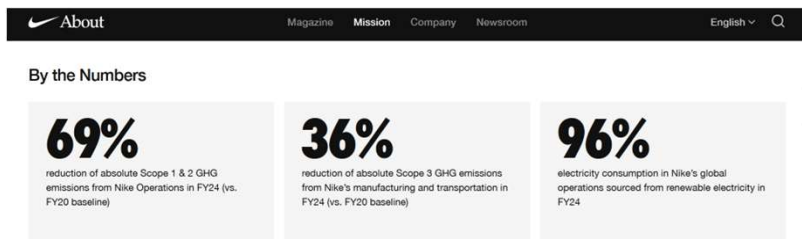


Building Indonesia's efficient, clean, and accountable textile and garment industry

Donny Julius Christian

Sustainability is an identity for global brands and they make sure their vendors live up to it



Nike (Sportswear)



Patagonia (Outdoor Apparel)

H&M ABOUT US BRANDS **SUSTAINABILITY** INVESTORS CORPORATE GOVERNANCE JOIN US MEDIA

Climate

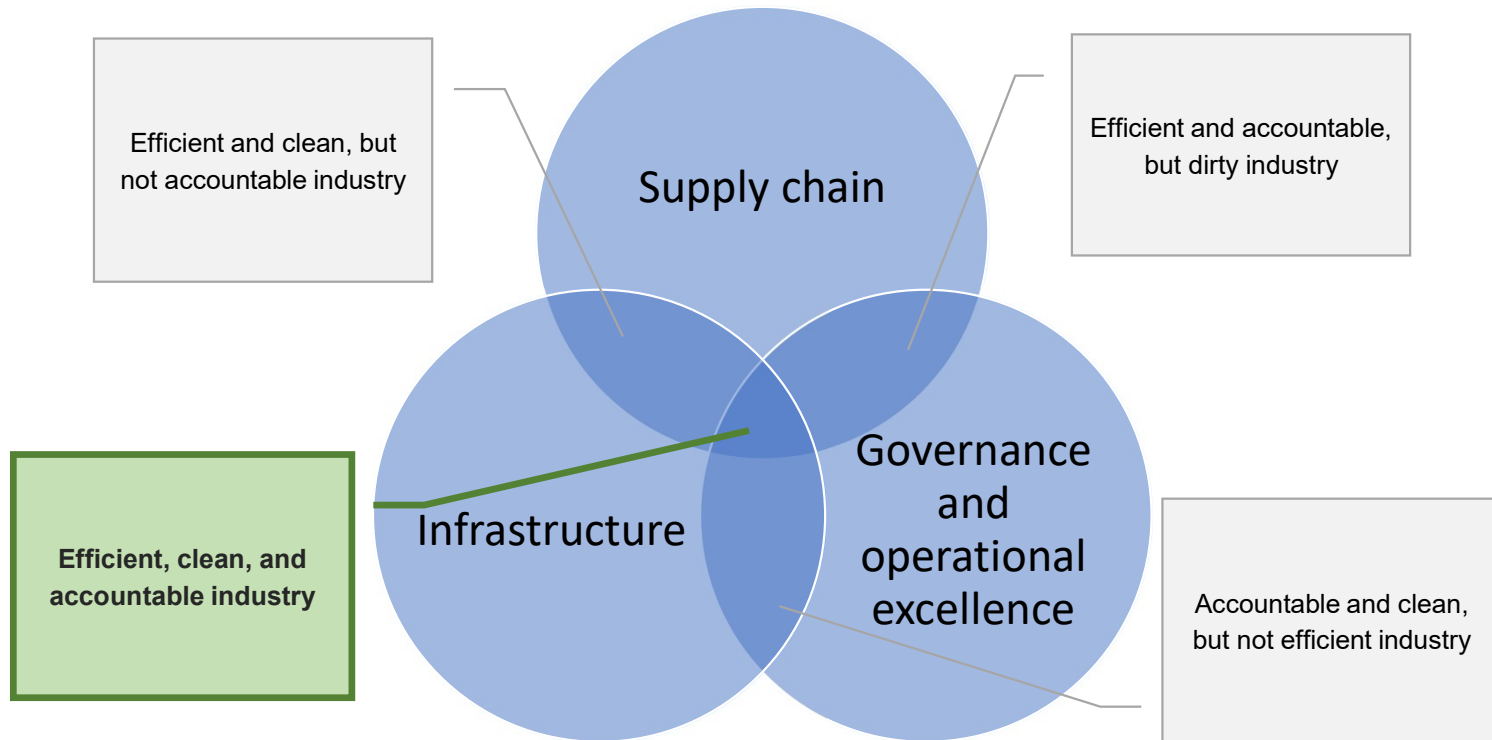
- 2030: Reduce absolute scope 1, 2 and 3 greenhouse gas emissions by 56% against a 2019 baseline.* Progress 2024: 41% reduction in scope 1 and 2 emissions and 24% reduction in scope 3 emissions.
- 2040: Achieve net-zero by reducing absolute scope 1, 2 and 3 emissions by least 90% against a 2019 baseline, and balance out any remaining emissions with permanent carbon removals.*

H&M (Fast Fashion)

Fast Retailing is advancing its LifeWear concept—the ultimate in everyday clothing, designed to make everyone's life better—to create apparel that not only emphasizes quality, design, and price, but also meets the definition of "good clothing" from the standpoint of the environment, people, and society. As part of this philosophy, Fast Retailing has formulated Fiscal 2030 Targets and an Action Plan for core aspects of sustainability. The entire Fast Retailing Group, based on the LifeWear concept, will accelerate its transition to a new business model encompassing both sustainability and business growth.

Fast Retailing/Uniqlo (Fast Fashion)

There are 3 fronts Indonesia have to level up to compete with leading countries for global brands



There are many things that we can do, but the question is “where to start?”

3 Categories

These categories serve as the high-level overview and core principles in designing the system.

It also functions to emphasize **interrelatedness** in developing sustainability of the sector.



18 Actionable Policies

Tactical long-listing spread over short to long term interventions to understand options we have to overhaul the sector.

Always need to be **exhaustive** to keep in mind available options.



4 Prioritized Policies

Short-listing focused on short-term impactful items.

Developed based on aspects considered **crucial** in the **given timespan**.

To be prioritized means to be feasible, urgent, and leverageable in the next 1-3 years

Feasibility

Can we do it?

Key metrics:

1. Preceding regulatory and/or physical asset
2. Potential bureaucracy complexity

Urgency

Must we do it?

Key metric:

Industry survivability if inaction

Leverage

Should we do it?

Key metrics:

1. Fiscal and capital risk
2. Tangible economic value
3. Flexibility to start small

These are the quick wins and foundations that will setup Indonesia for future policies

 Benefit oriented  Critical path  Compliance need



Policy: Setup financing mechanism for yarn producers (to access fund) and fabric & garment producers (to access credit)

Key benefit: Domesticating the supply chain flow by improving yarn producers' competitiveness against Chinese vendors



Policy: Develop a duty-free zone for cotton storage by global cotton trader

Key benefit: Reduce lead time and scope 3 emission from repeated small batch shipping



Policy: Concentrate/cluster Tier 4 to Tier 1 manufacturers within designated region in the industrial park

Key benefit: Backbone to infrastructure integration and monitoring



Policy: Create a national database system covering ESG matrix and essential industry information

Key benefit: Compliance with EU DPP policy that starts in 2027

Indonesia have seen the consequences of not integrating sustainability into its core business practice principles. We have to choose between transitioning fast and strategic or facing multiple collapses. The nature won't wait and so does the market

QnA