

Fashion & Home Sector

Data Visualisation Report Readiness Assessment - Maturity levels

The following data report presents the results of **162 human rights and environmental due diligence readiness assessments** submitted by small-batch producers/businesses in the **Fashion and Home sectors**, based in multiple regions.

The Assessment is designed to assess the businesses' level of readiness in identifying, preventing, mitigating and managing different human rights and environmental issues across the following dimensions:



Maturity scale

Assessment responses are scored in a maturity scale designed to reflect how developed the company's systems are to identify, prevent, mitigate, remedy and monitor human rights and environmental issues linked to their business activities.

- **0 - Non existing systems:** The organisation does not have formal systems or procedures in place to manage the ESG issue in question.
- **1 - Informal or partial systems:** The organisation has informal or partial policies to manage the ESG issue in question
- **2 - Formal or integrated systems:** The organisation has formal policies or procedures in place to manage the ESG in question.
- **3 - Optimised systems:** The systems established by the organisation are optimised and add value to the companies day-to-day operations.
- **4 - Validated systems:** The systems established by the organisation have been validated by a third party through audits, certifications, multi-stakeholder initiatives, etc.
- **5 - Exceptional performance:** For organisations that have surpassed the "validated" level of maturity and reached a positive impact. For example, for low-impact innovations.

Mapping of organisations by country of operations and overall ESG performance in terms of maturity levels

Overall ESG ● 0 - No policies or systems ● 1 - Informal or partial ● 2 - Formal integrated



Performance of organisations by cluster of ESG issues

Conclusions and recommendations

This cohort can be broken into three performance bands - embryonic, emerging and evolving.

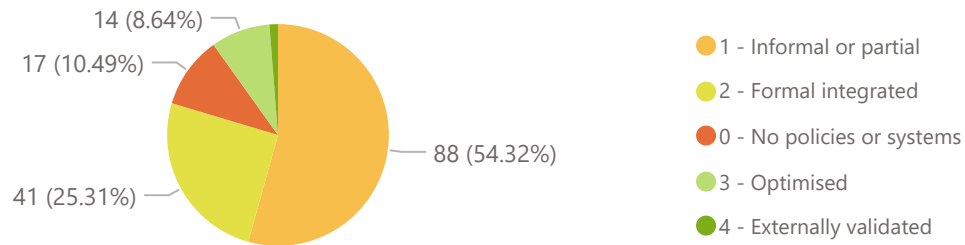
The **embryonic** group must adopt clear policies and procedures on many of the ESG risks that they face, even if those remain informal or partial for the moment.

The **emerging** group already has informal policies and procedures on many issues, but still needs to formalise them and establish clear management responsibility and accountability for them.

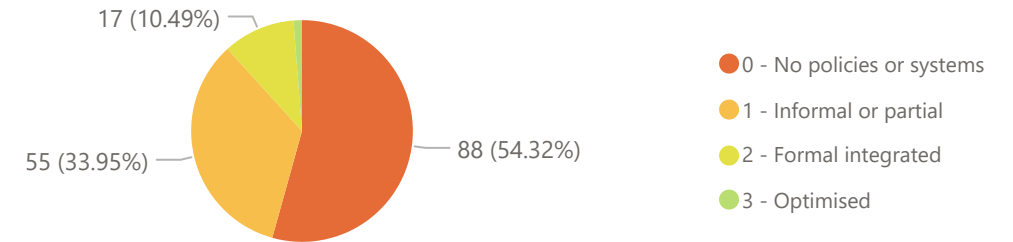
The **evolving** group is getting there. They have a good foundation of policies and procedures but need to strengthen their monitoring and optimisation of performance. All three groups have to start applying their policies to business partners and suppliers and using the data to choose more sustainable options. That due diligence process will help them reduce resource intensity, production costs, and ESG risk, making them more competitive and sustainable.

All three performance bands would benefit from capacity building support in the form of model policies and procedures, as well as practical tools they can use to manage risk in their business activity. The workshops and coaching sessions organised by Equiception and PBP have proven to be very valuable in this regard.

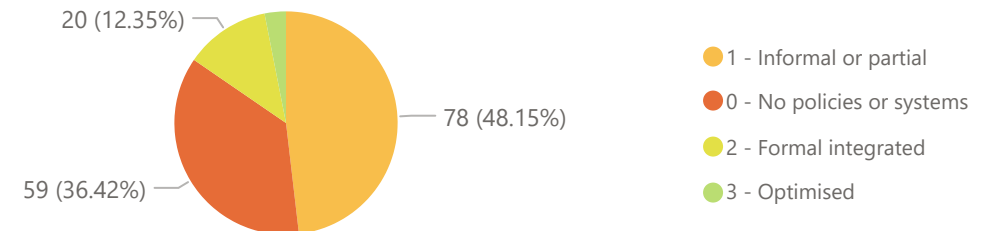
Fundamental Principles and Rights at Work Cluster



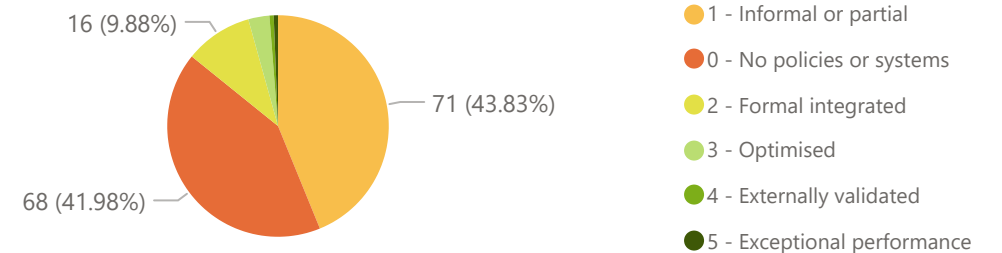
Due Diligence Cluster



Resource Use Cluster



Environmental impact management cluster



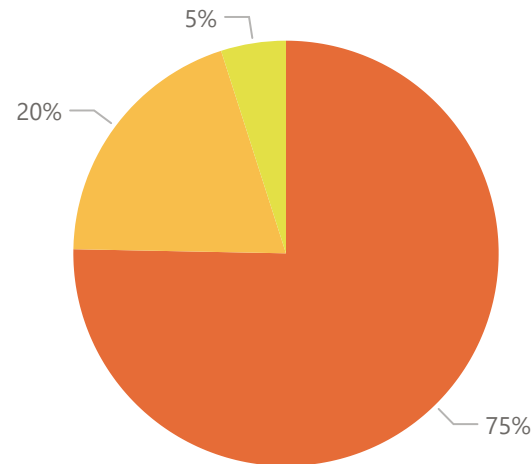
Performance of organisations in the management systems dimension

The lack of a policy foundation has implications for the rest of the sustainability management process.

It makes it harder to set goals and targets for ESG issues, to designate managers for those issues, and to evaluate their performance against those goals and targets. It follows that the respondents do not have standard operating procedures, systems, tools and metrics for the management, monitoring and reporting of ESG issues.

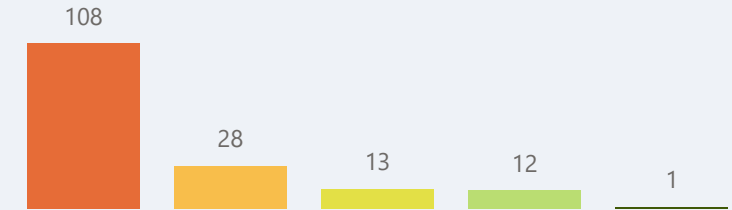
Overall Performance in Systems Dimension

● 0 - No policies or systems ● 1 - Informal or partial ● 2 - Formal integrated



The Code of Conduct is a key component of responsible and sustainable business. It should guide conduct and performance on environmental, social and governance issues. It extends the vision and mission of the organisation to the operational level and provides the context that makes many other management functions meaningful.

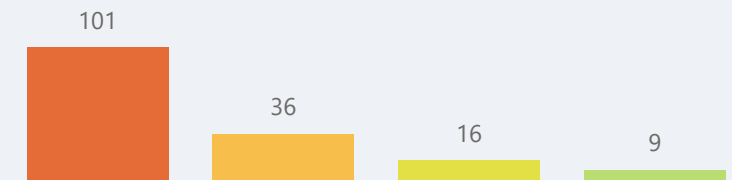
Existence of an ESG Code of Conduct



It therefore serves as a foundation to develop a social and environmental sustainability strategy for the business and to designate the necessary manager(s) to achieve it. The organisations should adopt policies to cover the priority risk areas. Each policy commitment should be accompanied by a procedure for implementation, benchmarks, metrics, targets, KPI's, monitoring and reporting systems.

The Human Resources function supports the achievement of all ESG goals, particularly those related to human and labour rights. It helps ensure that the organisation recruits, develops, manages, rewards and retains people in ways that advance the ESG goals of the organisation.

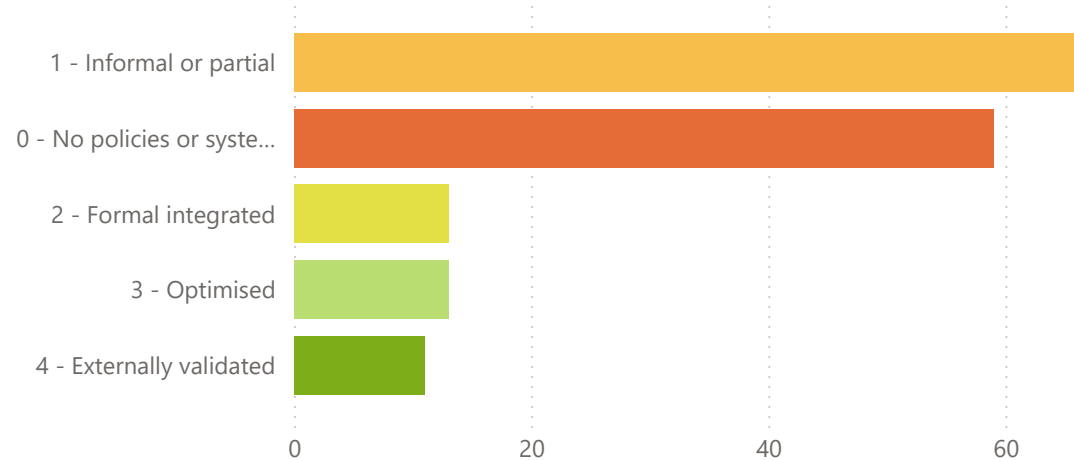
Dedicated Human Resources Manager



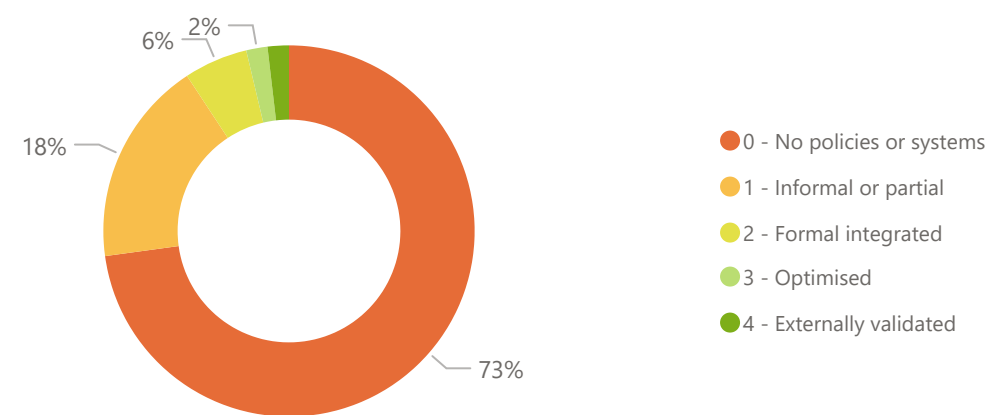
Appointing a designated Human Resources Manager is a step towards preventing cases of forced and child labour, as well as discrimination within the organisation. They should be provided with the necessary training in order to successfully identify and prevent risks and adverse impacts.

Performance of organisations in the management systems dimension

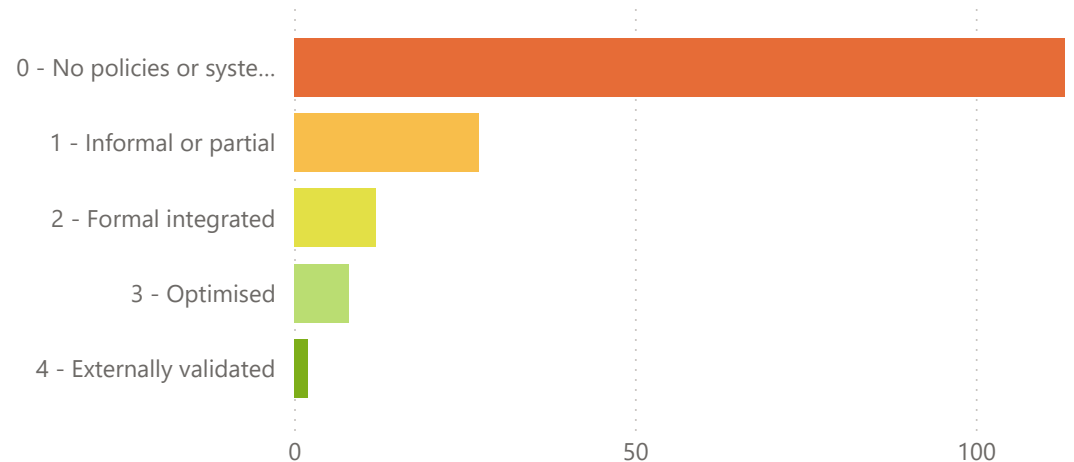
Definition of ESG Goals



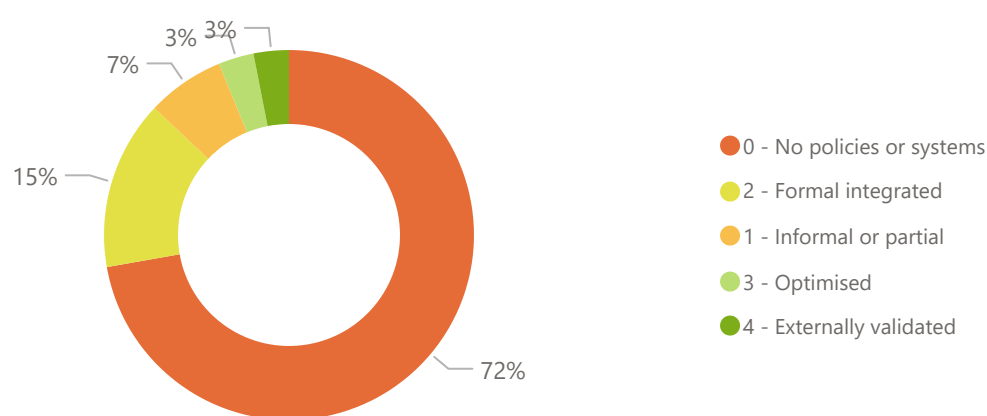
Use of ESG Metrics and KPIs



Designation of Managers for ESG Areas

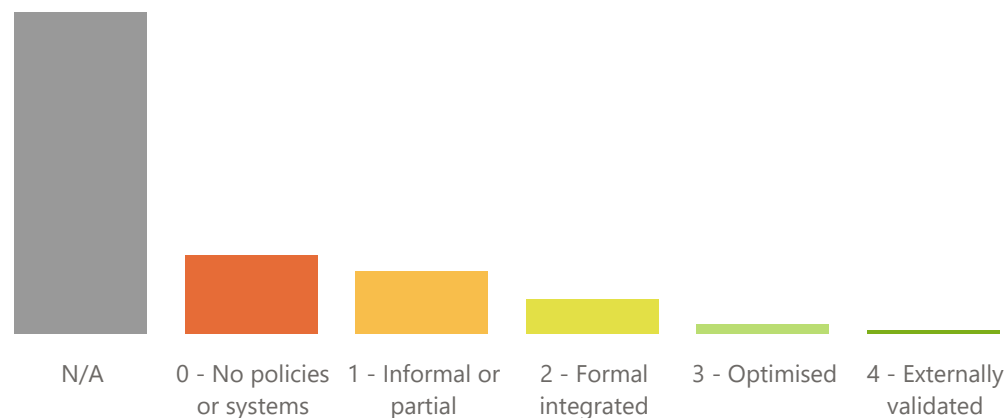


Implementation of ESG SOPs, Systems, and Tools

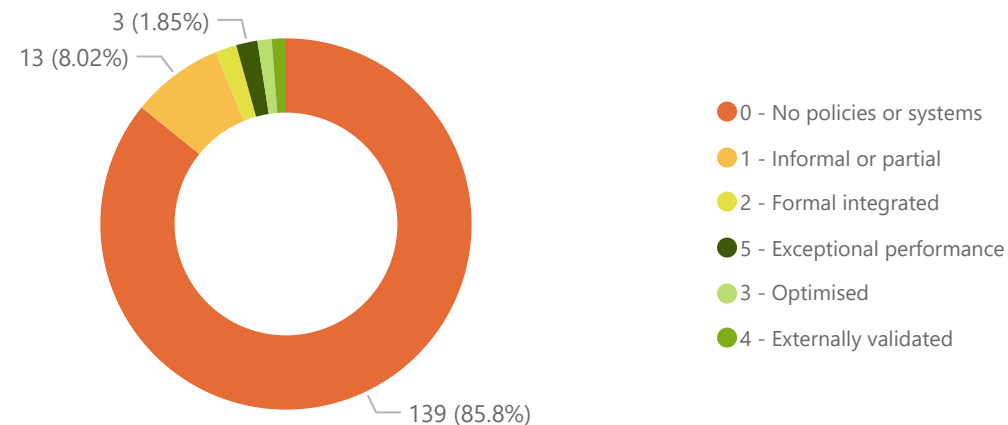


Performance of organisations in the management systems dimension

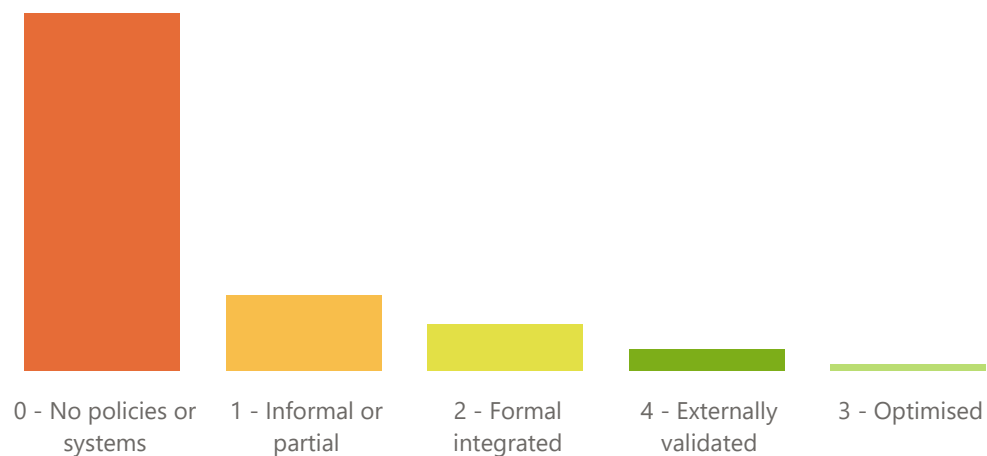
Inclusion of ESG Performance in Manager Assessments



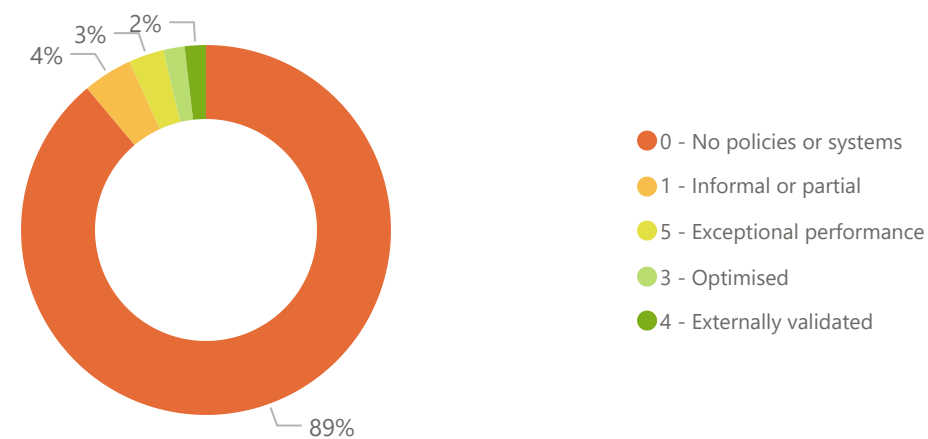
Publication of ESG Performance Data



System for Ongoing Monitoring of ESG Performance



Third-Party ESG Audits and Certifications



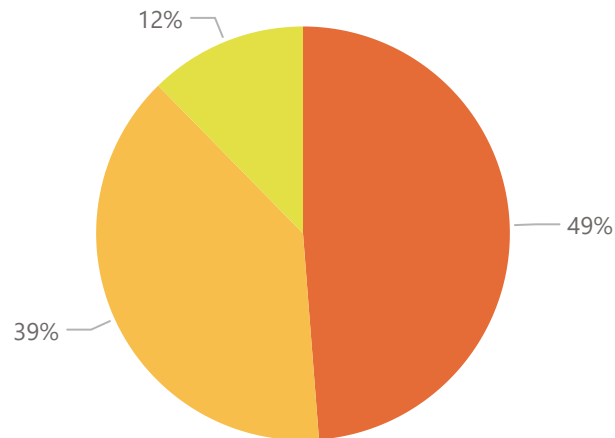
Performance of organisations in the social dimension

The absence of a code of conduct is reflected in the low scores across the "Social" dimension.

The fact that the respondents have few formalised policies and systems to respect human rights in their own operations makes it difficult for them to assess the human rights risks posed by their business partners and suppliers. None of the organisations are screening for those risks or taking them into account when making procurement and sourcing decisions.

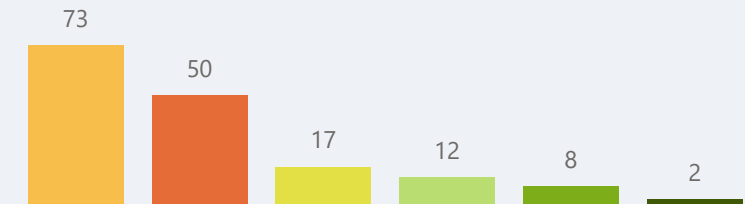
Overall Performance in Social Dimension

● 1 - Informal or partial ● 0 - No policies or systems ● 2 - Formal integrated



Forced labour and modern forms of slavery are a growing international challenge. Employers must adopt fair recruitment practices to ensure that employment is voluntary and that employees are not prevented from leaving. It is important to establish the necessary policies and procedures to prevent, mitigate and remedy actual and potential cases of forced labour.

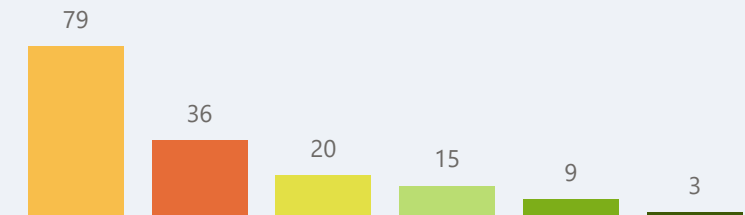
Prevention of Forced Labour



In essence, the tests of forced labour are whether the employee has free choice at three points in the employment lifecycle: deciding whether to take a job, remain in it, or leave it. Companies must review their HR processes covering those points in the employment lifecycle. Related risks include the use of labour brokers, payment of recruitment fees and debts the employee may have to the company. Mandatory or excessive overtime may also amount to involuntary labour.

Child labour remains a persistent risk and employers must ensure that they have effective means of age verification to avoid hiring underage workers. It is important to establish the necessary policies and procedures to prevent, mitigate and remedy actual and potential cases of child labour. Each company should have a clear policy on the prevention and eradication of child labour.

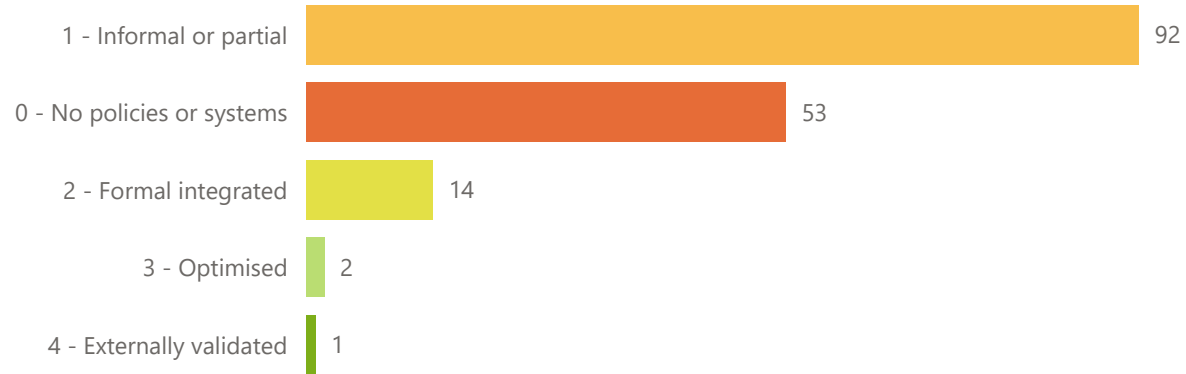
Prevention of Child Labour



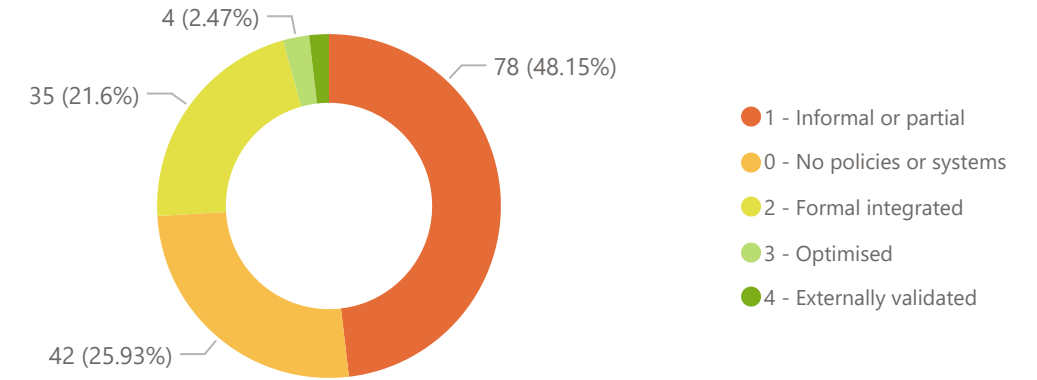
There is also the risk of child labour in any goods and services that you purchase so be sure to assess your main business partners and suppliers. It is important that all managers involved in recruitment appreciate the distinction between child labour and child work and review their recruitment policies to ensure that they have adequate safeguards.

Performance of organisations in the social dimension

Freedom of Association

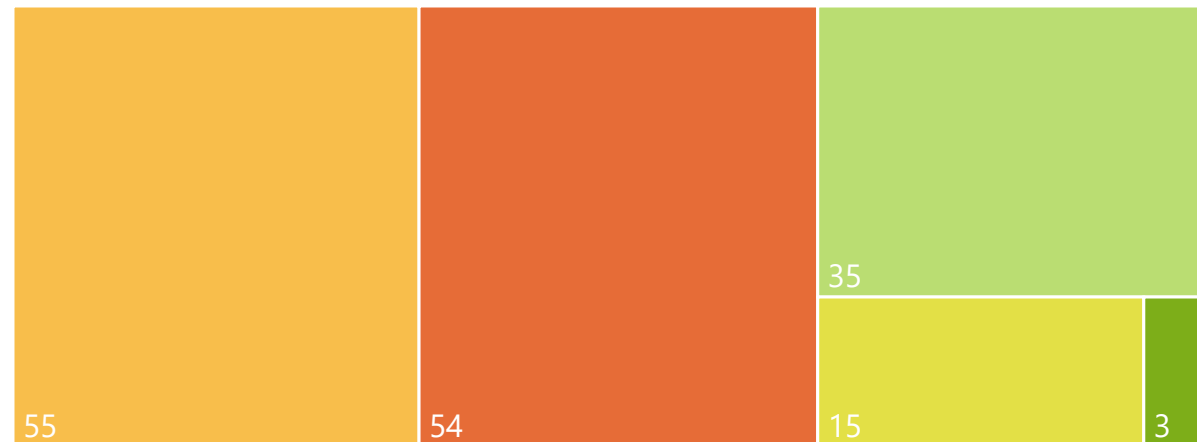


Prevention of Harassment and Abuse

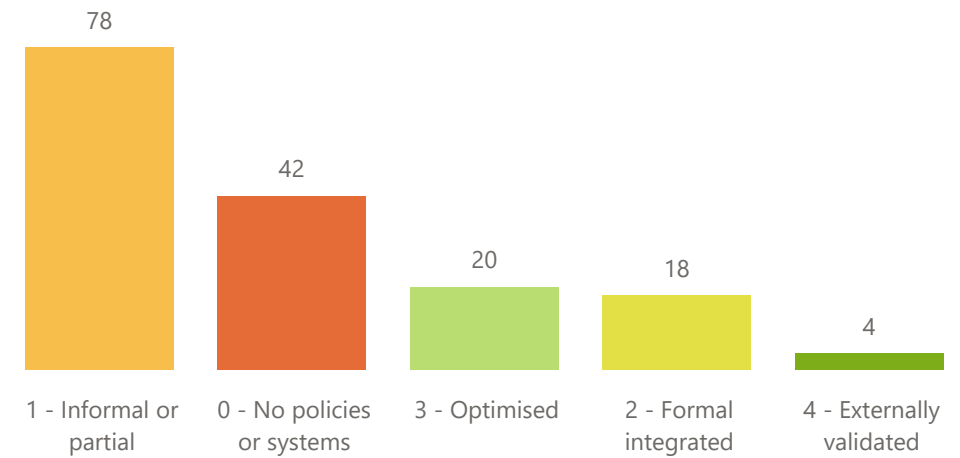


Living Wage Target

● 1 - Informal or partial ● 0 - No policies or systems ● 3 - Optimised ● 2 - Formal integrated ● 4 - Externally validated

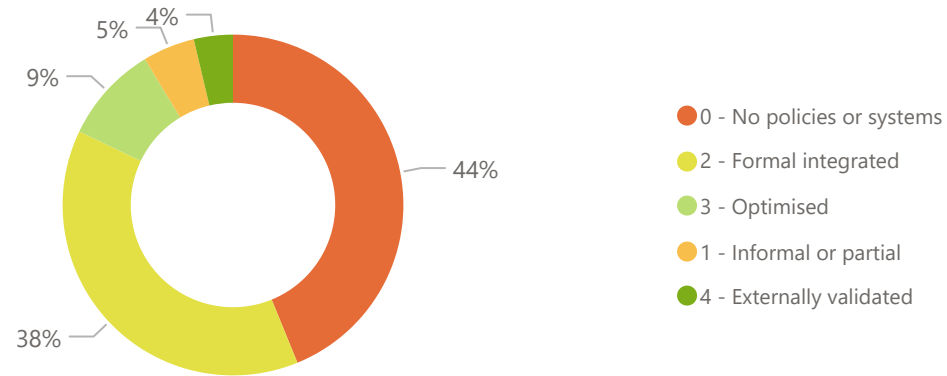


Equal Treatment of Employees

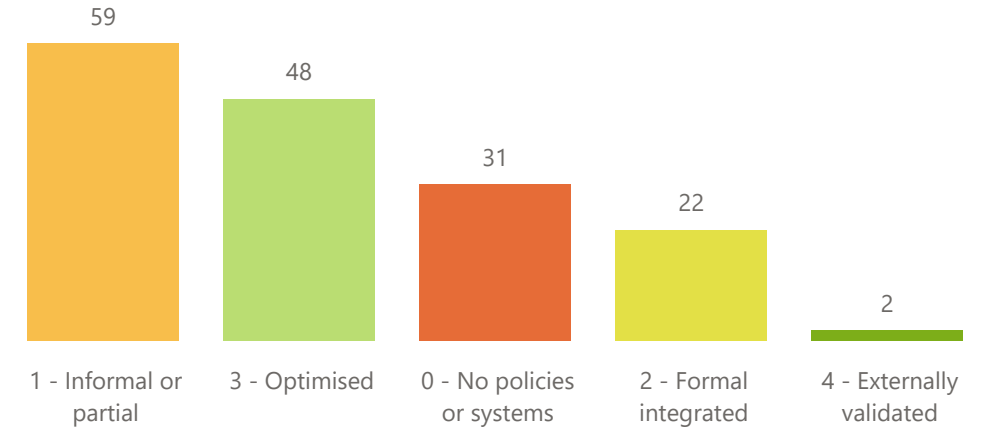


Performance of organisations in the social dimension

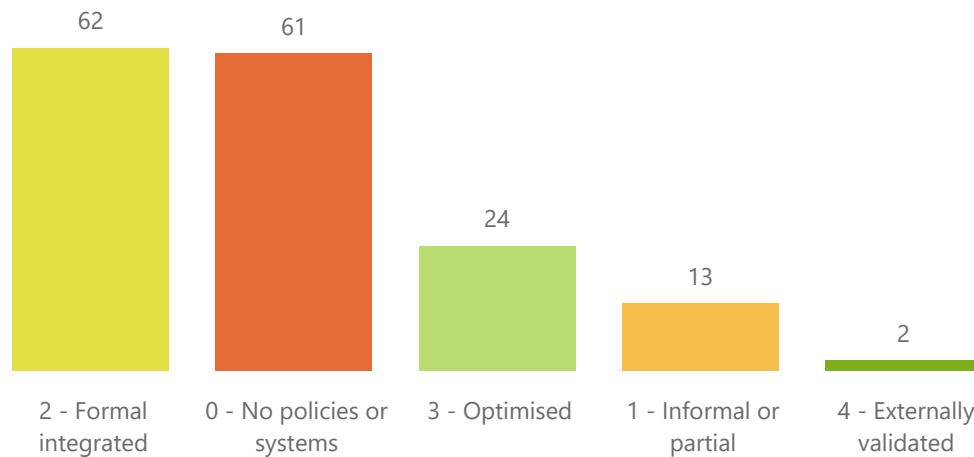
Standardised Written Contracts for Workers in Understandable Language for Employees



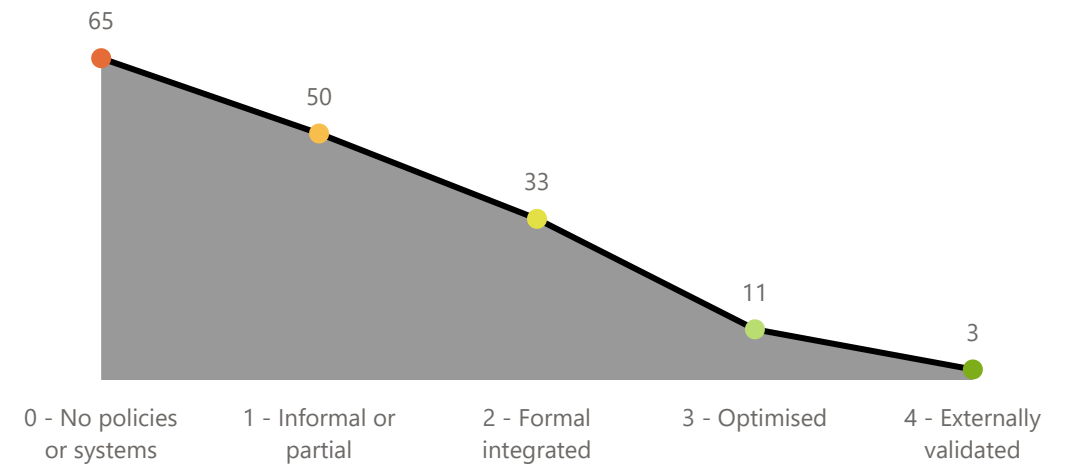
Compliance with Legal Working Hours for Employees



Coverage of Legal Wages and Benefits in Contracts for Employees

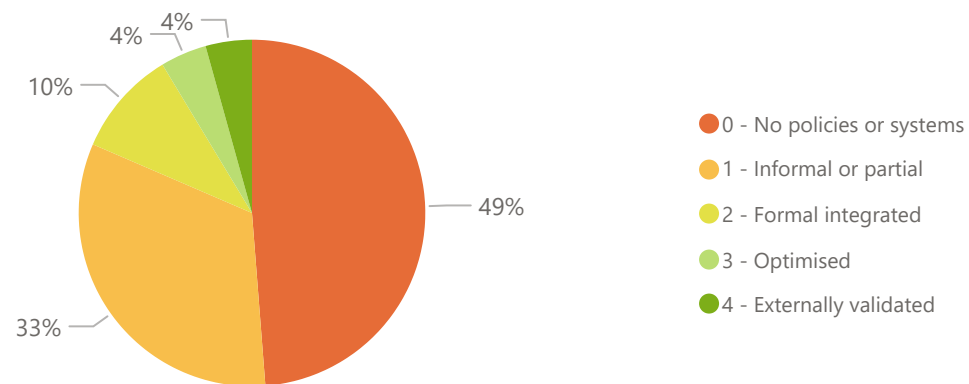


Overtime Pay Practices for Employees

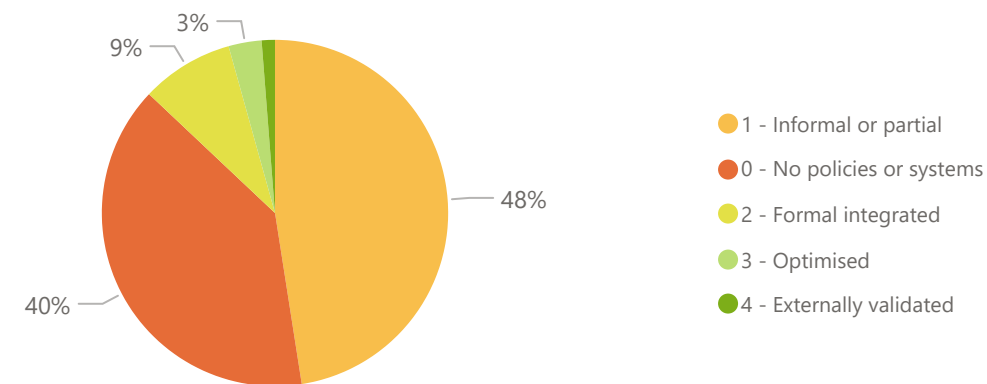


Performance of organisations in the social dimension

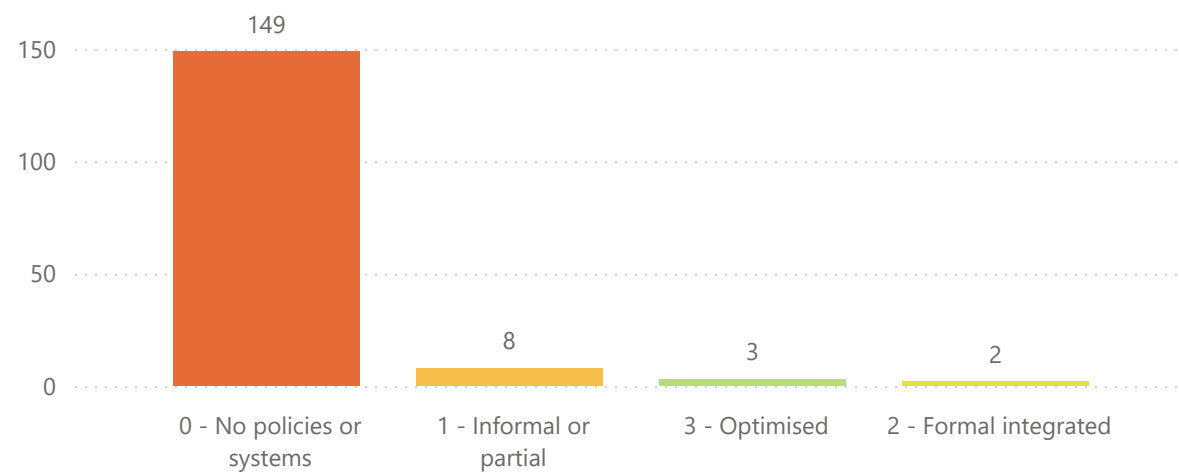
Progressive Discipline System for Employees



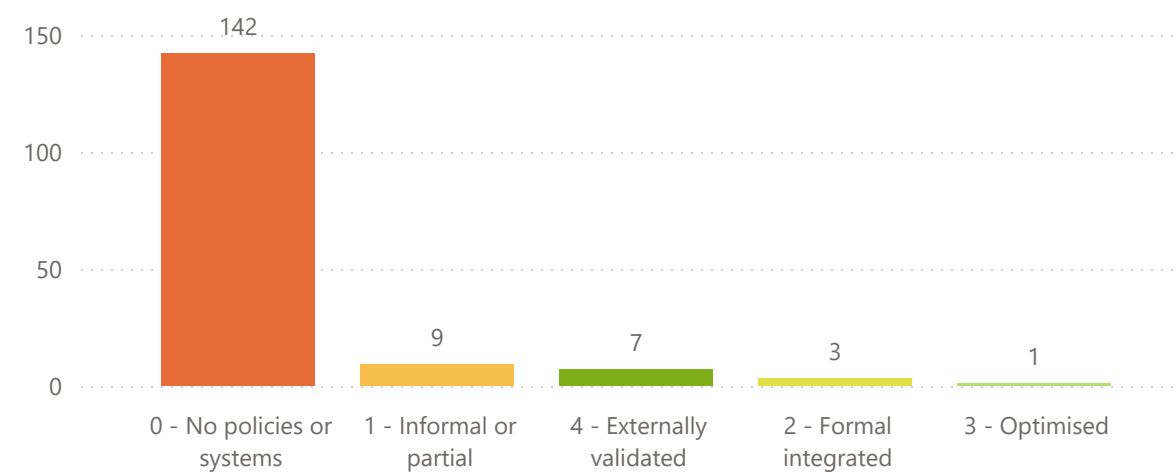
Confidential Grievance Mechanism for Employees



Monitoring Human Rights Risks of Business Partners

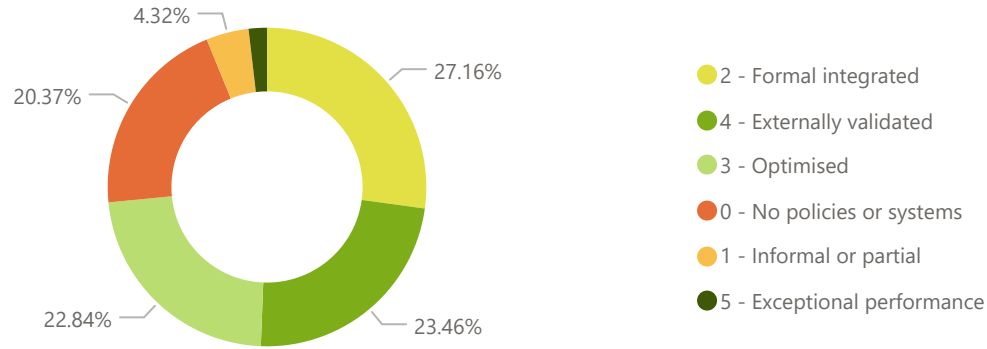


Human Rights-Based Sourcing Decisions

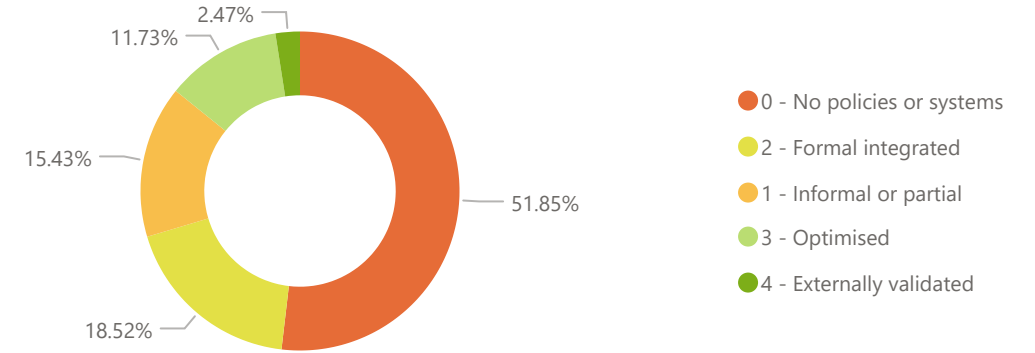


Performance of organisations in the social dimension

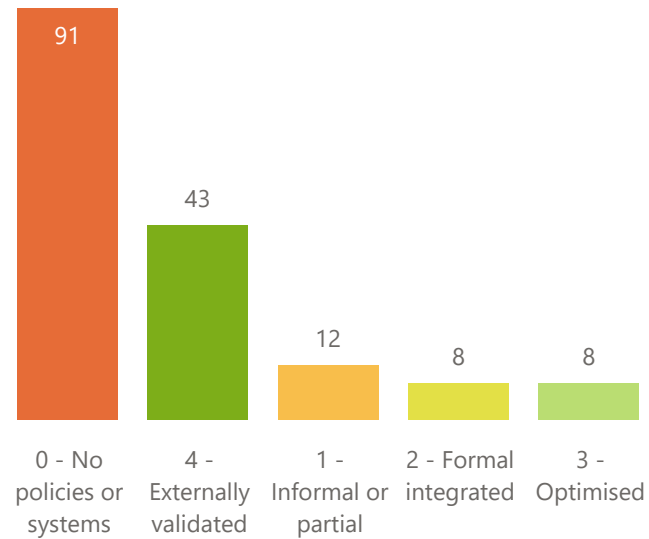
Provision of Training to Employees



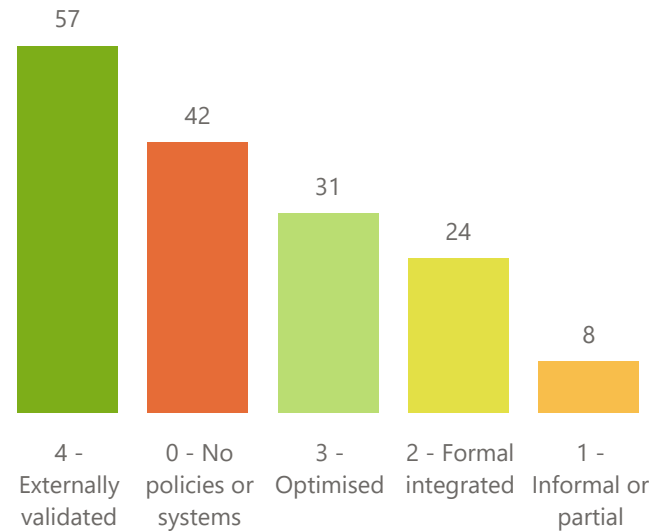
HR Programmes to Retain Employees



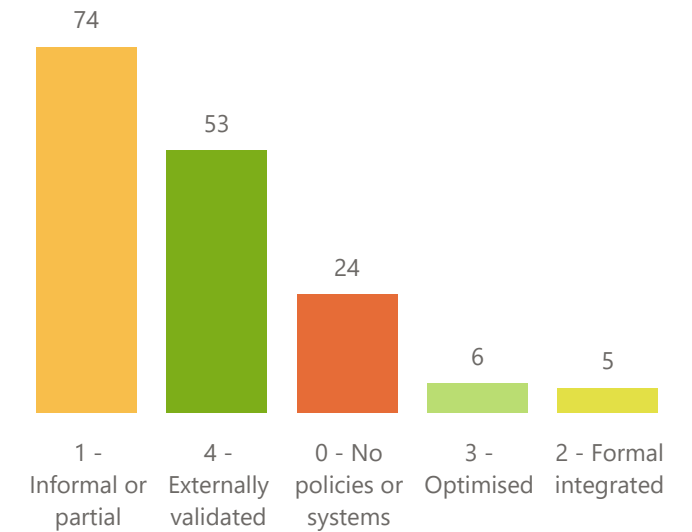
Turnover Rate of Production Employees



Male-Female Breakdown of Employees



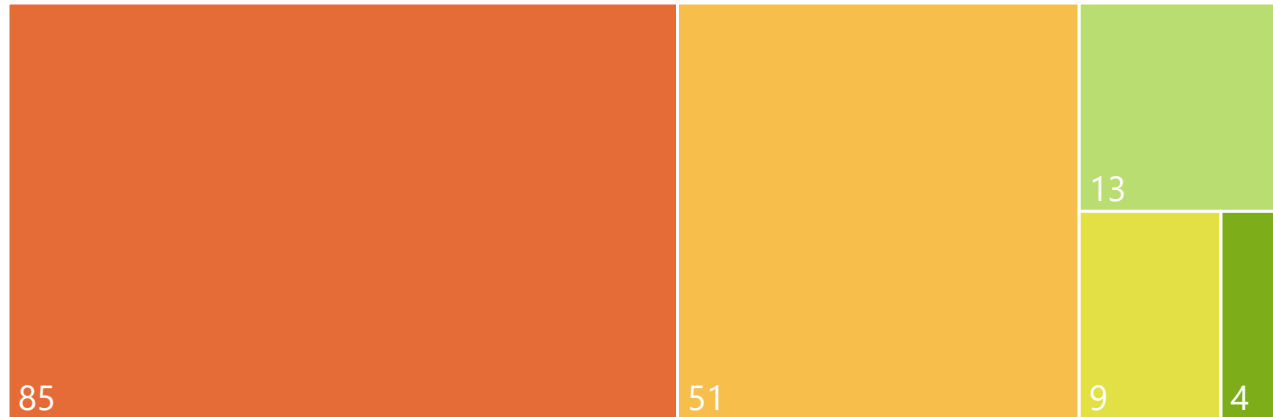
Promotion of Female Employment



Performance of organisations in the governance dimension

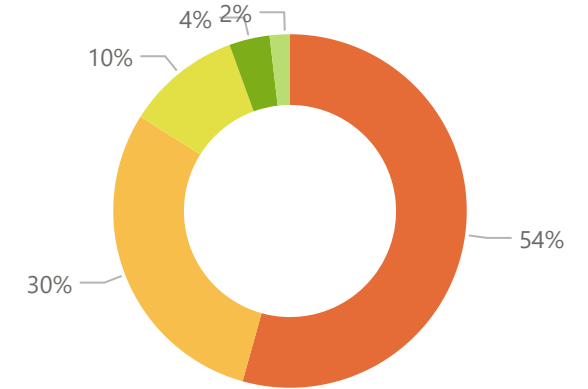
Human Rights and Environmental Due Diligence Process

0 - No policies or systems 1 - Informal or partial 3 - Optimised 2 - Formal integrated 4 - Externally validated

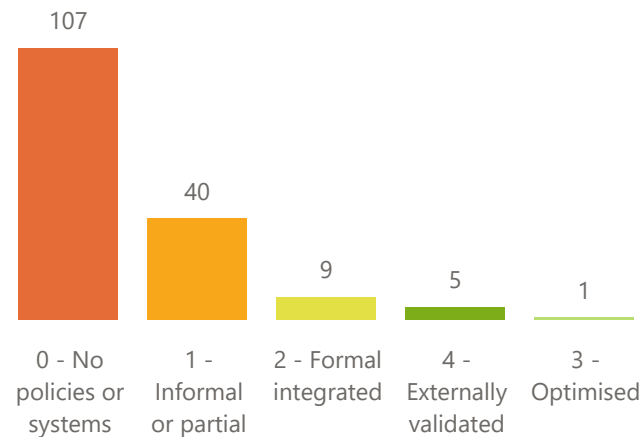


Systems to Prevent, Mitigate, or Remedy Identified Risks

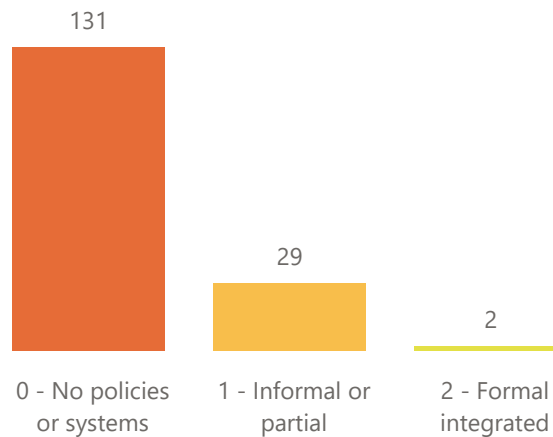
0 - No policies or systems
1 - Informal or partial
2 - Formal integrated
4 - Externally validated
3 - Optimised



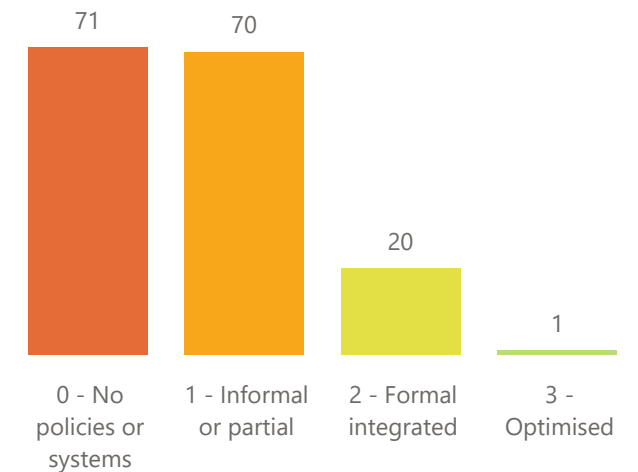
Stakeholder Input in Risk Identification and Remediation



Reporting on Risk Identification and Remediation Efforts



Anti-Bribery and Corruption Policy

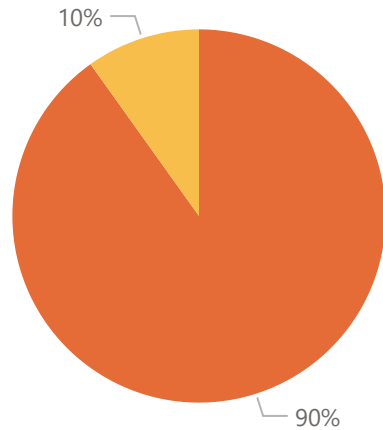


Maturity Levels: 0 1 2 3 4 5

Performance of organisations in the environmental dimension

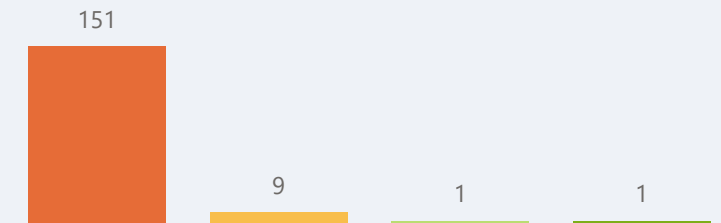
Overall Performance in Environmental Dimension

● 0 - No policies or systems ● 1 - Informal or partial



Companies cannot manage what they can't measure so they must collect data on the environmental footprint of their key inputs in order to take steps to reduce it. **Greenhouse Gas (GHG) emissions** are a critical aspect of a company's environmental impact. Understanding and calculating these emissions is essential for businesses to set sustainability goals, reduce their carbon footprint, and contribute to global efforts in mitigating climate change.

Performance in Data on Scope 1 and 2 Greenhouse Gas (GHG) Emissions



Companies should start by making an inventory of your organisation's consumption data through a collection of utility bills, fuel receipts, employee travel logs, etc. Once they have collected this information, they can work on converting the data to CO2e (carbon dioxide equivalent) to calculate the carbon footprint.

Documenting the Origin of all Production Inputs Used

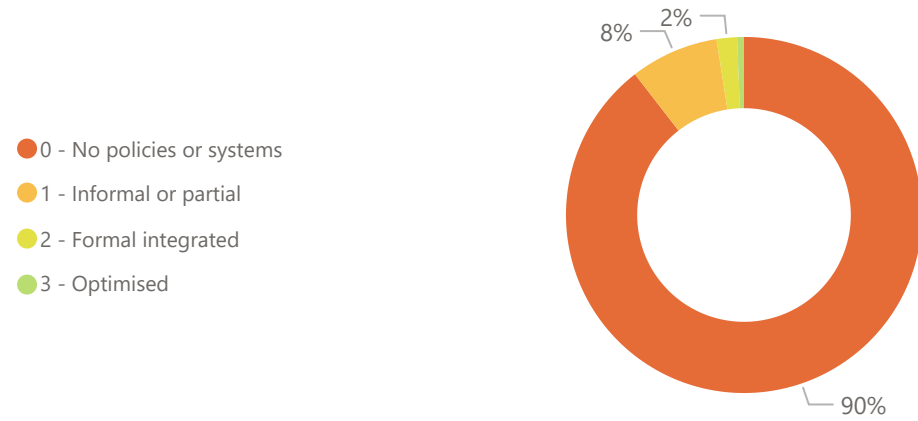


Taking measures to reduce the carbon footprint of the value chain

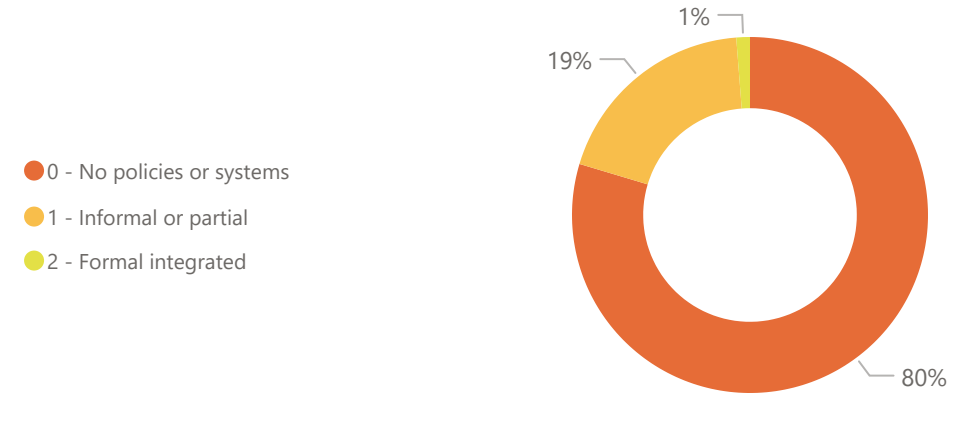


Performance of organisations in the environmental dimension

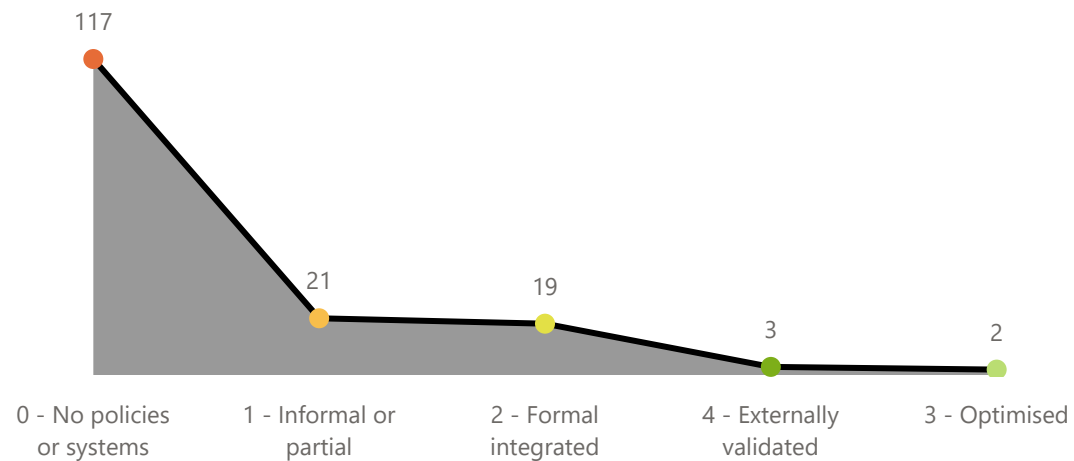
Management of Solid, Liquid, and Gaseous Wastes



Monitoring Environmental Risks of Business Partners



Safe Management of Chemicals

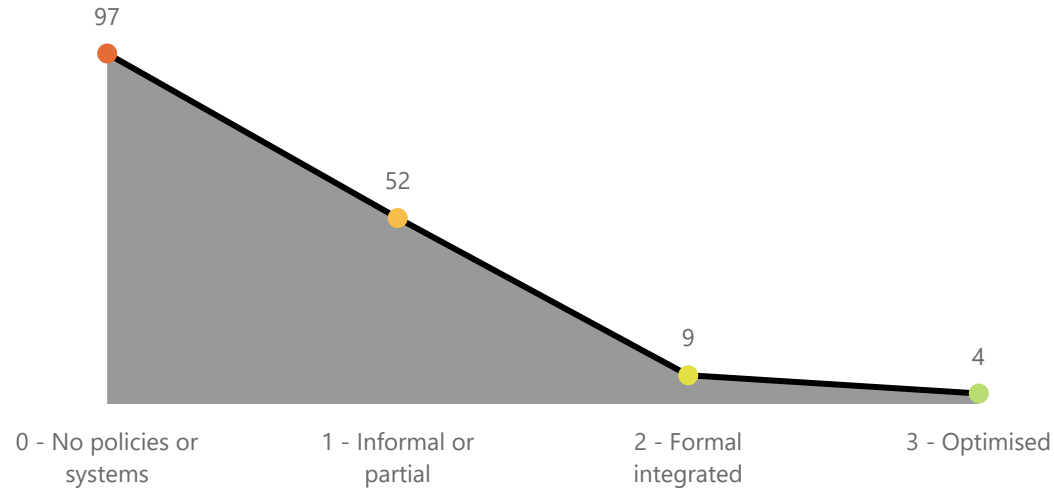


Environment-Based Sourcing Decisions

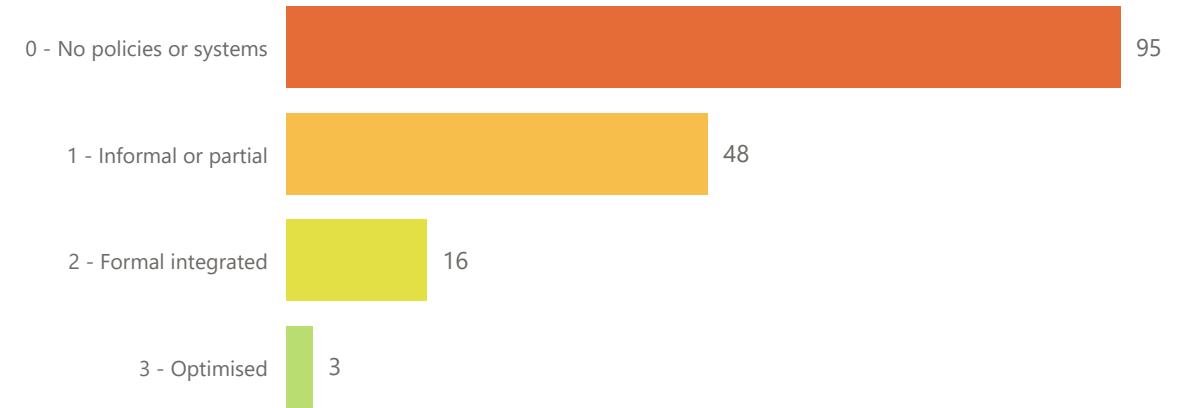


Performance of organisations in the environmental dimension

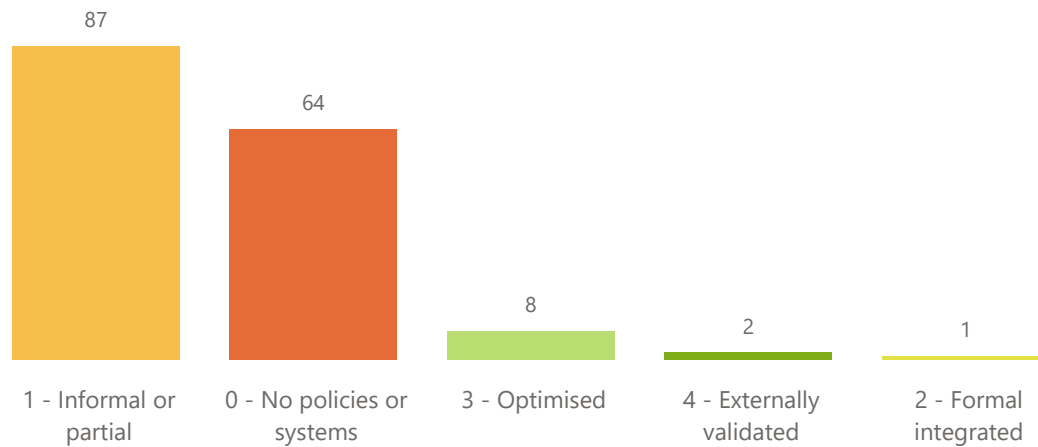
Monitoring Water Consumption



Monitoring Energy Consumption



Programme for Reducing, Reusing, and Recycling (RRR) Production Inputs



Circularity

