

Presented by

PPAI CORPORATE RESPONSIBILITY

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FAIR LABOR ASSOCIATION

Supply Chain Mapping and Traceability



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FLA Speaker & Agenda

Tutorial on Supply Chain Mapping & Tools



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Supply Chain Mapping is the new norm, not an option


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Phase 1: Steps 1-4


1



Set Goals

At the start of the exercise, the company clearly identifies objectives and parameters, such as designating the different tiers and geographic areas to


2



Create a Team

The company determines who, from both headquarters and the field, will take part in the process.


3



Identify Actors

The company identifies internal and external stakeholders to participate.

4



Identify Tier One Suppliers

This step involves identifying which suppliers will be involved as well as how many.


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Set Goals

- Strategic Suppliers
- Commodities
- Components
- Geographical focus
- Extend of mapping (tiers)

1



Set Goals

At the start of the exercise, the company clearly identifies objectives and parameters, such as designating the different tiers and geographic areas to be mapped.

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Supplier Selection

- Strategic Suppliers**
 - Suppliers based in China and Hong Kong **(Critical)**
 - Suppliers in other Key Countries (Vietnam, Cambodia, Malaysia, Myanmar, EU) **(Highly Recommended)**
 - Supplier in Other Countries (Bangladesh, Turkey, Taiwan, South Korea, Pakistan) **(Recommended)**

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Set Goals

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Other Criteria

- Commodities → Cotton
- Components → Fabric and Yarn
- Geographical focus → Countries, Region
- Extend of mapping (tiers) → Up to cotton farms




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Use of Information

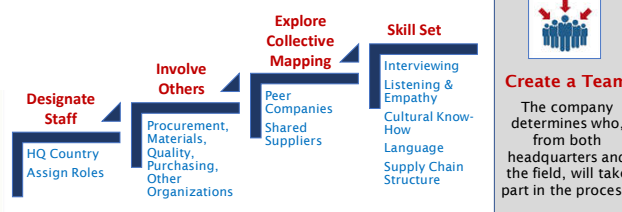
- How will we use this information?
- What are the next steps after we have this information?



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Create a Team




Designate Staff
HQ Country
Assign Roles

Involve Others
Procurement, Materials, Quality, Purchasing, Other Organizations

Explore Collective Mapping
Peer Companies
Shared Suppliers

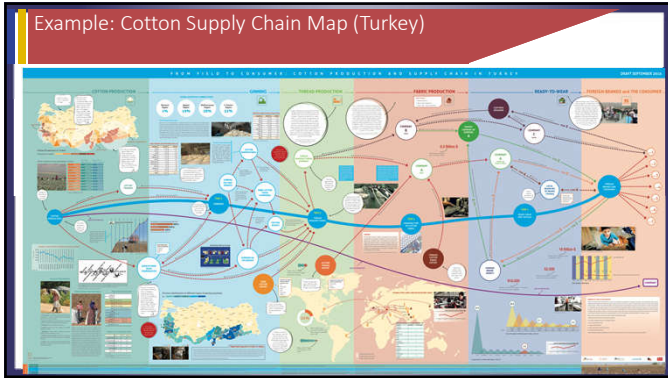
Skill Set
Interviewing
Listening & Empathy
Cultural Know-How
Language
Supply Chain Structure

Create a Team
The company determines who, from both headquarters and the field, will take part in the process.



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Identify Actors



- Create a stakeholder list who can be sources of information on the cotton supply chain.
 - Better Cotton Initiative
 - Cotton Connect
 - GOTS
 - China Cotton Association
 - China Cotton Textiles Association
- Start with an online search
- Explore joint approach with existing platforms you are part of such as:
 - FLA, FWF, ETI, AAFA, German Textile Bundis, Dutch AGT

3



Identify Actors

The company identifies internal and external stakeholders to participate.





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Identifying Tier One Suppliers



- Make a list of all your suppliers
- Start the selection process
- Strategic
 - Long term partnership
 - High volumes
 - Joint ventures
- Willing and committed
- Pareto Principle (80/20 rule)

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Identify Tier One Suppliers


This step involves identifying which suppliers will be involved as well as how many.

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Phase 2: Steps 5-8

5




Start a Dialogue
Establish an ongoing channel of communication with suppliers.

6




Secure Commitments from Immediate Suppliers
Tier 1 suppliers, essential in approaching those of Tiers 2 and 3, will need to provide a firm commitment.

7



Introduce Tools
Specific methods will aid in collecting and analyzing information during the exercise. While FLA has designed various tools for assistance, each company will need to define its own data points.

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Collect Info from Tier 1 suppliers
The company will record information on the ownership structure, type of production, location and size of Tier 1 suppliers.


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Start a Dialogue

- Set up and introduction
- Explain the purpose
- Prepare talking points
- Business rationale
- Ethical / emotional rationale
- Make clear requests and provide support
 - Disclosure policy
 - Tools, financial, trainings, incentive, recognition, personnel
- Highlight the importance of co-creation

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Start a Dialogue
Establish an ongoing channel of communication with suppliers.


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Secure Commitment (Key Principles)




Trust




Collaboration




Co-creation



Transparency




Timeliness



Cooperation

6



Secure Commitments from Immediate Suppliers
Tier 1 suppliers, essential in approaching those of Tiers 2 and 3, will need to provide a firm commitment.

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Introduce Tools

Examples:

- ❑ Action Planning Template
- ❑ Guideline for Dialogue with Suppliers
- ❑ Sample Policy for Suppliers on Supply Chain Disclosure
- ❑ Self Assessment Form
- ❑ Supplier Visit Form
- ❑ Tier Two Supplier Profile Form
- ❑ Worker Demographic Profile
- ❑ Online Database / Traceability Tools / Technology Solutions

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Introduce Tools

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Information from Tier 1 Suppliers

- ❑ Ownership structure (state-owned, private, joint venture, sister concern firm)
- ❑ Location(s)
- ❑ Production processes (and vertical integration)
- ❑ Number of workers and worker demographics
- ❑ Recruitment process
- ❑ Product components
- ❑ Component suppliers (fabric, yarn, raw materials)

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Collect Info from Tier 1 suppliers

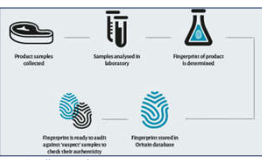
The company will record information on the ownership structure, type of production, location and size of Tier 1 suppliers.

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Technological Approaches

- ❑ **Isotopes and Trace Elements technology¹** Testing using trace elements and isotopes can be done of any component in a product at any stage of the supply chain process farm to factory and matching the "fingerprint" with existing data points in a database.
- ❑ **Microbiome – DNA Sequencing technology²** Based on the testing of the microbes picked up by products either in factories or farms. The microbiome signature changes during the processing, evolving microbial profiles, then verified with an existing data base signatures.
- ❑ **Blockchain, Invisible Fluorescence and Microbiome Technology³** Used in the Organic Cotton Traceability Pilot.



Source: <https://dettain.com/>


¹ <https://ppain.com/>
² <https://phylogeni.com/>
³ <https://ppainforgood.com/how-we-succeed-ability-traceability-organic-cotton-with-invisible-technology/>

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Phase 3: Steps 9-12


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Gather Info from Tier 2 & Tier 3 Suppliers

Tier 1 suppliers will need to approach supply chain partners in other tiers for data.

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Assess Info & Data

After all the information is collected, the company will use it to determine next steps.

11



Collaborate on Risk-Mitigation Strategies

Based on mapping results and identified supply chain linkages, the different partners involved might define cooperation follow-up actions.

12



Discuss and Design Scaling-up Strategies

At this stage, companies will discuss how to map a company's upstream supply chain in all its regions of operation.

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Tier 2 and Tier 3 Suppliers

- Ensure that all have the same understanding of the tiers and identify vertically integrated operations
- Discuss with the tier 1 suppliers on approaching the Tier 2 suppliers
- Plan for the information you want to collect (source of raw materials, working conditions.....)

Top Ten Textile Manufacturers in China ²	
1. Jiangsu Hengli Group	6. Shijiazhuang Changshan Textile
2. Shangtex Holding	7. Jiangsu Sunshine
3. Lu Thai Textile	8. Huafang Textile
4. Huaifu Top Dyed Melange Yarn	9. Shandong Demian Incorporated
5. Weiqiao Textile	10. Shandong Jining Ruyi Woolen Textile

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
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Assess Information

- Existing information
- Shared facilities
- Supplier commitment
- High-risk product categories
- Types and number of intermediaries
- Location of upstream suppliers
- Source of raw material

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Assess Info & Data

After all the information is collected, the company will use it to determine next steps.

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Steps 11-12

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Tools Preview (1-4)

-  1. Action Planning Template
-  2. Guidance for Dialogue with Suppliers
-  3. Sample Policy & Procedures
-  4. Supplier Self-Assessment Form

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Tools Preview Cont. (5-7)

-  5. Supplier Visit/Engagement Tool
-  6. Supplier Profile Form
-  7. Worker Demographic Profile

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