

# Following **THE (MONEY) THREAD**

Questions for investors and lenders to ask management of companies

Recommended Questions	Report Key Takeaways
<p><b>Q.1</b>     <b>Question:</b> <i>What visibility do you have on your supply chain?</i></p> <p><b>Background:</b> Regulation such as the EU strategy for sustainable and circular textiles, the proposal for an EU Directive on corporate sustainability due diligence and New York's proposed Fashion Sustainability and Social Accountability Act, mean brands will need to have a fuller understanding of their supply chain. Our analysis has shown that investing in traceability systems can address these challenges whilst also providing a potential profit uplift from better management of operations.</p>	<ul style="list-style-type: none"> <li>• Different nodes of the textile supply chain show variations in terms of the major funding types and major funding providers.</li> <li>• Fibre and Fabric manufacture is associated with equity ownership via other corporates in the form of holding companies or larger conglomerates.</li> <li>• Garment manufacture and retail is associated with equity ownership via large institutional investors and family holdings.</li> <li>• Through their ownership, institutional asset managers can play their part in financing a just and equitable textile industry. They should adjust the way they support the funding needs of retailers and apparel manufacturers to push them towards sustainable behaviour.</li> </ul> <p>Click to view the report online</p>  <p>Disclaimer: <a href="#">click here</a></p>
<p><b>Q.2</b>     <b>Question:</b> <i>Is sustainability performance part of executive compensation targets?</i></p> <p><b>Background:</b> The evolution to a sustainable industry is a strategic key challenge. Management should be incentivised to lead this change. Compensation schemes should feature clear, quantitative targets on sustainability, with a material amount at risk and separate to performance on other metrics such as profits.</p>	
<p><b>Q.3</b>     <b>Question:</b> <i>What investment are you making into improving the environmental footprint of your supply chain?</i></p> <p><b>Background:</b> Much of the negative environmental impact of apparel manufacture occurs further back up the supply chain and thus outside of the direct control of retail brands. To move to a truly sustainable industry, fashion retailers and brands must pivot to invest in their supply chain partners. We believe these investments can be profitable in and of themselves, as well as improving the industry's environmental footprint.</p>	