



Sustainability Management Plan

“Better Living for Everyone”

The Children’s Place

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Purpose

This Sustainability Management Plan attempts to expand upon the previous management report (Assessment 1), which examined the organization's existing sustainability levels and was given to The Children's Place, referred to henceforth as TCP. This plan's guiding philosophy is to assure TCP's efforts are aligned with that of the 1987 Brundtland Commission Report to "meet the requirements of the present without compromising the ability of future generations to meet their own needs." Thus, when it comes to risk management and promoting innovation, the sustainability management team at TCP understands that investing in sustainability and accepting responsibility for a more sustainable future are both crucial. The purpose of this paper is therefore to promote "Better Living for Everyone."

The purpose of this Sustainability Management Plan is to offer TCP a comprehensive overview of multiple sustainability ideas that may be implemented throughout the company's worldwide activities in the apparel industry and across its various organisational divisions. Consequently, these activities would target TCP's Marketing, Supply Chain, Human Resource, and Operations organisational functions. The adoption of these recommendations for sustainability would also be emphasised and explored in terms of their organisational and stakeholder advantages. Furthermore, a timeframe and the required resources for implementing these sustainability initiatives would be considered. Finally, key performance indicators would be offered to monitor TCP's progress towards reaching these new sustainability goals.

Proposal 1: Marketing Function

The first proposal for TCP focuses on the company's Marketing Function. The given recommendation is based on a comprehensive review of TCP's marketing campaigns on its social media platforms, such as YouTube, Instagram, Facebook, and its website, which revealed that the company has failed to deliver considerable progress towards Social Marketing (SM) strategies to help promote its corporate initiatives and the environment via mass advertising. Kotler et al., 2002 helps us to understand SM with the given definition of:

“the use of marketing principles and techniques to influence a target audience to voluntarily accept, reject, modify, or abandon a behaviour for the benefit of individuals, groups, or society as a whole.”

(Kotler, et al., 2002)

Thus, developing and implementing SM initiatives would help influence TCP's current and potential customers to voluntarily modify any unsustainable behaviours and accept the promoted behaviour of sustainable consumption. The following is the recommendation proposed for the company:

- Recommendation

- 1) Increase SM Efforts for the Existing "Give Back Box" Programme to Support a Circular Economy.

This would promote circularity goals, MacArthur 2013, such as recycling and reusing by utilising multiple social media platforms and mass advertising. According to TCP's ESG report, in 2021 TCP chose GiveBackBox as its partner for its first circularity initiative. This project aligns with TCP's charitable mission and its goal of reducing its waste footprint. Thus, customers can donate gently used clothing to families in need. Additionally, this circularity initiative guarantees the recycling and reuse of cardboard boxes and poly bags. As a result, this is a comprehensive Corporate Social Responsibility (CSR) and environmental sustainability approach, in accordance with the GiveBackBox mission statement (Wiela, 2012).

- **Impacts, Time & Resources Required**

This proposal to improve mass marketing for the "Give Back Box" project would affect Finance and Human Resources. Adrian Sherman, Vice President of Environment & Social Responsibility at TCP, stated in the company's ESG 2021 report that the company conducted research on circular business models in the retail and apparel industries. He revealed that the firm has prioritised circularity from the outset by producing products with renewable material inputs that are durable and easily recyclable. Therefore, experience and abilities about such obstacles exist within the company. However, the problem at hand is the execution of social marketing activities by TCP's Senior Vice President of Marketing, Maegan Markee, and her team.

- **Potential Benefits**

Peattie & Peattie, 2009 presented possible benefits of integrating a SM strategy. The following are potential benefits for the above recommendation with regards to recycling and repurposing:

1) Focus on Consumer Awareness & Behaviour and De-Marketing Unsustainable

Behaviours- This marketing strategy educates consumers about sustainability and promotes sustainable consumption through recycling and repurposing of used goods. If TCP adopted the SM approach, it would assist in shifting customers' perspectives regarding social and environmental issues affecting society. The campaign should motivate and assist customers in prolonging product life.

- Stakeholder Benefits- SM can target consumers, the press, regulators, and affiliated groups. This opens the door to future partnerships with socially and environmentally conscious companies. In addition, it raises consumers' awareness of society's 'grand challenges,' as noted by George et al., 2016. Moreover, it's a chance to highlight the company's commitment to Sustainable Development Goals 12 and 13, Responsible Consumption and Production and Climate Action, respectively.

- **Key Performance Indicator/ Assessment Plan**

On 1 December 2022, these images were uploaded to the Facebook and Instagram accounts of TCP (see below). Notably, this was the only promotion of this CSR and environmental sustainability campaign on TCP's social media accounts throughout the entire fiscal year of 2022.

It could be interpreted from the results that the TCP did not reach its goal due to the absence of SM to raise consumer awareness and highlight the social and environmental benefits of the campaign. As such, the assessment plan in evaluating this marketing initiative would be:

- An Increase or Decrease in the Number of Donations Measured in Pounds.
- An Increase or Decrease in the Number of Cardboard Recycled Measured in Pounds.
- An Increase or Decrease in the Number of Boxes Shipped for Donations.



Proposal 2: Supply Chain Function

The second proposal focuses on the Supply Chain Function of TCP. According to the company's ESG report for 2021, TCP does not own any manufacturing plants. Instead, it depends on a vast network of overseas third-party vendors to manufacture its apparel, footwear, and accessories. TCP has written and released its Vendor Code of Conduct by Corporate Children's Place, 2019 to demonstrate its commitment to ethical and responsible business conduct. All TCP vendors are required to adhere to the established criteria. In the Vendor Code of Conduct, the following compliance criteria for third parties are addressed:

1. Transparency and Integrity
2. Compliance with Laws
3. Child Labour
4. Involuntary or Forced Labour, Slavery and Human Trafficking
5. Grievances, Discipline, Coercion, and Harassment
6. Discrimination
7. Freedom of Association and Collective Bargaining
8. Working Hours
9. Wages and Benefits
10. Safe and Healthy Workplace
11. Protection of the Environment
12. Facility and Cargo Security Measures
13. Management Systems and Continuous Improvement

The following is the recommendation proposed for the company:

- **Recommendation**

- 1) Increase factory audits in all locations where TCP conducts business from that of 83% to 100%.

This recommendation would help to maintain supply chain transparency and compliance with the Vendor Code of Conduct, hence mitigating the risk of any supply chain anomalies. According to the company's 2021 ESG report:

“we experienced a reduction in priority compliance findings and improvement of global factory compliance scores. Approximately 83% of our factories were assessed in FY21 according to our Vendor Code of Conduct through onsite audits. In FY21, the percentage of manufacturers in our “High Performance” and “Above Average” performance tiers had improved from 49% to 69%.”

(The Children's Place Environment, Social and Governance Report, 2021)

In March 2020, for example, Business and Human Rights Resource Centre revealed a compliance concern with Better Cottons, one of TCP's project partners for sustainable materials, in China's apparel industry. According to reports, the Better Cotton Initiative has discontinued its activities in Xinjiang, China, due to the region's high rate of labour breaches. In the clothing business, multinational brands, and retailers like as TCP wield greater control over production networks and supply chains than local manufacturers, according to Alamgir and Benerjee, 2019.

The study goes on to highlight the fact that despite international supply chains being viewed as driving forces of progress and reducing poverty in developing nations due to their ability to provide jobs for locals and boost economic growth, this is not always the case. Low salaries, poor working conditions, a lack of protections for workers and the environment, and discrimination are only some problems that arise from the uneven distribution of employment across national borders. Therefore, even if 83 percent of TCP's entire supply chain factories were

audited in 2021, this is unacceptable since irregularities could potentially sneak through the loopholes in the remaining 17 percent of its supply chain factories, which could lead to above outlined problems.

- **Impacts, Time & Resources Required**

This proposal would have a financial impact on the organization, as budgets would need to account for changes in staffing for internal quality assurance, responsible sourcing, and/or third-party specialist audits. Such an increase in factory audits would prove costly, as facility visits are normally not inexpensive. In addition, after every audit, corrective measures must be arranged to address those concerns of noncompliance detected during the factory review as explained by an annual report of TCP for the United States Securities and Exchange Commission Washington D.C, 2020.

- **Potential Benefits**

An increase in factory audits from 83% to 100% across all jurisdictions where TCP conducts business will benefit the company and its retail brand as a champion for compliance. It would demonstrate TCP's unwavering dedication to the United Nations' 2015 Sustainable Development Goals, with a focus on Goals 8, 9 and 10: 'Decent Work and Economic Growth', 'Industry, Innovation, and Infrastructure', and 'Reduced Inequalities', respectively.

- **Key Performance Indicator/ Assessment Plan**

For the fiscal year 2023 this recommendation can be assessed by the following key performance indicator:

- An increase or decrease in the number of factory audits.
- The following is the company's current evaluation strategy for monitoring compliance, as supplied by TCP's ESG report for 2021 and should be used to help with the proposed recommendation.



REGULAR AUDITING

We audit all vendors against our Vendor Code of Conduct, with the Responsible Sourcing team conducting further investigation if any allegations arise



CERTIFICATIONS

We require an annual certification from vendors that certifies compliance with specific requirements around forced labor prohibitions, raw material sourcing and the Xinjiang, China region.



SUPPLIER SCREENINGS

We conduct regular internal and third-party screening of all suppliers against companies named in the OFAC sanctions list, U.S. Commerce List and media articles.



VENDOR TRAINING

We have developed a training program to provide vendors with information on forced-labor indicators and prevention of forced labor in the supply chain.

Proposal 3: Human Resource Function

This section aims to improve the functioning of the Human Resource department at TCP. Here, proposal number three concentrates on promoting and maintaining diversity in the workplace and empowering employees through social sustainability training courses. The following are the recommendations proposed for the company:

- **Recommendations**

- 1) Maintain an Industry-leading Level of at least 85% Female Representation and at Minimum 55% Female Presence in Corporate Leadership Roles.
- 2) Significantly Increase the Black Ethnicity Representation from 3% to at least 20 % within its Corporate Leadership Roles.
- 3) Implement Learning and Development E-Learning Courses for Corporate Leaders and Managers to Promote Environmental Sustainability Awareness.

The below image depicts ‘Gender Representation’ of TCP’s workforce in the United States for 2020 and 2021, illustrated in its Environmental, Social and Governance report for 2021:

GENDER REPRESENTATION		2021	2020
OVERALL	Women	87%	87%
	Men	13%	13%
SENIOR LEADERSHIP	Women	50%	50%
	Men	50%	50%
CORPORATE LEADERSHIP	Women	57%	51%
	Men	43%	49%
STORE MANAGEMENT	Women	91%	90%
	Men	9%	10%
PROMOTIONS OVERALL	Women	93%	90%
	Men	7%	10%
PROMOTIONS CORP. LEADERSHIP	Women	61%	54%
	Men	38%	46%
PROMOTIONS STORE MANAGEMENT	Women	96%	90%
	Men	4%	10%
NEW HIRES OVERALL	Women	89%	87%
	Men	11%	13%
NEW HIRES CORP. LEADERSHIP	Women	45%	31%
	Men	55%	69%
NEW HIRES STORE MANAGEMENT	Women	86%	90%
	Men	14%	10%

The below image depicts the ‘Racial/ Ethnic Diversity’ at TCP’s workforce in the United States 2020 and 2021, illustrated in its Environmental, Social and Governance report for 2021:

RACIAL/ETHNIC DIVERSITY		2021	2020
WHITE	All Employees	33%	36%
	Corporate Leadership	62%	66%
	Store Management	52%	52%
	New Hires	28%	30%
	Promotions	36%	38%
ASIAN	All Employees	3%	3%
	Corporate Leadership	23%	20%
	Store Management	2%	1%
	New Hires	2%	2%
	Promotions	3%	3%
BLACK	All Employees	24%	23%
	Corporate Leadership	3%	3%
	Store Management	15%	17%
	New Hires	34%	30%
	Promotions	18%	22%
HISPANIC	All Employees	36%	34%
	Corporate Leadership	10%	6%
	Store Management	28%	26%
	New Hires	31%	33%
	Promotions	39%	31%
OTHER MINORITIES	All Employees	4%	4%
	Corporate Leadership	3%	5%
	Store Management	3%	4%
	New Hires	5%	5%
	Promotions	4%	6%
ALL MINORITIES	All Employees	67%	64%
	Corporate Leadership	39%	34%
	Store Management	48%	48%
	New Hires	72%	70%
	Promotions	64%	62%

- **Impacts, Time & Resources Required**

These three recommendations would have a favourable effect on the whole firm. This plan would not necessitate a significant financial investment from the firm. To implement these recommendations, the Human Resource function would continue to recruit and educate women and African Americans to embody the TCP's organisational objectives. Additionally, the Sustainability team would be able to provide ideas for the new E-Learning Courses to build Environmental Sustainability Awareness. This proposal is an ongoing approach all on its own.

- **Potential Benefits**

According to Urbancová et al., 2020, a diverse workforce encourages new thinking and creativity among people and teams within an organisation. In addition, the study reveals that diversity may give firms a competitive advantage, which is why diversity management has become an integral component of human resource management. Thus, building a firm with a diversified internal stakeholder base has a favourable effect on its reputation in the community and provides a competitive edge over other apparel brands.

TCP's ESG 2021 report states that more than 85 percent of TCP's customers are female. Therefore, the company must strive to preserve its high level of gender diversity statistics by employing women in corporate leadership and management positions. This demonstrates that the firm accurately reflects its client base which is relevant to influencing factors for achieving performance improvement, Owa, 2022.

As such, recommendations one and two aim to support the United Nations Development Programme 2015 SDG Number 8 in '*promoting sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all*'.

In conclusion, Baden and Parkes 2013 highlight a potential benefit of recommendation three, which is to increase learning and development courses to help promote environmental sustainability awareness for leaders and managers. This would enable them to establish meaningful connections with global sustainability issues like climate change, biodiversity loss, ethical concerns, and the widening gap between affluent and underprivileged regions.

- **Key Performance Indicator/ Assessment Plan**

These three recommendations as given and explained above can be easily evaluated over the fiscal year 2023. The key performance indicators are:

- An Increase or Decrease in the Number of Women Hired.
- An Increase or Decrease in the Number of Women Promoted to Corporate Leadership Roles.
- An Increase or Decrease in the Number of African Americans Hired.
- An Increase or Decrease in the Number of African Americans Promoted to Corporate Leadership Roles.
- Number of E-Learning Courses Developed for Managers and Leaders about Environmental Sustainability Awareness.

Proposal 4: Operations Function

This part concludes with an emphasis on enhancing TCP's Operations function. Even though the retail sector is one of the top ten most carbon-intensive industries in the world, Ana et al., 2019. Given that TCP neither owns nor operates any production facilities, the focus here would be on enhancing operations at its stores and warehouses in the United States of America. The preceding proposals concerning the Supply Chain function of TCP would bring further sustainable solutions to TCP's current sustainability levels. Therefore, this section would not concentrate on the company's worldwide supply chain operations. The following are the recommendations proposed for the company:

- Recommendation

- 1) Reduce Energy Consumption for Stores, Warehouses and Offices by Investing and Installing Solar Technologies for Efficient Operations.

- Impacts, Time & Resources Required

The proposed recommendation to reduce greenhouse gas emissions and energy usage for more efficient operations targets the company's retail locations, distribution centres, and headquarters. TCP declared a decrease in greenhouse gas emissions and energy usage in its ESG 2021 report, however this was only achievable due to the coronavirus and the company's fleet optimization programme, which caused the closure of almost 250 outlets. Consequently, TCP's operations require an extension of its energy efficiency initiatives.

Furthermore, procuring, and installing solar technologies would have a significant impact on the company's short-term expenses and might require a considerable amount of time but can be accomplished within the 2022 fiscal year. Currently, there are 672 stores in the United States and Canada, and its headquarters located in New Jersey, USA. According to Usher 2019, such renewable energy project necessitates a substantial up-front capital investment for equipment and project development. However, the organisation would benefit in the long run from solar technology's ability to convert sunshine into electrical energy using photovoltaic panels. Since sunlight is free, renewable energy systems require very little expenditure for continual operation and upkeep.

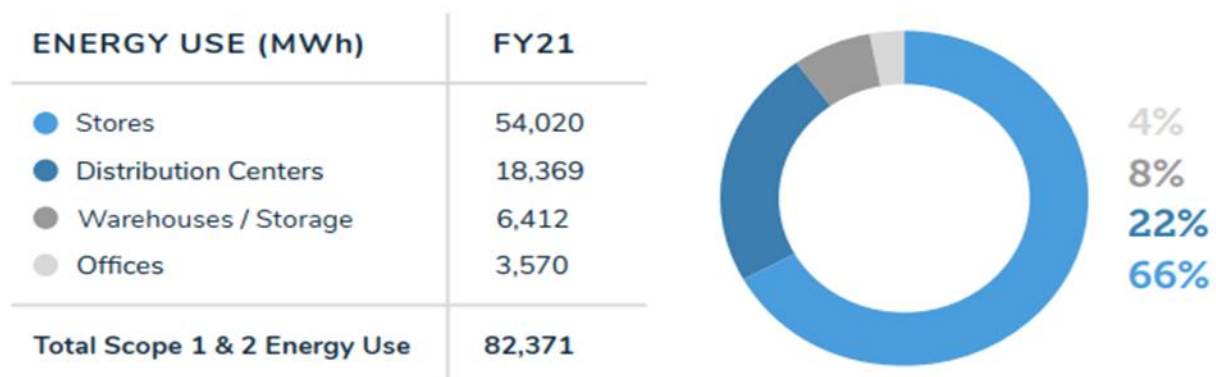
- **Potential Benefits-** The following benefits were described by Usher, 2019:
 - 1) Electricity produced and stored by a company's solar project can be presold to the utility buying the electricity through a power purchase agreement at a set price for the life of the project, which can result in high cash flows over a long period of time.
 - 2) Solar projects typically provide power for at least 25 years, which makes renewable energy projects suitable for capital-raising because of their long-term revenue flow.

- **Key Performance Indicator/ Assessment Plan**

The key performance indicators for the above recommendation are below and should be used in comparison to 2021 fiscal year energy use by facility.

- Energy Use (MWh) for Fiscal Year 2023 (Stores, Distribution Centres, Warehouses and Offices) after Installing Solar Technologies.
- Number of Facilities with Operational Solar Technologies for Energy Use.

FY21 ENERGY USE BY FACILITY



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