



INTERNATIONAL TEXTILE MANUFACTURERS FEDERATION
FÉDÉRATION INTERNATIONALE DES INDUSTRIES TEXTILES
INTERNATIONALE VEREINIGUNG DER TEXTILINDUSTRIE

Committee of Home Textiles Producers (HTP)

January 10, 2019

17:15 – 18:15

Room: “ARGUMENT” (Hall: 3.C, West)
Messe Frankfurt
Frankfurt / Germany

Minutes

1. Opening Remarks

On behalf of **Mr. Zhaohua Yang**, Chairman of the Committee of Home Textiles Producers (HTP), the meeting was opened by **Mr. Christian Schindler**, Director General of the ITMF, with a few introductory remarks. He thanked the speakers for taking the time and making the effort to present at the meeting as well as Messe Frankfurt for their hospitality.

2. Presentation

Ms. Sharon Hesp, [Social Labor Convergence Project \(SLCP\)](#), made a presentation about “[SLCP’s Mission: Ending Audit Fatigue](#)” (document no. 1).

In her presentation Ms. Hesp outlined the main idea and the concept of the SLCP. After more than 2 years of development of the “Converged Assessment Framework” and 2 pilot tests – the last one included already 170+ facilities in 23 countries, the SLCP decided to test the processes and functionalities in real time in two countries, namely China and Sri Lanka. Since October 2018, the “Converged Assessment Framework” is implemented in these 2 countries where around 200 verified assessments took place. In the first quarter of 2019, this test-phase will be evaluated before the roll-out in 10 countries will start.

Ms. Hesp mentioned also that while SLCP has until now focused on apparel producers, it is open to (home) textile companies as well. Home textile companies are invited to participate and to encourage their customers to make use of the SLCP-data base as well.

More information about the SLCP is available at: <https://slconvergence.org/>

3. Presentation

Ms. Ratna Sita Handayanim, Senior Research Manager (Home & Technology), Euromonitor, made a presentation about [*“Technology Disruption – Impact on Home Textiles”*](#) (document no. 2).

Miss Handayanim pointed out that online sales keep growing while other distribution channels continue losing market share like department stores or hypermarkets. The share of online sales has reached a level of around 15%, while that of home furnishing stores reached around 30%, grocery around 15%, department stores around 15% home improvement stores around 10% and others around 15%.

She pointed out that while pure online players disrupted the traditional offline business models, many of them started to sell also offline and vice versa. Digitalisation provided so many new ways of promoting, marketing, selling and delivering goods that omnichannel distribution became the rule. IKEA, Walmart, Alibaba, Amazon and others have become omnichannel distributors.

Other technologies like Virtual Reality (VR) / Alternative Reality (AR), Big Data Analytics and Artificial Intelligence (AI) will have a great impact in the way consumers will purchase their products in the future. This will have also consequences for the textile value chain. One will certainly be that the textile suppliers will need to understand the business models of the brands and retailers and adapt their business models accordingly with regard to product development, lead times, flexibility, or quality.

January 2019

The background of the slide is a close-up photograph of several spools of thread. In the foreground, a spool of orange thread is prominent on the left. Behind it and to the right are spools of white and dark grey thread. A pair of scissors is partially visible on the right side. The image is slightly blurred, creating a soft, artistic effect.

Social & Labor Convergence Project

**Converged Assessment. Collaborative Action.
Improved Working Conditions.**

**Committee of Home Textiles Producers (HTP)
January 10, 2019**

Social & Labor Convergence Program (SLCP)

VISION

Converged Assessment

Collaborative Action

Improved Working Conditions

MISSION

Implement a Converged Assessment Framework that supports stakeholders' efforts to improve working conditions in global supply chains

Website: www.slconvergence.org



SLCP Signatories – 190

November 2018

Manufacturers (38): Artistic Milliners, Arvind Mills, Avery Dennison Corp, Ciel Textile, Chenfeng Group Co., Classic Fashion, Comfit Composite Limited, Crystal Group, DBL Group, Delta Galil, Esquel Group, Hanbo Enterprises Holdings Limited, Hansae, Co. Ltd. Hirdaramani Ent., ISKO, L&E Int. Ltd., MAS Holdings, Milteks Group, Nester Hosiery, Nien Tsing Textiles, Pratibha Syntex Limited, Ramatex Group, Shahi Exports, SaiTex, Sing Lun Global, SixSigma Apparel Network, SLN Tekstil, Soorty Enterprises, Sun Queen Garments, TAL Apparel Group, Thread International, W. L. Gore & Associates, VogueTex, World Knits Limited, Yesim, Yousstex, Youngone, Yunus Textile Mills

Brands /Retailers (65): adidas Group, Aldo, Amer Sports, American Eagle Outfitters, Ann Inc, Arc'teryx, Arena, Asics Corporation, Bestseller A/S, Brooks Sports, Burton Snowboards, C&A, C & J Clark International Ltd, Camelbak, Columbia Sportswear Co., De Bijenkorf, Ecco Holding A/S, Eileen Fisher, Esprit, Fanatics, Fast Retailing/Uniqlo, Gap Inc., G-Star, H&M, HEMA, Hudson's Bay Company, IC Group, INDIGENOUS, Inditex, KappAhl, Kathmandu, Kering, L Brands, Konmar Brand, Levi Strauss & Co., Liberty and Justice, Lojas Renner, LL Bean Inc., Loomstate, lululemon, Macy's, Mountain Equipment Co-op (MEC), Miss Green, Mud Jeans, M&S, New Balance, Nike Inc., Outerknown, Patagonia Inc., PrAna Living LLC, Puma, PVH Corp., REI, SanMar Corp, Stella McCartney, Schutt Sports, Talbots, Target Corporation, The Children's Place, Tory Burch, Uniform Project, VF Corporation, Vetta Brands, Williams Sonoma, Inc., zLabels, Zephyr Graf-X

Agents (6) Ethical Apparel Africa, Haddad Group, Li&Fung (Trading) Ltd., MGF Sourcing, Piece&Co, Randa Accessories

National Governments (2): Denmark - Ministry of Foreign Affairs, Netherlands Government

Multi-stakeholder Initiatives/Standard Holders/Civil society (24): Abvtex, Cradle to Cradle Products Innovation Institute, Danish Fashion Institute, Dutch Agreement for Sustainable Garments and Textile, Enviu, Ethical Trading Initiative Norway (IEH), Good World Solutions, Fair Factories Clearinghouse, Fairtrade Foundation, Fair Trade USA, Fair Working Conditions, Freedom Fund, IDH, Leather Working Group, New Earth, NBIM, Responsible Sourcing Network, Sedex, Sustainable Apparel Coalition (SAC), Solidaridad, The Mekong Club, Verité, Worldwide Responsible Accredited Production (WRAP), Textile Exchange

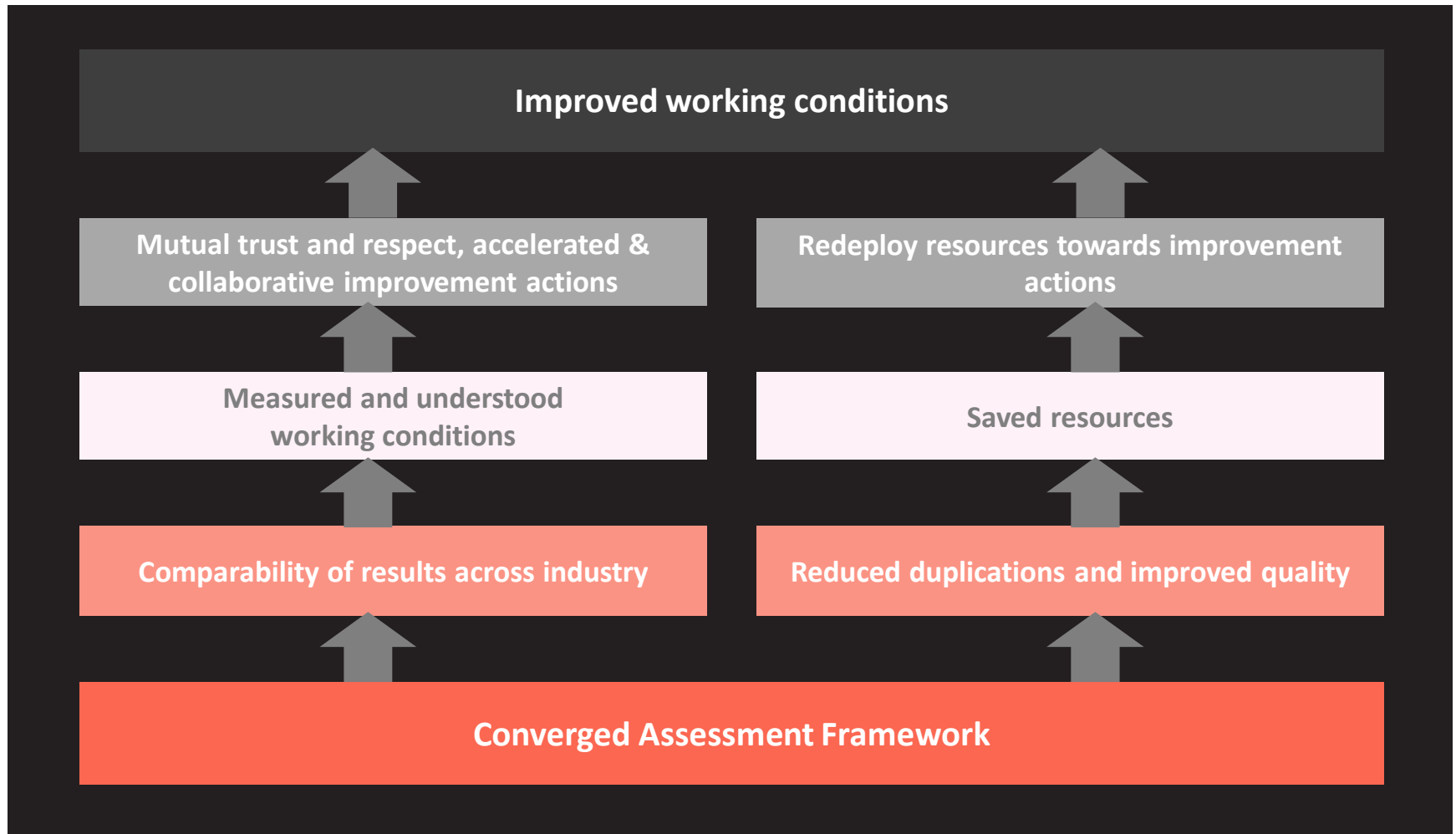
Industry Association (11) AAFA, EURATEX, European Outdoor Group (EOG), Istanbul Apparel Exporters' Association (İHKİB), International Apparel Federation (IAF), ITMF, JAAF, MVO Netherlands, Outdoor Industry Association (OIA), Proudly Made in Africa, Turkish Textile Employers Association

Auditing Firms/Service providers/Consultancies (41): ALGI, AndWider, ANM Transformational Solutions, API/SgT, Asia Inspection, Asya CC&C, Assent Compliance, Bureau Veritas, BSI group, Control Union Certifications, CTC Groups, DNVGL, EcoVadis, Elevate, FutureMade, iMentor, Impactt Limited, Intertek KSA Leverage Limited, Koopman Works, MicroBenefits, NEWAsia Solutions Limited, Omega Compliance, Openview Services Lmted., Partner Africa, Quizrr, SCS Global Services, SCSA, SewEasy, SMT Global, SGS, SIM Supply Chain Information Management, The Sentio Advisory Group, Taos Network, TÜV Rheinland, TÜV SÜD, Stantec, Sumerra, Sundar, UL Responsible Sourcing, Ulula, Workplace Options

Intergovernmental organizations – observer status (3): ILO, OECD, Better Cash Alliance

Non-signatory Advisory Group of Standard Holders/Multi Stakeholder Initiatives (3): FWF, GSCP-CGF, SAI

SLCP Goal and Methodology



Contribution to Sustainable Development Goals:



SOCIAL & LABOR
CONVERGENCE

SLCP Assessment Process

STEP 1: DATA COLLECTION

Collection can be done by either self-assessment 'SA' (facility only) or a joint assessment 'JA' (facility + external assistance)

STEP 2: VERIFICATION

The SLCP Verifier will check the correctness and completeness of the data gathered through the assessment tool. They will confirm or amend the original assessment report data.

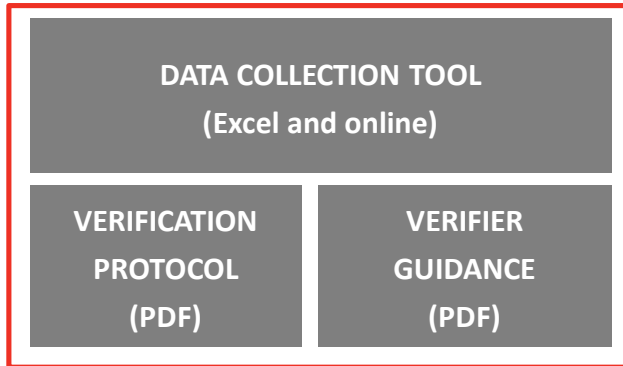
A Verifier Oversight Organization (VOO) will be in place to select verifiers and perform quality checks.

STEP 3: DATA HOSTING&SHARING

The Verified assessments will be shared through a semi-decentralized model with a Distribution Gateway and Accredited Hosts



Converged Assessment Framework (CAF)



- Integrated package for data collection and verification (3 elements)
- Built together with all SLCP signatories from mid-2016 to mid-2018
- 2 pilot tests, last one to include 170+ facilities in 23 countries
- Gone through public consultation
- Approved by Steering Committee 1 June 2018 and all signatories by vote August 2018 (**97%** approval)
- Published on the Gateway in English and Simplified Chinese: <https://gateway.slconvergence.org>

At present:

- Implemented during 2018 Light Operation (Sri Lanka + China)
- Evaluated in Q1 2019 and updated before 2019 Operation

SLCP Data Collection Tool

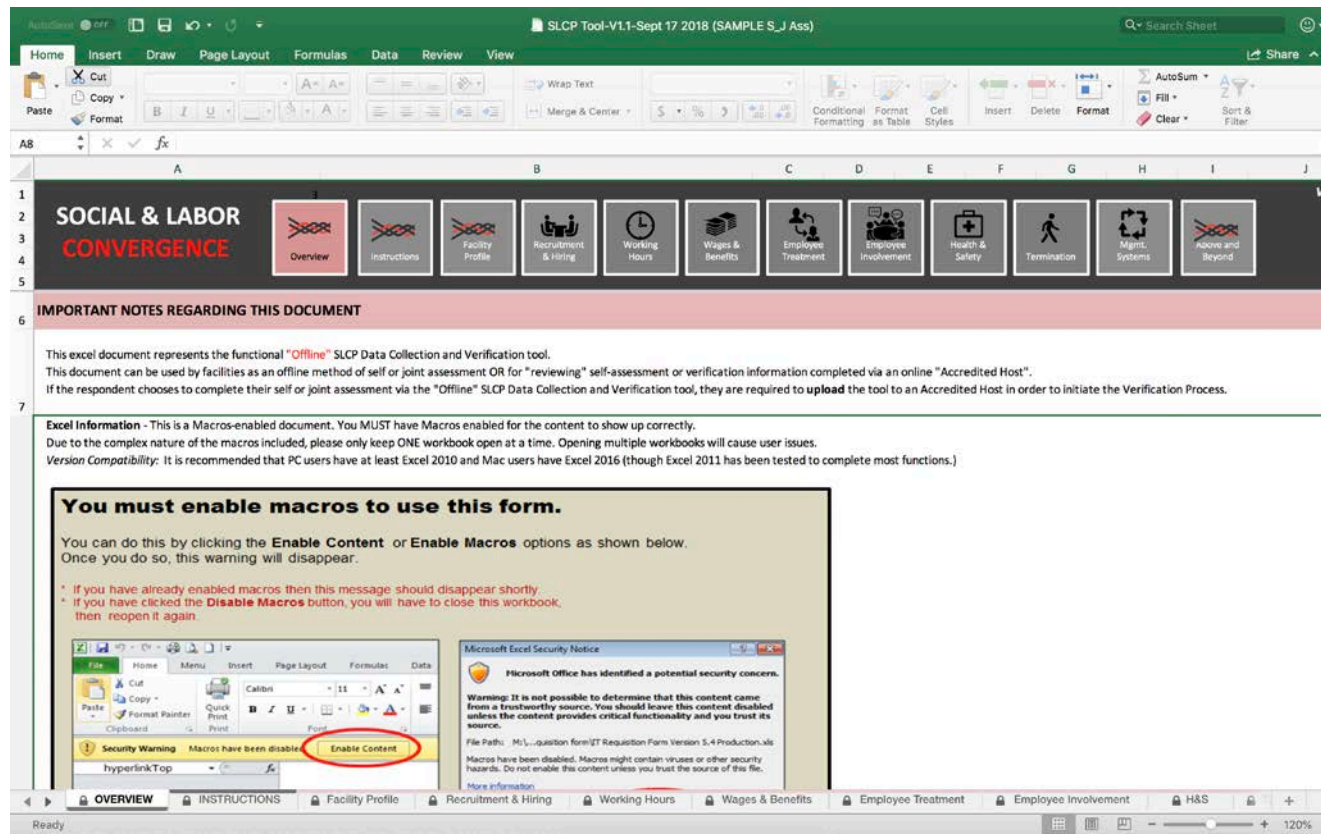
To make sure the Converged Assessment Framework can replace all current audit methodologies:

1. Audit questions from **21** different brand, audit firms and standards were analyzed
2. Major topics were translated into **8** key sections (Compliance, Management Systems and "Above & Beyond")
3. **97%** of audit information requests is covered when compared to the most comprehensive tool

DATA COLLECTION TOOL
(Excel and online)

**VERIFICATION
PROTOCOL
(PDF)**

**VERIFIER
GUIDANCE
(PDF)**



SOCIAL & LABOR CONVERGENCE

IMPORTANT NOTES REGARDING THIS DOCUMENT

This excel document represents the functional "Offline" SLCP Data Collection and Verification tool. This document can be used by facilities as an offline method of self or joint assessment OR for "reviewing" self-assessment or verification information completed via an online "Accredited Host". If the respondent chooses to complete their self or joint assessment via the "Offline" SLCP Data Collection and Verification tool, they are required to **upload** the tool to an Accredited Host in order to initiate the Verification Process.

Excel Information - This is a Macros-enabled document. You **MUST** have Macros enabled for the content to show up correctly. Due to the complex nature of the macros included, please only keep ONE workbook open at a time. Opening multiple workbooks will cause user issues. **Version Compatibility:** It is recommended that PC users have at least Excel 2010 and Mac users have Excel 2016 (though Excel 2011 has been tested to complete most functions.)

You must enable macros to use this form.

You can do this by clicking the **Enable Content** or **Enable Macros** options as shown below. Once you do so, this warning will disappear.

- * If you have already enabled macros then this message should disappear shortly.
- * If you have clicked the **Disable Macros** button, you will have to close this workbook, then reopen it again.

Microsoft Excel Security Notice

Warning: It is not possible to determine that this content came from a trustworthy source. You should leave this content disabled unless the content provides critical functionality and you trust its source.

File Path: M:\...question form\IT Request Form Version 5.4 Production.xls

Macros have been disabled. Macros might contain viruses or other security hazards. Do not enable this content unless you trust the source of this file.

Enable Content

SOCIAL & LABOR CONVERGENCE

Scope CAF

SLCP Converged Assessment Framework will

Collect compliance and performance information from production facilities

Employ a robust verification process

Facilitate operation (data hosting&sharing)

SLCP Converged Assessment Framework will NOT

Set minimum requirements

Be a scoring/ranking system, certification program or code of Conduct

Instead: it will be compatible with existing systems



SLCP Data Use

In-Scope of SLCP

Verified data on labor topics such as:

- ✓ Age
- ✓ Working hours
- ✓ Wages
- ✓ Health&Safety
- ✓ Facility management systems

+ the sharing of that data to end users

Out-of-Scope of SLCP

Data value judgements and follow-up actions such as:

- Scoring/ranking
- Benchmarking
- Industry standard
- Compliance with company Code of Conduct
- Certification scheme
- Collaboration
- Remediation efforts

2018 Light Operation

Operation on limited scale (China + Sri Lanka) to pressure test full SLCP system and prepare for scaled roll out from 2019 onwards:

- ✓ In-person training + data collection at facility level with final tool version (S/J)
- ✓ Verification of facility data
Around 200 verified assessments
100+ approved verifiers
- ✓ Coordination verification + quality assurance
Sumerra acting as the SLCP Verification Oversight Organization (VOO)
- ✓ Data hosting&sharing (semi-decentralized)
Gateway built and hosted by ITC
Accredited Hosts (3): Assent, FFC and SAC

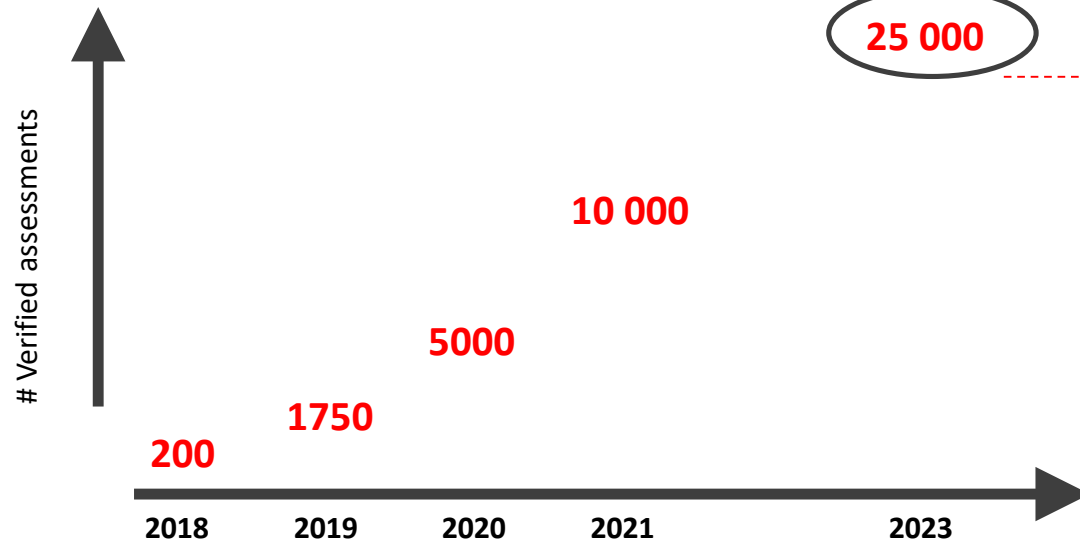


SLCP 5-Year Strategy

Vision	Converged Assessment. Collaborative Action. Improved Working Conditions			
Mission	Implement a Converged Assessment Framework that supports stakeholders' efforts to improve working conditions in global supply chains			
Industry benefits	Eliminate audit fatigue and duplication	Redirect resources to improvement actions	Greater comparability of social & labor data	
SLCP Specific Aims	Industry Adoption	Resources unlocked	Data access & comparability	Financial resilience
2023 Targets	25,000 verified assessments	\$130m for improvement actions	Industry's #1 source of verified S&L data	Self-sustaining through earned income

Possible Audit Resources Unlocked

SLCP verified assessment adoption targets



This translates to **77% of apparel and footwear facilities** estimated to be currently under social audits: - SLCP internal research August 2018.

Rapid increment of adoption over next coming years, after 2018 Light Operation.

'Realistic' scenario:
sharing 1.5 (2018) -3.9 (2023)

Year	Resources unlocked for improvement (USD)
2018	\$ 41.250
2019	\$ 1.837.500
2020	\$ 10.312.500
2021	\$ 27.225.000
2022	\$ 94.312.500
2023	\$ 134.371.875

In this scenario the implementation targets are achieved for 75%, the resources unlocked for 2023 are estimated at **134.371.875 USD**.



Thank you!

Contact:

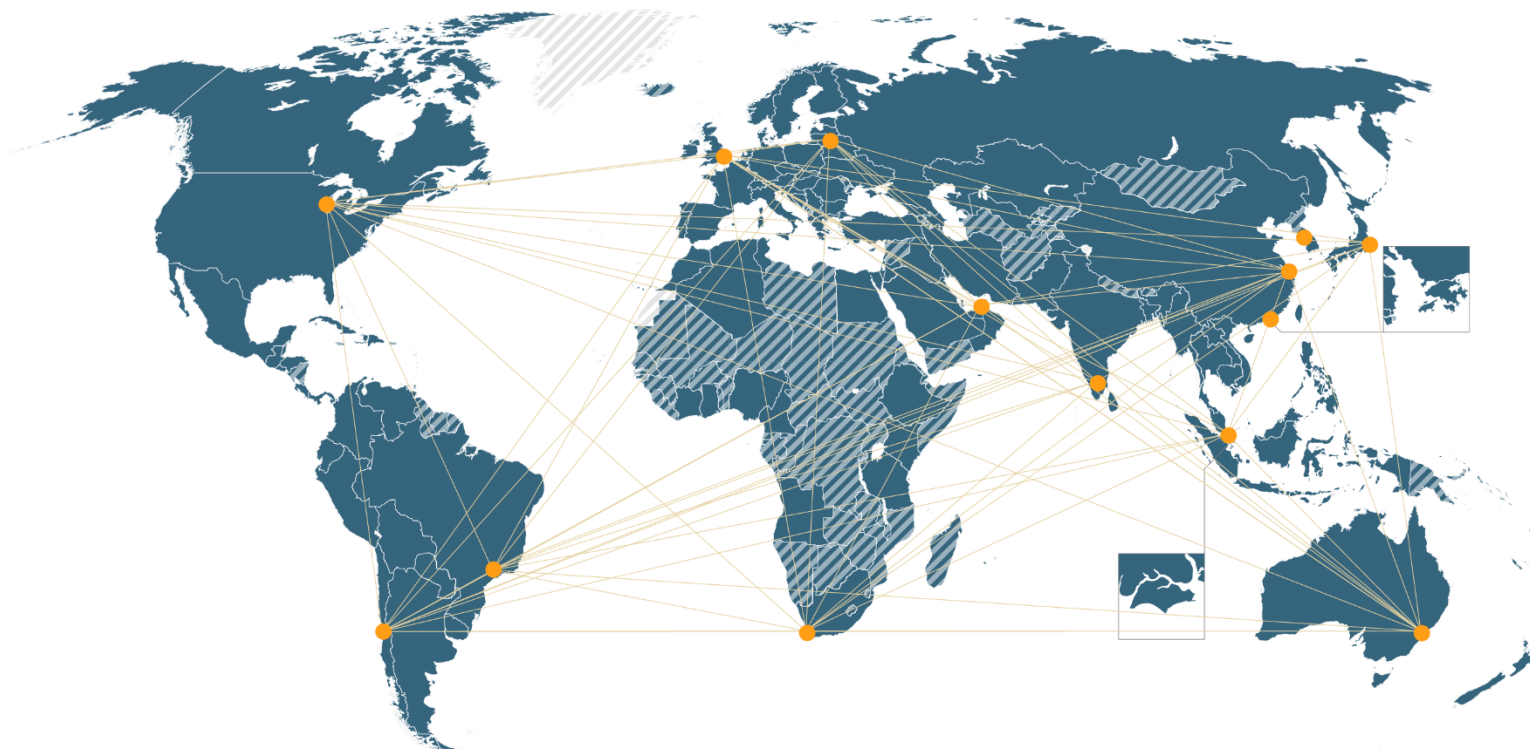
sharon@apparelcoalition.org



Technology Disruption – Impact on Home Textiles

Ratna Sita Handayani
Head of Research - DACH

Euromonitor International network and coverage



14 OFFICE LOCATIONS

London, Chicago, Singapore, Shanghai, Vilnius, Santiago, Dubai, Cape Town, Tokyo, Sydney, Bangalore, São Paulo, Hong Kong and Seoul

100 COUNTRIES

in-depth analysis on consumer goods and service industries

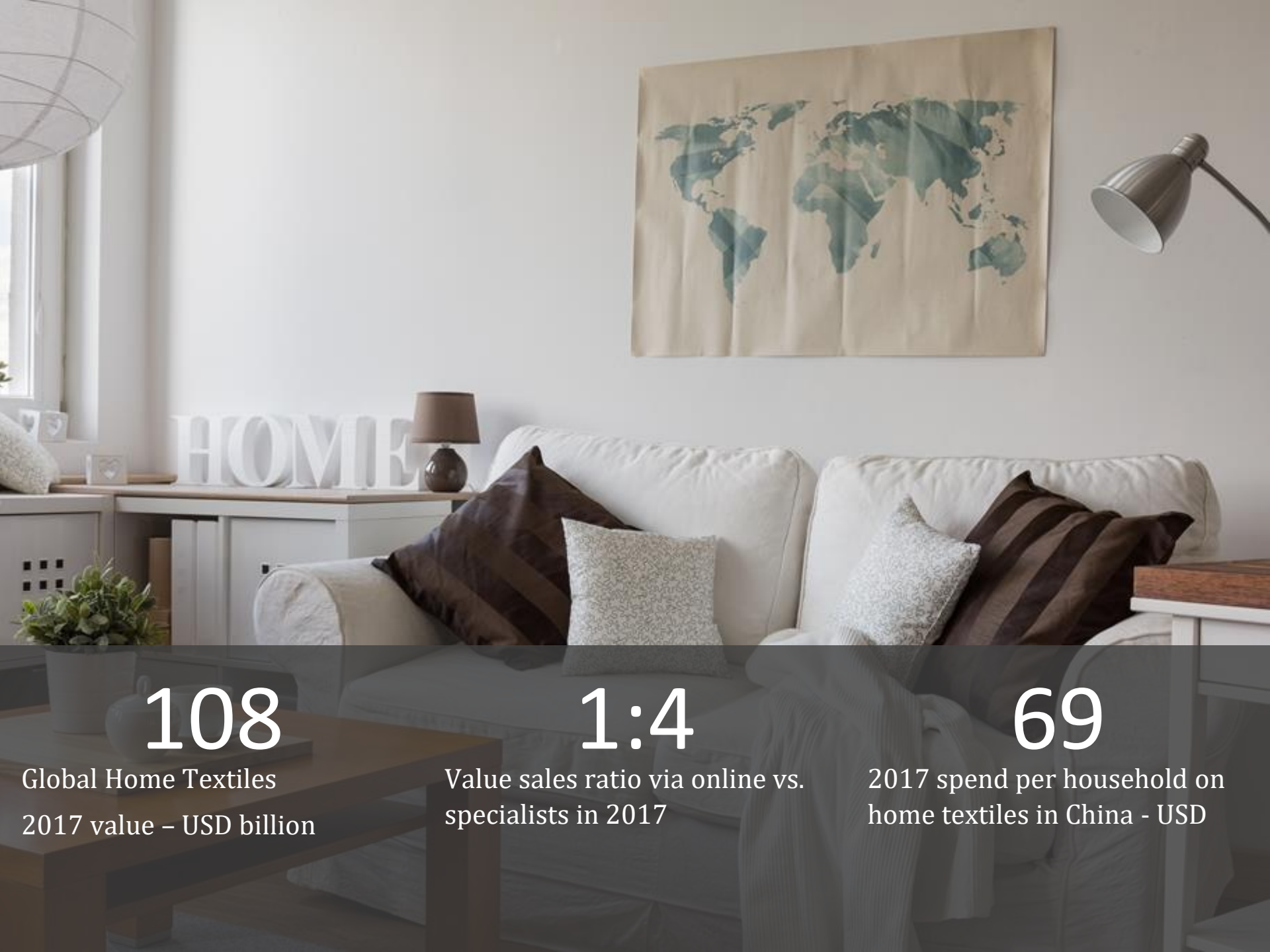
+ 210 COUNTRIES

demographic, macro- and socio-economic data on consumers and economies

GLOBAL HOME TEXTILES: SPOTLIGHT ON ONLINE

FUTURE TECHNOLOGY DISRUPTORS





108

Global Home Textiles
2017 value – USD billion

1:4

Value sales ratio via online vs.
specialists in 2017

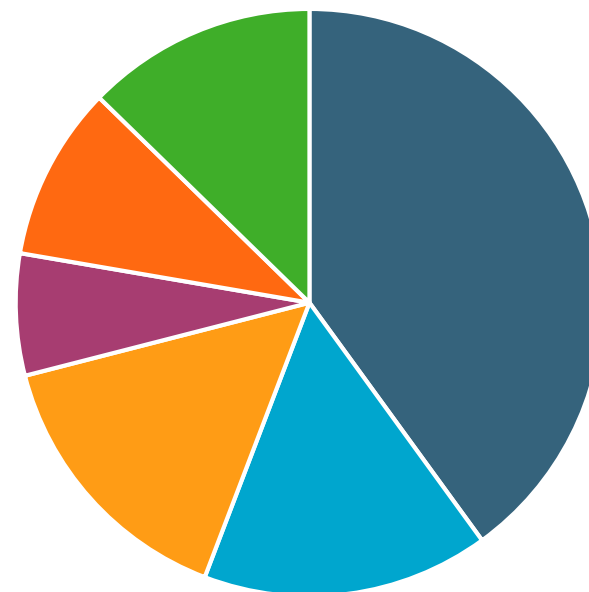
69

2017 spend per household on
home textiles in China - USD

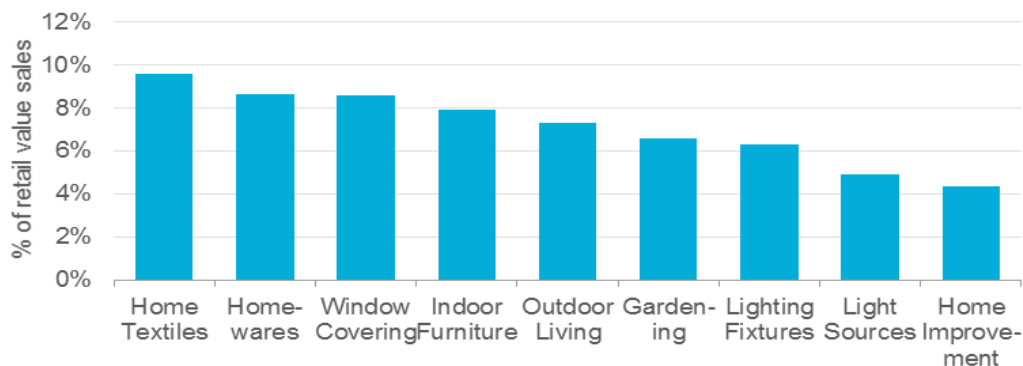
Internet Retailing Fulfills Potential

Online sales march on
as department stores
and hypermarket
sales fall

2017 value %



Home and Garden: Online Sales Breakdown by Category 2017



- Home Furnishing Store
- Grocery
- Department Stores
- Home Improvement/Gardening Stores
- Internet
- Others



Technology Disruptor: Online

Emergence of pure players

Marketplace

Direct to Consumer
(D2C)

Pure players go offline

To strengthen
consumer engagement
sacrifice profitability for
share

Pop-up / permanent
stores, Showrooms

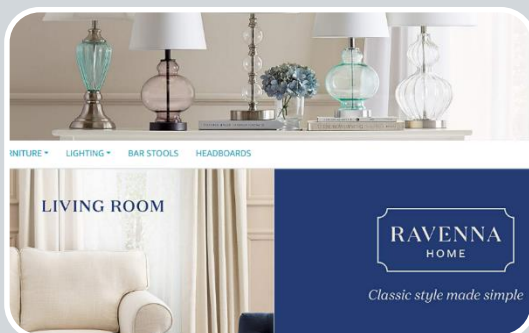
Specialists' response

Omni-channel +
acquisitions

Repurposing the store:
experiential, as pick-up
/ order points



Pure Players as Online Disruptors



Amazon

- Launch of private label line
- Changes to its third party furniture sellers programme - nationwide shipment no longer required
- invested in fulfilment centres/warehouses (e.g. India)

Alibaba

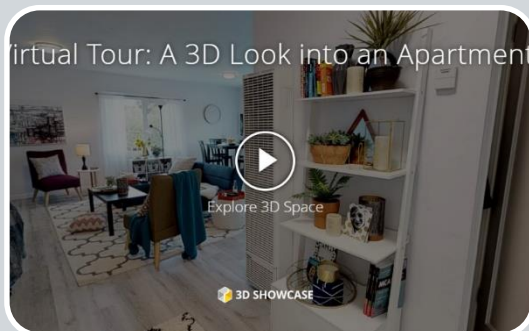
- Offline store opening: Home Times (Hangzhou, 2017)
- Localisation: product range decision using Big Data
- Online purchase in-store
- Virtual display allows visualisation in home setting

Pepperfry

- Expands number of studios via franchise to reduce expenditure
- Broaden home decor offering, private label
- Furniture exchange and rental services



Main Response – Omnichannel



Walmart

- 3D Virtual Shopping Tour – including “buy the room” option, features themed collections
- Enhances Home section on website via blogs and mimicking home décor magazine style



Qumei

- Partners with JD.com - digital Qumei Home store (Beijing, 2018)
- Digital meets physical: virtual shelves, electronic price tags, smart cameras



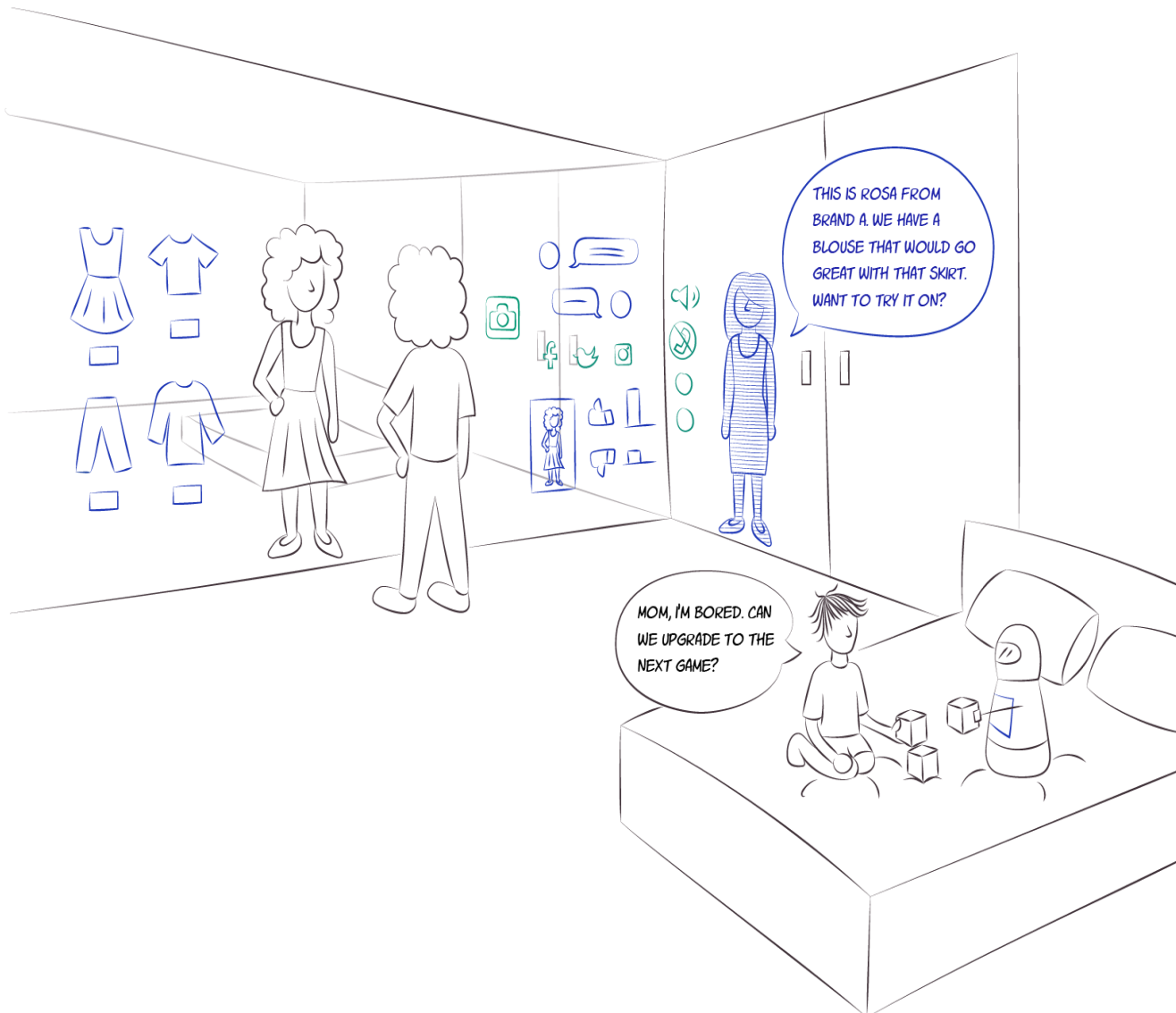
IKEA

- Experiential centre with playground, home design area (Beijing, Nov 2018)
- One of only 2 stores serving as pick-up and order point

GLOBAL HOME TEXTILES: ONLINE DISRUPTORS

FUTURE TECHNOLOGY DISRUPTORS

The World in 2040: the Future Bedroom



While the mother gets ready for the day, the robotic assistant plays games with the child.

The mother also has a tech-infused experience - an interactive mirror as personal stylist, purchase channel and social sharing tool.

A virtual personal stylist gives recommendations based on her wardrobe, day's weather, upcoming activities.

A holographic brand representative makes appearance with suggestions from their brand.

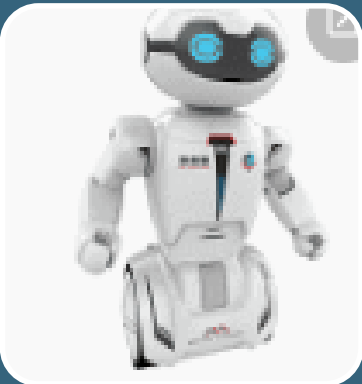
Sooner: Alternative Reality and AI



AR/VR

user modifies real world experience / explores digital world

- Wayfair, IKEA, Ashley Furniture introduced AR mobile apps
- Macy's mixed reality in-store furniture experience (US)



AI

- Voice-enabled
- Machines interpreting visual inputs → better categorisation
- Machine learning and analysis → product personalisation

What this Means for Home Textile Players

Opportunities through technology

Automated purchases → recurring revenue stream

More available data – more tailored, personalised products

Work with retailers

Greater access to user generated content

Lower rate of product returns

Communicate product USP

VR headsets: replicate in-store consumer experience

Home robot assistants - platform to share messages

Thank you

Ratna Sita Handayani

Head of Research – DACH

Zollhof 8, 40221 Düsseldorf

✉ ratna.sita@euromonitor.com