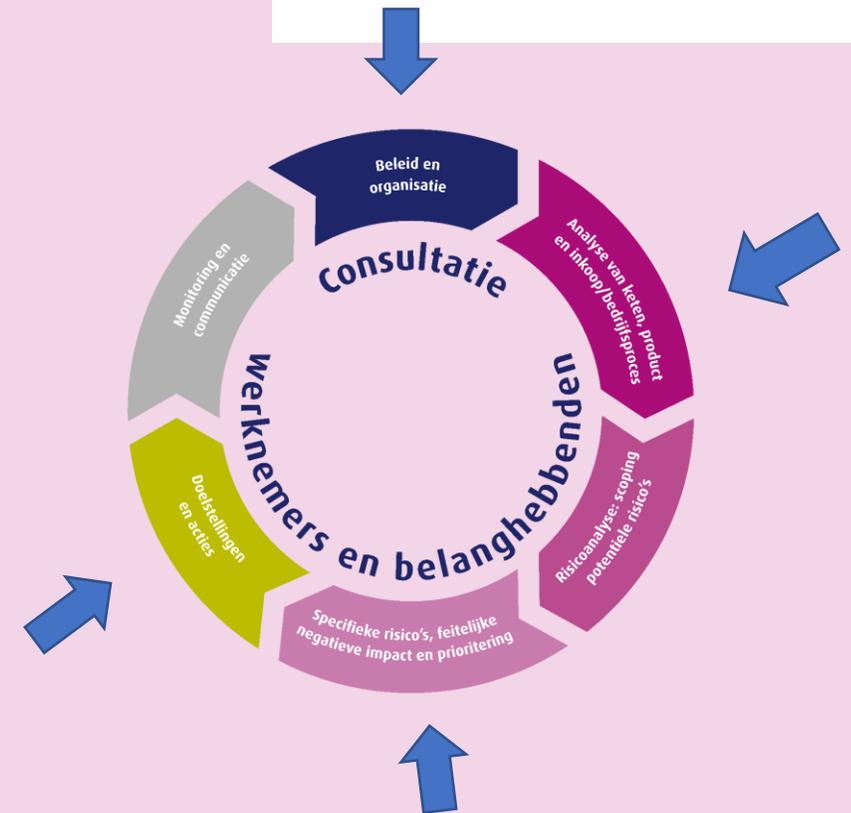
Strictly prohibited to share **non-public** information on:

- 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
- Proprietary 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

P R O M I S S

Laura Koedijk

Process & Planning Manager BMD Steps

Allocation manager Steps & Promiss

CSR co-ordinator Steps

STEPS

P R O M I S S



IT'S WHAT WE CALL THE NEXTSTEPS

Buying, Merchandise, Design Process (BMD)

	EVALUATION previous season	INSPIRATION	Proposal Budget - Lineplan	Kick off season	Fabric sourcing	Product group meetings (Business plan meetings)	Finalize Budget - Collection lineplan	DESIGN PROCESS			DEVELOPMENT PROCESS				Sales period WHOLESALE	PRODUCTION PROCESS			in DC	to Stores
								Start sketching	Sketch review	Stylesheet + sizespecs creation	Allocation / sourcing	Proto request	Proto review	(Final) Proto comments		SMS Sample review & price check	Order deadline	Pre-shipment sampling		
WHAT	Discuss: - Sell through per product group - Actuals / results - Turnover / stock	Visit shops, fairs, etc. for inspiration	1st Proposal buying plan budget & lineplan with number of options per drop/theme/mood	Drops/ Themes /Moods, Trends, Color cards, Silhouettes, overview per Product group	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 KPI's for Buy in margin, avg 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	Merchandise, Buying, Design	Design, Buying	Merchandise	Design	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		± 12 wks			± 4-6 wks	± 10-16 wks (20 wks flat knit & jacquard)				



FNG STEPS

	DESIGN PROCESS			DEVELOPMENT PROCESS					PRODUCTION PROCESS								
	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 WHOLESALE	Order deadline	Pre-shipment sampling	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 KPI's 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		± 12 wks			± 4-6 wks	± 10-16 wks (20 wks flat knit & jacquard)				
CSR related risks / remarks:	- Environmental impact - Animal welfare - Health & safety working area	- Wages - Health & safety working area - Subcontracting = less transparency	- Excessive overtime - Wages - Subcontracting = less transparency	- Environmental impact - Animal welfare - Excessive overtime - Wages - Health & safety working area - Subcontracting = less transparency			- Subcontracting = less transparency - Excessive overtime	- Excessive overtime - Wages - Health & safety working area - Subcontracting = less transparency - Environmental impact - Animal welfare					- Excessive overtime - Wages - Health & safety working area - Subcontracting = less transparency - Environmental (transport air/boat/truck)				
How to avoid / By who?	* Design * Buying * CSR coordinator -->	* Buying * Merchandise -->	* Merchandise * Buying -->	* Design * Buying * CSR coordinator -->			* Buying -->	* Buying -->		* Buying -->			* Buying -->				
* Which risk(s)?	- Set goals for use of sustainable materials - Visit seminars & workshops for research & developments in sustainable options - Discuss sustainable alternatives with suppliers	- Set realistic KPI's for Buy in Margin (BIM), average buying price level per product group > non realistic KPI's can cause pressure on buying prices > risking an effect on production planning (subcontracting), paid wages, hazardous situations in working environment (full factories), etc. - Request open costings for more insight and have dialogue with supplier on wages and costing - Get insight in inflation and (minimum) wages increase	- Without a buyingplan it is harder to give forecasts to suppliers, so they can not make a decent production planning based on needed capacity > risking an effect on prod. planning (subcontracting/excessive overtime), paid wages, hazardous situations in working environment (full factories), etc.	- 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 in working environment (full factories), etc.			- Consolidate # main suppliers & so # of production locations to increase long term business relations & gain transparency - Increase commitment from suppliers in working on CSR goals by committing to turn over - Ensure the right factory produces the right product, avoiding subcontracting, excessive overtime, etc. - In case of new production location(s) the vendor set up procedure needs to be followed	- Discuss sample location with suppliers in relation to bulk & monitoring - Send complete information for 1st proto development on time, 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 in working environment (full factories), etc. - Request relevant certificates/test reports for sustainable materials & high risk styles		- Give clear and complete comments on all aspects of the style in order to keep # of proto's as low as possible - Give final comments on proto on time for supplier to have realistic leadtime for production > longer development time often leads to shorter production leadtimes, risking an effect on prod. planning (subcontracting/excessive overtime), paid wages, hazardous situations in working environment (full factories), etc.			- Place order on time based on realistic leadtime (reference Year calendar / Critical path) - Order size in line with production capacity / leadtime - Avoid last minute changes to styles - If a last minute style change is requested, buying should agree to a reasonable leadtime and new ETD in agreement with supplier > last minute changes lead to shorter production leadtimes, risking an effect on prod. planning (subcontracting/excessive overtime), paid wages, hazardous situations in working environment (full factories), etc. > realistic leadtimes can avoid last minute deliveries by airplane				
* How to avoid / By who?																	
* With what?	- CSR Policy / CoC - Roadmap sustainability 2025 - Product guidelines (for materials)	- Country/region related info on wage standards from sources online and/or NGO's, Modint wages & salary alert/newsletter - Buying plan with buying price & margin target / calculations - Open cost calculation template	- Buying plan from which a sourcing/allocation plan with budget / forecast per supplier can be made	- CSR Policy / CoC - Roadmap sustainability 2025 - Product guidelines (for materials) - Stylesheet incl. technical sketch, bill of materials, fabric & trim info			- Buying / sourcing-allocation plan - CSR Policy / CoC - Roadmap sustainability 2025 - FNG Vendor set up procedure	- Stylesheet incl. technical sketch, bill of materials, fabric & trim info - Year calendar / Critical path - Product guidelines (for materials) - Restricted Substances List (RSL) latest version		- PDM system with clear fitting comments, pictures and sizespec - Year calendar / Critical path			- Year calendar / Critical path				
With what?																	

For detailed CSR subjects, risks, policy & goals - see Roadmap sustainability 2025

In each step of the BMD process identified optional CSR risks:

* Which risk(s)?

* How to avoid / By who?

* With what?
(Relevant documents, policies, guidelines, etc.)

- Restricted Substances List (RSL) latest version
- Recycling projects
- Transport consolidation

FNG STEPS

For example:

DESIGN PROCESS		
Start sketching	Sketch review	Stylesheet + sizespecs creation
Designing	Check Drops/ Themes/ Moods per Month > combl's, sets, silhouettes, shapes, lengths, etc. Discuss & decide materials to use	Create stylesheets, technical drawing, bill of materials & sizespec
Design	Design, Buying, Merchandise	Design

± 3 wks



For example:

Risk(s) <ul style="list-style-type: none">- Environmental impact- Animal welfare- Excessive overtime- Wages- Health & safety working area- Subcontracting = less transparency
How to avoid / By who? <ul style="list-style-type: none">* Design* Buying* CSR coördinator --> <ul style="list-style-type: none">- 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 in working environment (full factories), etc.



With what?

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



FNG STEPS

DEVELOPMENT PROCESS				
Allocation / sourcing	Proto request	Proto review	(Final) Proto comments	SMS Sample review & price check
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	
Buying (= product development) i.c.w. Design	Design, Buying	Design, Buying, Merchandise	Buying	Design, Buying, Merchandise
± 2 wks	± 12 wks			
Risk(s)	Risk(s)	Risk(s)		
<ul style="list-style-type: none"> - Subcontracting = less transparency - Excessive overtime 	<ul style="list-style-type: none"> - Excessive overtime - Wages - Health & safety working area - Subcontracting = less transparency - Environmental impact - Animal welfare 	<ul style="list-style-type: none"> - Excessive overtime - Wages - Health & safety working area - Subcontracting = less transparency 		
How to avoid /	How to avoid /	How to avoid /		

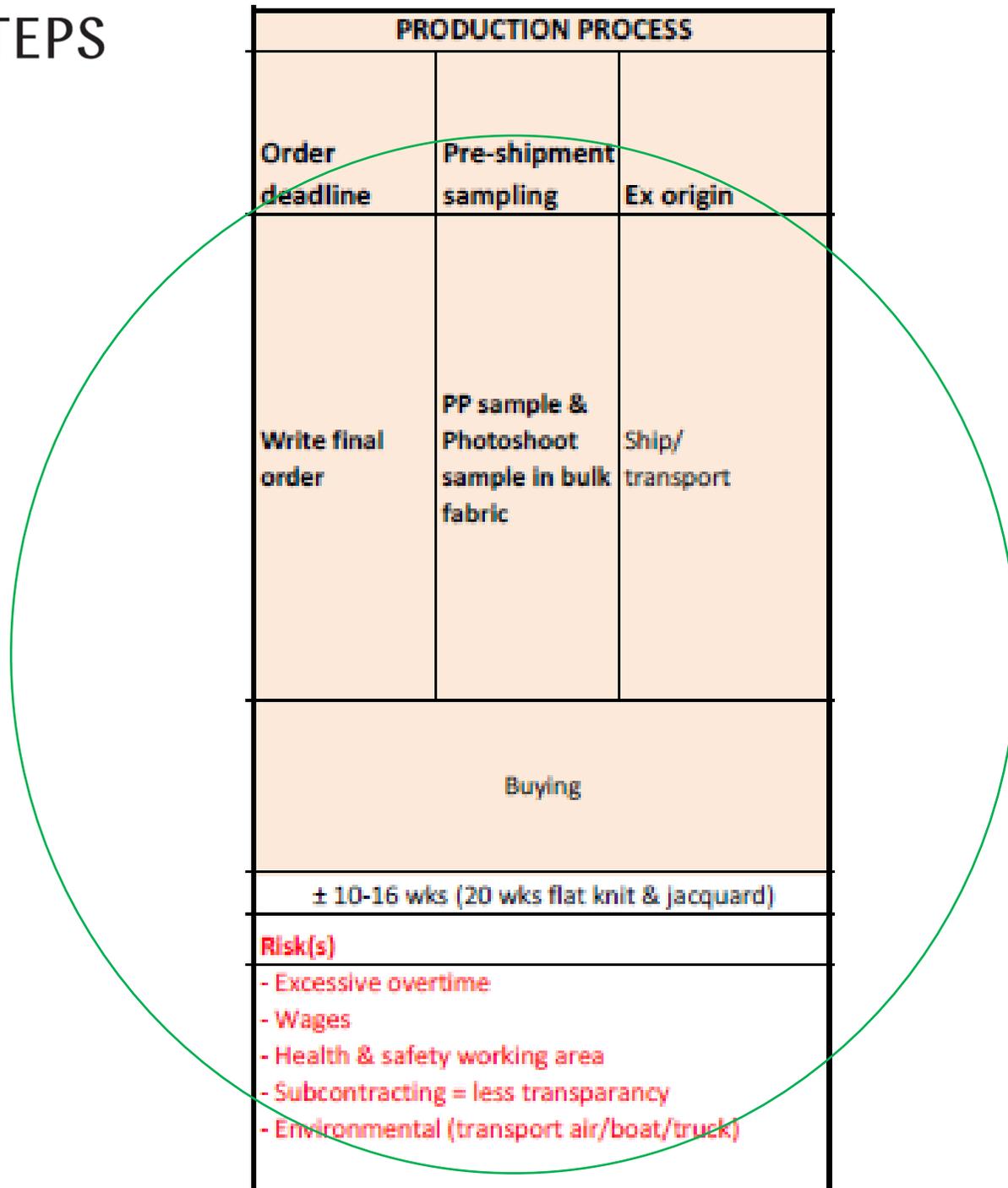


FNG STEPS

I.c.w. Design	Merchandise	Merchandise
± 2 wks	± 12 wks	
Risk(s)	Risk(s)	Risk(s)
<ul style="list-style-type: none"> - Subcontracting = less transparency - Excessive overtime 	<ul style="list-style-type: none"> - Excessive overtime - Wages - Health & safety working area - Subcontracting = less transparency - Environmental impact - Animal welfare 	<ul style="list-style-type: none"> - Excessive overtime - Wages - Health & safety working area - Subcontracting = less transparency
How to avoid / By who?	How to avoid / By who?	How to avoid / By who?
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FNG STEPS



FNG STEPS

How to avoid /

By who?

* Buying

-->

- Place order on time based on realistic leadtime (reference Year calendar / Critical path)
- Order size in line with production capacity / leadtime
- Avoid last minute changes to styles
- If a last minute style change is requested, buying should agree to a reasonable leadtime and new ETD in agreement with supplier
 - > last minute changes lead to shorter production leadtimes, risking an effect on prod. planning (subcontracting/excessive overtime), paid wages, hazardous situations in working environment (full factories), etc.
 - > realistic leadtimes can avoid last minute deliveries by airplane

With what?

- Year calendar / Critical path



Questions?

IRBC Agreements

Agreement on Sustainable Garments and Textile



Thank you!