

SRI LANKA'S APPAREL INDUSTRY REMAINS CONSISTENT IN COMPLIANCE AND SUSTAINABILITY: WRAP CHIEF AVEDIS SEFERIAN

WORLD'S LEADING APPAREL CERTIFICATION BODY COMMENDS SRI LANKA'S APPAREL INDUSTRY FOR EMBRACING SOCIAL COMPLIANCE AND SUSTAINABILITY AMIDST GLOBAL CHALLENGES

Given the economic challenges faced by Sri Lanka and the implementation of new EU sustainability laws, companies are realizing the importance of streamlined compliance processes. Certification processes including Worldwide Responsible Accreditation Production (WRAP) offers sustainable solutions, reduces audit fatigue and provides comprehensive audit reports highlighting areas for improvement. The focus is on adopting independent certification, as legislative requirements increasingly mandate such initiatives and Sri Lanka's apparel sector has made significant strides in embracing responsible manufacturing practices, with a focus on social compliance and sustainability.

As the world's largest factory-based certification process for clothing, footwear and other sewn products, WRAP certifies facilities for compliance with the 12 WRAP Principles, which address safe, legal and ethical manufacturing processes. Sri Lanka has taken significant strides in embracing responsible manufacturing practices, with an impressive 27 companies and 112 individual factory sites currently holding the Worldwide Responsible Accreditation Production Certification.

In a recent interview, President and CEO of WRAP Avedis Seferian commended the resilience of Sri Lanka's apparel industry amid the pandemic and unprecedented economic crisis, highlighting that companies under the certification programme have demonstrated unwavering commitment to social compliance and sustainability.

Following are excerpts from the interview:

Q1. With Sri Lanka navigating its way through the economic crisis and new EU sustainability laws gradually coming into effect, why is it important for companies to be certified and why now?

Given the current global economic challenges, the need for a streamlined and efficient due diligence process is paramount. Certification programmes like WRAP offer a more valuable proposition compared to buyers doing their own duplicative audits, by reducing the unnecessary audit fatigue, a term I am only too familiar with, experienced in the industry.. A WRAP certification provides a comprehensive audit report and points to the successful resolution of any non-compliances, making it a powerful proof of commitment to responsible sourcing. Legislative requirements are increasingly mandating the use of independent programmes, reinforcing the significance of organizations like WRAP. The focus is on communicating the importance of adopting independent certification rather than insisting on proprietary audits, as it saves time and resources while enhancing credibility. By embracing independent certification, brands and retailers can meet both their own standards and regulatory mandates, leading to a more efficient and compliant industry.



*President and CEO of WRAP,
Avedis Seferian*

Q2. What progress has Sri Lanka's apparel industry made in approaching ESG criteria as per WRAP's observations?

The industry has done a great job of making responsible manufacturing a key part of its identity. Sri Lankan factories take social compliance and sustainability very seriously and have invested in promoting best practices. You can see this reflected in a number of ways: first, being consistent – many of the facilities currently holding a WRAP certificate in Sri Lanka have been with us a long time. Second, being proactive – while most factories will typically seek WRAP certification once a buyer requests one, many factories in Sri Lanka have gone for WRAP certification without a buyer request, as they believe WRAP is a benchmark for social compliance and sustainability. And third, going above and beyond minimum compliance – we routinely see Sri Lankan facilities instil extra worker-benefit practices, including things like employee welfare measures and women empowerment programmes. It has been very gratifying to see this positive approach to social responsibility become the norm in Sri Lankan factories. We consider it a very significant factor in the success the industry has had over the years and JAAF has done a great job in promoting Sri Lanka as a sourcing destination of choice.

Q3. What do you think are some of the common challenges faced by apparel manufacturers in achieving and maintaining compliance with ESG standards?

In my nearly 20 years of experience in this field, the most significant challenge we face worldwide is the prevailing short-term thinking among buyers and manufacturers. This mentality hinders the true potential for long-term planning and investment in vital areas like social responsibility and sustainability. The key difference lies in viewing something as a mere cost or as a valuable investment. An investment mindset considers the long-term returns associated with cost, while a short-term approach focuses on minimizing expenses.

For lasting improvements in social compliance and sustainability, an investment perspective is crucial, and this requires thinking beyond quarterly or immediate gains. However, fast fashion and public reporting pressures often deter businesses from making such investments due to delayed returns. Despite these challenges, Sri Lanka has garnered an excellent reputation in social compliance and sustainability, thanks to the efforts of JAAF and major manufacturers. The country's facilities have demonstrated an above-average commitment to long-term thinking and compliance, laying the foundation for a virtuous upward spiral.

The global industry must overcome the prevailing short-term mindset and embrace a longer-term horizon to justify the necessary investments for sustainable and socially responsible facilities. This shift towards long-term thinking remains a universal challenge and is vital for creating a more sustainable and responsible future.

Q4: Moving forward, what are the key trends that apparel companies need to consider for compliance?

It is essential to have a clear sense of direction in their journey towards responsible practices. One of the key aspects to focus on, especially in the social space, is addressing forced labour concerns. Legislation on mandatory human rights due diligence, particularly in Europe, is driving attention to this issue, especially in supply chains involving migrant labour. Manufacturers need to ensure that all workers in their facilities are working voluntarily and this validation process must be independent, transparent and verifiable.

Traceability is another critical element, as laws and business realities increasingly demand visibility throughout the supply chain, even down to raw materials. Although this industry has faced challenges due to its fragmented nature, companies must strive to map out their supply chains to meet the growing demand for transparency from a wide range of stakeholders.

Furthermore, supply chain mapping will become crucial for addressing issues beyond forced labour including carbon emissions measurements. A holistic understanding of the supply chain will be vital in tackling these environmental concerns.

In summary, the immediate focus areas for companies' compliance efforts should revolve around addressing forced labour concerns, ensuring transparency and traceability in the supply chain and taking proactive steps towards sustainable practices.

Q5. A significant overhaul to the labour laws is anticipated in Sri Lanka - the first since independence. With this labour reform, will WRAP reassess its social accreditation process for factories?

Regarding Sri Lanka's latest labour law reforms, WRAP follows a dynamic and adaptive approach. For instance, if there are changes in the labour laws that dictate minimum salaries, WRAP's protocol automatically updates its directives to reflect these new requirements. This flexibility ensures that WRAP remains compliant with the latest regulations without the need for a complete overhaul of the programme.

The concept of social responsibility is universal, but the specific actions required to be responsible vary from one location to another. Different regions have distinct labour laws and regulations, resulting in varying payment standards. WRAP acknowledges this and mandates that all entities under its certification comply with the applicable laws and regulations of their respective locations. Therefore, as labour laws evolve or change in Sri Lanka, WRAP seamlessly adjusts its protocols accordingly, always adhering to the most up-to-date legal requirements.

Q6. How is WRAP working collaboratively with buyers and manufacturers to address 'audit fatigue'?

We've been actively addressing audit fatigue from both ends of the supply chain – assisting manufacturers while engaging in a robust dialogue with buyers. Our efforts have focused on helping buyers understand that insisting on their own audits is not the most effective approach. With WRAP, they can receive independent, efficient and credible audits, saving valuable time and resources.

We also aim to explain the benefits of relying on the WRAP report and certification, streamlining data delivery according to the buyers' preferences through technology.

Overall, we believe that things are progressing in the right direction, though it's an ongoing journey. We are committed to fighting the scourge of audit fatigue to enable manufacturers and buyers alike to strive towards more efficient and sustainable practices under a new supply chain due diligence paradigm where brands and retailers utilize independent, credible social compliance certification programs like WRAP instead of forcing production facilities to undergo duplicative audits by insisting on their own proprietary code audits.