



# **mantis world**

Social Report 2021



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# Introduction

*“At Mantis World we have always embraced the triple bottom line – People, Planet and Profit. As part of our ethos, we monitor and encourage all our supply chain partners to continually improve conditions for the entire workforce. We believe every person working for us directly or indirectly has the right to work in a safe environment and be treated with dignity and fairness. We go beyond the audit tick box mentality and celebrate the extra benefits given to workers for lifestyle improvements – be it provision of healthcare, childcare, subsidised food, accommodation or a day out.*”

*In 2021 we saw some of our biggest challenges to date, including supply chain disruptions, organic cotton sourcing difficulties, navigating Brexit and, all the while still, dealing with the pandemic. We did however, see some great positive moments, such as being awarded with the Textile Exchange Ryan Young Climate + award for Climate Leadership and winning a Common Objective Leadership Award.”*

- Prama Bhardwaj, CEO & Founder

Sustainability has always been at the core of the Mantis World ethos. As a small brand, sustainable practices are easily integrated into all decisions made by the company, without the need for particular committees or meetings. Best practice is a constant consideration and discussed openly throughout all departments and levels of the company.

As we only have a small number of suppliers, prior to 2021 we had not previously conducted a formal risk assessment. We have instead assessed these issues on a case-by-case basis. In 2021, with the support of Textilbündnis, we conducted a formal risk assessment of our entire supply chain for the first time. This included assessing not only environmental considerations, but also labour conditions in tiers 1 to 4 and the overall risks in sectors and locations. We then looked at the mitigation methods in place, assessing specific risks that are not necessarily covered by mitigation. Finally, we set targets of how to proceed, and how we can remediate and improve in these areas.

Our suppliers have provided us with evidence to ensure us that Fair Wear Foundation Worker Information Sheets are visible in all units.

2021 was a heavily disrupted year, with the impact of Covid-19, transportation shortages and the organic cotton crisis still being felt across the supply chain. Combined with Brexit, it has been one of our most difficult years to date. In spite of this we continued to place orders and not cancel existing ones. We have accepted much longer lead times, the shortage of organic cotton and shipping vessels, as well as further delays at ports and other contributing factors. Throughout all of this adversity and difficulty, we accepted the realistic lead times that were suggested from the suppliers, avoiding putting extra pressure onto the workers. Our stock levels have been impacted by this choice, and our sourcing strategy has had to be adjusted in order to forecast better for the future. Despite this, we see our commitment to our suppliers in the fact of an extraordinary year as an achievement.

The impact of Covid-19 continued to cause havoc on the supply chain in 2021. Lockdowns have caused production delays, and the virus itself has at points caused labour shortages. With this in mind, we regularly checked in with our suppliers to ensure they weren't being overwhelmed by staff absences and thankfully there were no major outbreaks of the virus in tiers 1 to 3. Putting extra pressure on other staff to complete orders or compromising the health and safety of the entire workforce was simply not an option for us. We have increased communication with our suppliers to ensure that we could fully understand the situation on the ground.

The ongoing organic cotton crisis has led to huge price increases, as the availability in our existing supply chain routes has become compromised by the global shortages. This has meant that lead times have increased massively. We have absorbed some of the increased cost ourselves with integrating lower margins and passed on some of the cost to customers in the price of the final products, rather than to try to squeeze the costs of production down. We are not alone in this approach, most brands in our sector have also increased their prices over the last 12 months.

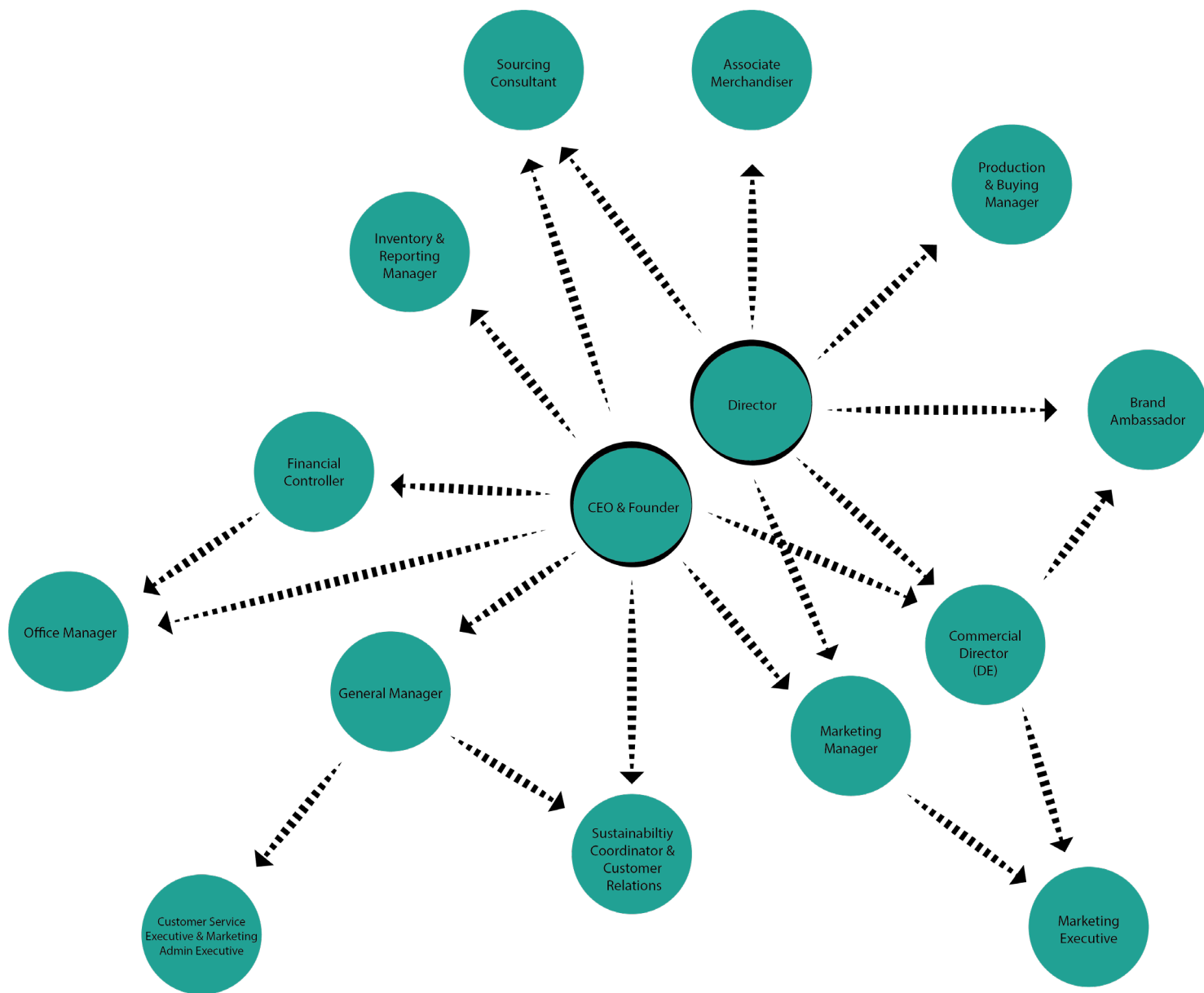
The shortages have led us to explore other options which could help boost supply without compromising on our values. After all, since 2019 we have proudly only sourced certified organic cotton. From 2022, we have also introduced in-conversion cotton to our collection. The in-conversion cotton that we are sourcing has been grown by farmers who are into their second year of organic conversion, and the raw material itself carries many of the same benefits as its organic counterpart. With many cotton farmers still struggling financially, the risk of change can be too much to justify, and although certified organic produce can demand premiums at market, the road to prosperity can be long, arduous and expensive. By paying a fair price for the crops grown by farmers who have made the necessary steps towards organic farming, we hope to support them and their communities and encourage more to convert their farms.

Consumer awareness has led to an increase in the demand for organic garments. Despite contributing to the supply crisis, it's an undoubtably positive change in the collective consciousness towards social and environmental drivers of climate change. With an increase in demand has also come an increase in greenwashing, and in light of this new legislation is due to be introduced in both the UK and EU, familiarising ourselves with the new policies has allowed us to implement changes in our own operations to ensure we are giving customers the full picture of where and how their clothes have been made, and the impact on the environment.

We were informed about a complaint regarding our Tanzanian supplier, with allegations of verbal harassment being levelled against some employees. This was picked up by the local labour union whilst interviewing some workers and was fed back to us through the appropriate channels. To rectify this, a mandatory training session was put in place for all levels of employees. This was organised by the union and seems to have been a success.

Not cancelling any orders during the course of the Covid-19 pandemic has put us in a favourable position with suppliers. Many of them are no longer accepting new customers due to the huge increase in demand for organic cotton knitted garments. We have been working hard to source the organic cotton that we need, and collaborating with our suppliers to explore different ways of sourcing that would be mutually beneficial.

# Organisational Chart



# Sourcing Strategy

## Sourcing Strategy & Pricing

After introducing organic cotton to our range in 2005, cotton now accounts for more than 95% of our material portfolio. With such heavy reliance on cotton, our sourcing strategy does not vary per material. We aim to visit our suppliers at least once a year, providing travel is allowed, which unfortunately was not possible for us in 2021. Although we understand the importance of visiting suppliers and seeing the situation on the ground, which we will get back to in 2022, we had to compromise in 2021. We have increased our regular communication via emails, calls and video calls, and in some sense improved relations through more regular communication.

We pride ourselves on our long-term relationships with suppliers. We believe the openness, trust and support gained over years of working together is beneficial to both parties. It is very rare that we change suppliers. However, if there are issues with achieving quality standards or lead times, sudden unexplained price rises, or breaches in compliance with either social or environmental policies, we have to reassess the relationship. If necessary, in these instances we would follow our responsible exit strategy.

Amongst our environmental commitments is the policy to exclusively use sea-freight when transporting goods from the production locations to our warehouses. Compared to air-freight, the time it takes for orders to reach our warehouses is significantly longer. We recognise that there is a common problem in the industry of brands demanding orders as soon as possible, putting a huge strain on workforces. Because of this, we accept longer lead times from factories as a way to actively alleviate that pressure.

At Mantis World, we operate with a direct procurement model. We have a direct relationship with our Tier 1 producers in Pakistan and Tanzania and work through three agents in Bangladesh.

They help us to communicate with Tier 1 and the full supply chain, as well as ensuring our requirements are being met. These requirements include certifications, plus our ethical and environmental policy. We place regular orders with the factories, albeit more regularly with some than others. Due to the nature of our business (not adhering to “seasonal” collections), we place orders for long running styles, and aside from possibly introducing new colours, we generally do not change details, unless there are quality issues. Once the goods have sailed, we either raise Letter of Credits (LCs) with suppliers or pay via cash transaction. This depends entirely on the supplier. It is policy that we do not ask for extended credit terms and, 80% of goods are paid for before arrival to our warehouse.

In terms of the percentage of capacity that our production requires, Mantis World is considerably smaller than most other brands in our industry. Our utilisation of production is on average 2.8%. Even our highest, Tanzania, still only stands at 10%. We understand that there will always be a need for continual improvement in both environmental and labour standards. We are planning to discuss open costings with our suppliers in 2022, to better understand how the wages of workers are factored in. Unfortunately, we only take up a small percentage of the capacity of our suppliers, and therefore have less leverage over the implementation of living wages. Our position at being at the forefront of responsible production means that suppliers trust us and are willing to help us achieve our objectives as they understand what we are asking for today is what other buyers will be asking for tomorrow.

# Sourcing Strategy

## Production Cycle

We have worked with most of our suppliers for a considerable time, and we plan our ordering around their general lead times. This means placing orders well in advance, and working with factories to successfully hit FOB at their suggestion rather than setting dates for them. We do this to avoid placing unnecessary pressure on workers. As we stay in constant contact with our suppliers, we are notified straight away regarding delays in transportation, raw material procurement or production. This has been especially important during the Covid-19 pandemic, where lockdowns, social distancing and quarantine requirements have caused delays throughout the supply chain. Over the last year we have started to look further ahead when placing orders, forecasting to factor in any delays we believe will continue to cause a slowdown in production. We do not “shop around” for the cheapest price for every order. Because the same styles are in the range for years, we prefer to keep them with the same supplier.

## Factory Relations

In 2021 we have selected to work with one new vertical supplier that covers both tiers 1 and 2 in Bangladesh. We stopped working with one Bangladeshi supplier, as they changed their strategy and wanted higher MOQs than we could offer. As we had only just started working with this supplier, stopping working had little impact on parties as it was such a small percentage of sales and production capacity. The garments impacted by this choice were intended for promotional events, such as concerts and conferences, markets which had been negatively affected by Covid-19 lockdowns.

As mentioned, we have started to look at sourcing differently, as a response to the global shortages in organic cotton and the price increases which have followed. We have considered securing more raw material to help factories accept orders with confidence, as well as approaching different farm groups and organisations to find new sources of fibre and yarn. Going forward, we hope to develop this approach and create a more efficient sourcing process. This includes connecting better with earlier parts of the supply chain, such as farmers and ginners. This can serve to benefit all involved, and will start the necessary discussions around how we can best support them and develop healthy and transparent relationships.



# Sourcing Strategy

## Integration of Monitoring Activities and Sourcing Decisions

When selecting a new supplier, it is imperative that they abide by our code of conduct, as well as holding the required certifications and shared values. We have worked with some of our agents for a long time (in most cases, over 15 years), and they understand what we expect from our partners. With this knowledge, they are able to suggest new suppliers from their trusted supplier database.

We assess our sourcing on a case-by-case basis, although the most vital factor is the risk assessment. For example, the increased demand for organic cotton has driven up the price and lead times, a factor open to exploitation.

These potential issues surrounding the integrity of raw material have led us to connecting trusted farm groups to the tier 1 suppliers, and also tightening up our internal checks to ensure transparency and integrity.

In the unlikely case that an issue arises with a supplier, we have a termination policy in place. This could be triggered by an unexplained price increase, a compliance issue, a drop in quality or any breach of the terms of agreement. In this case we would follow the following procedure:

- Discuss the issue internally with management, with the aim of finding a solution.
- If no solution can be reached internally, then the issue must be raised with the agent and or factory management.
- If necessary, FWF can offer support on evaluating the situation. With the help of labour unions and worker representatives, the social impact of withdrawing business from the supplier must be evaluated. The leverage of Mantis World with the supplier must also be assessed.
- If no solution can then be reached, and if the supplier shows no effort to remediate the violation, then the decision will be made to terminate the working relationship as per the OECD guidelines.
- An agreement will be made to withdraw ordering from the supplier in question. In order to give the supplier time to find new customers, one final order will remain. Naturally, the relationship between Mantis World and the supplier will determine if this is necessary. A long-standing supplier will be treated differently in this instance to a newer supplier who is handling less orders.
- Determine a production plan for the last order with supplier with clear timelines, communicated with worker representatives and labour unions to minimise the social impact of the exit. There is significant due diligence required in the case of any staff severances to ensure that local severance laws are adhered to.

Please note that labour and environmental violations will be handled in a different way. Tensions can often arise during the remediation process. All complaints must be taken seriously, whilst also treating suppliers as collaborative partners. It's important for us to not approach suppliers with an accusatory tone, and to encourage open communication to successfully investigate and remediate an issue. Mutually respectful relationships are highly valuable.

# Sourcing Strategy

## Coherent system for monitoring and remediation

Historically, our suppliers have been audited to the BSCI standard or an equivalent standard, with a valid audit completed roughly every two years. The urgency of an audit may be determined by our relationship with the supplier, as well as their performances in previous audits and risk assessments.

In 2021, Covid-19 continued to prevent us from visiting any of our factories due to the restrictions placed on global travel. This has highlighted the importance of continuous dialogue with all our suppliers, especially with ongoing effects of the pandemic being felt and increased civil unrest globally. All of our suppliers and their supply chains are audited to GOTS, which covers social criteria as well as the obvious organic and environmental criteria. This is very useful, especially to bolster confidence in the deeper supply chain where we have less immediate insight. For our suppliers at tier 1, it is preferred for them to also have a dedicated social standard and audit completed. However, the majority of our suppliers are vertically integrated to at least tier 2.

All but one of our suppliers are vertically integrated to some extent, with in-house knitting, dyeing and stitching under one roof as the absolute minimum. Keeping everything in-house allows for greater communication between departments, which is invaluable for both us and the factories when developing new fabrics and styles. Due to the quantities that we work with, we generally do not hold a great deal of leverage with our suppliers. However, we have nurtured our relationships with our suppliers over a long period of time which can be helpful when trying to leverage ourselves with them.

### Bangladesh

Bangladesh accounts for around 73% of our total FOB, split between 4 suppliers with whom we have an estimated 0.4% - 11.38% of leverage. We work with 3 agents in Bangladesh, who we have worked with for many years.

### Supplier 1

Supplier 1 is responsible for the majority of our production, having produced 59.79% of our FOB in 2021. We have worked with them for more than 5 years, regularly visiting them throughout that time where possible - Covid-19 impacted our ability to do so throughout 2020 and 2021. All of our suppliers in Bangladesh historically hold BSCI certification. It became apparent to us in late 2021 that the BSCI certificate for Supplier 1 had expired, and that due to a logistical issue they were unable to apply for renewal. We were assured this was not due to any violations committed by the factory.

We are now undertaking the next steps for them to undergo a FWF audit. In the meantime, they hold GOTS certification, are members of the Bangladesh Accord and holders of both SMETA and WRAP accreditations. Social Report 2021

In this situation, we feel that these accreditations along with our long-standing relationship are sufficient for the time being, while we support them closely to help organise another audit, preferably with FWF. With our long-standing suppliers, we are happy to assist in helping them arrange their audits which are vital for them to continue holding or gaining our preferred certifications. For example, if there are logistical challenges preventing a supplier from being audited within the correct time frame, we will give the supplier all the support we can to resolve this. We are hoping to go forward with our first FWF verification audit, a process we believe is even more thorough.

### Supplier 2

We only started working with Supplier 2 in 2021, which their production consisting of 10.03% of our FOB for the year. They have a long-term relationship with the agent via whom we liaise with them, and came highly recommended with a valid BSCI audit report.

# Sourcing Strategy

## Supplier 3

Makes up 4.54% of our FOB, and we have worked with them for a number of years.

## Supplier 4

Makes up 0.95% of our FOB. Our range is primarily knitted and Supplier 4 makes our only woven garments - hence the low FOB.

## Pakistan

We have one supplier in Pakistan who we work with directly. Their production makes up 3.26% of our total FOB, but this will be increasing in 2022. They work intentionally on challenging the notion of doing business as usual. Pakistan has historic and systematic issues with gender inequality, but our supplier ensures that women are given management positions. There are more women in management positions than men. They are vertically integrated up to tier 2, and are audited by BSCI. Workers at this factory are also paid a fixed salary.

## Tanzania

We have worked with our supplier, Sun-flag, in Tanzania since the inception of Mantis World in 2000. Their production accounted for 21.42% of our FOB in 2021. As previously mentioned, we were notified by the labour union in Tanzania of verbal harassment and Gender Based Violence cases. These notifications came to us via Textilbündnis. After receiving these cases, we immediately reached out to the factory and labour union. By the time we had actually been informed, the issue had been resolved internally. The labour union had organised training for all levels of staff, meaning that there had already been effective remediation. As a result of this, we are pushing for a new social compliance audit. The factory in question does not currently have the personnel resources to undertake the audit, so we are supporting them with an aim to have this rectified in the first half of 2022. They are still being audited by GOTS for their social compliance.

## Information Management



As mentioned previously, all of our suppliers are vertically integrated to some extent. This helps to keep a lot of our supplier information closer and more organised, as we know where each step takes place. With each order, we receive traceability maps for the whole supply chain, from the tier 1 supplier or agent, which we then verify relating to the standards and certifications we require (GOTS, OCS, RCS, PETA-Approved Vegan & OEKO-TEX®).

We have one subcontractor in our supply chain, involved in the washing process of our woven garments. They are a reputable factory and are a sister company of the Tier 1 manufacturer. We have received both the WIS and Questionnaire from them.

We ensure that all of our suppliers have agreed to the FWF code of labour practices. We have set a target with Textilbündnis for us to reach out further down the supply chain to the more frequently used spinners and ginners. Starting a dialogue, with the intention of gaining an understanding of their social standards and sharing best practice where necessary.



# Complaints handling

We received our first complaint via FWF, regarding a new supplier who we only began working with in 2021. It was our first complaint of this nature, we sought out guidance from FWF to help us resolve the issue.

We set out to gather as much information as possible, from the agent with whom we work with the supplier. The supplier came back to say that according to the records at the factory there was nothing outstanding and that everything has been conducted according to local laws.

With further guidance from FWF, we attempted to organise a meeting between the factory management, the complainant and a FWF representative - widely regarded to be the best way to resolve such situations. At the time of writing this, we are attempting to connect the complainant and FWF representative with the agent through whom we operate with this factory.

Due to the very low number of complaints we receive, the mitigation measures in place and the reputable supply chain partners we work with, we find it most effective to work on a case-by-case basis rather than upholding a very rigid complaints handling structure. Whilst all complaints are taken with the utmost seriousness, the way in which we handle a complaint may vary depending on the nature of it.

The procedure can also differ depending on if the complaint is regarding a supplier we have a direct relationship with or one we use an agent to manage. The first step will always be to contact the supplier or agent to gain as much information on the situation from their perspective, before discussing internally all the possible routes for remediation.

Handling this complaint from FWF has helped us to form a more structured complaint handling policy. Whilst it was positive to not receive complaints before, it brought into question whether the previous complaints channels have been working effectively. Being a member of both FWF and Textilbündnis has allowed more information to be shared with us that we may have missed before.

# Training and capacity building

In our yearly sustainability trainings, all FWF activities are outlined and new updates over the last year are presented. Staff regularly attend FWF webinars on various topics where possible to stay up to date. In addition to this, any relevant information relating to social standards, whether good or bad, is communicated throughout the company – especially amongst purchasing, product development and management. We are only a small team, so communicating vital information is simple and clear. All employees are able to make suggestions for improvements or ask questions for anything unclear. The Sustainability Coordinator, together with purchasing and management, generally handles the CSR requirements.

We ensure that all WIS are available to workers in production locations. If anything is required for FWF, we will reach out to the agents and suppliers to provide them with the information to share with workers.

Labour unions are able to conduct training at production locations for staff and management, as we saw in Tanzania in 2020 after complaints were made regarding harassment and GBV.



## Transparency & Communication

We have the Fair Wear logos and information on the certification and membership pages of both our brochures and website. However, since this is our first reporting year, we do not yet have the logos on our garment labels. We are happy to answer any customer queries and discuss our efforts with FWF at tradeshow, sales meetings and training. Our Textilbündnis report is published publicly, which breaks down our social and environmental efforts as well as our set target for the coming years. With a third-party company, Green Story,

we were the first in our industry to develop and introduce an impact calculator. We have printed QR codes on the wash care label of each garment that, when scanned with a smartphone, shows the journey that the garment has taken from farm to finished garment. As we are a wholesale brand, this is an unbranded microsite, so that our third-party distributors and customers can use this data in a positive way. It also shows the positive impact of buying an organic cotton garment compared to a conventional cotton garment, assessing the water use, GHG emissions, energy usage, and pesticide use.



# Stakeholder Engagement

Working with Textilbündnis, we conducted our risk analysis. We used many resources, including journal articles, the Textilbündnis T-REXS and TexPerT tools, as well as the knowledge of the dedicated team who supported us closely throughout the whole process. Through this process we looked deeper into our supply chain than we ever had previously, identified where we had gaps in mitigation measures, and identified opportunities for improvement. Throughout this process, we also referred to the FWF country studies for Pakistan and Bangladesh. We have set targets to reach out more to the local NGOs and trade unions of our suppliers, in order to gain a better understanding of what is happening on the ground. This will be good information to help supplement audits and certifications.

Engaging in the remediation of the complaint with our FWF brand liaison and FWF country manager for Bangladesh has taught us to address such matters in a more sensitive manner, without making accusations. Gathering as much information as possible from both sides is vital before figuring out an action plan for addressing and remediating the issue. Although not through FWF, we also reached out to the labour union in Tanzania after they conducted the training regarding GBV and Harassment.

In 2021, several members of the team attended the Textile Exchange annual conference in Dublin, for the first time in person since the pandemic began. It was here that we were thrilled to be awarded the Ryan Young Climate + Leadership Award. This was in recognition of our efforts regarding organic cotton sourcing, as well as transitioning all of our cotton to organic cotton 6 years ahead of the Textile Exchange Organic Cotton pledge.



# Corporate Social Responsibility

Following our Textilbündnis reporting and target setting, we decided to add corruption to our annual sustainability training for all staff, as it had been flagged as a pressing issue in our supply chain. It has been identified as more of a governmental and institutionalised problem in our production locations, leading us to have a limited scope of how we could have a solid impact on resolving this. We decided to educate ourselves first on this topic more thoroughly, company-wide.

We continue to develop our efforts towards openness and traceability. Working further with Green Story, all our garments now contain the impact calculator QR codes on the care label, so any customer can see where their garment has been made.

As part of the UNFCCC, we were required to disclose our carbon emissions to CDP for the first time, which will now be a yearly project. This is in line with our transparency efforts, and highlights the overall value we place on openness in order for progression. While only required to submit our scope 1 and 2 emissions, we are aware that for our industry, scope 3 is where the majority of emissions are generated. Through our data provided by Green Story and using LCA's with regional specific data, we are able to estimate or emissions - from farm to finished product. However, we are aware that the distribution and storage of products, as well as general company emissions and other factors contribute to this too. With this in mind, we have committed to starting to measure this more accurately.

We have also committed to setting a Science Based Target, which has been recognised in early 2022, by the Science Based Target Initiative. Based on a base year of 2018, we have committed to reducing our scope 1 and 2 emissions by 50% by 2030, and to also begin quantifying and reducing our scope 3 emissions further.

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