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Australian retailer David Jones targets slavery-free supply chain

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As Australian department store chain **David Jones** moves towards an ethical, slavery-free supply chain, it is looking to bring others along for the ride.

With 1,600 brands under its roof, the retailer is well placed to be a "helper, leader and encourager", as then CEO Iain Nairn put it on launching a new ethical strategy last year. David Jones' ambition is for 100 per cent of its products to be ethically sourced and made. This includes electronics and cosmetics, as well as fashion, which makes up 65% of its business.

Nairn did not mention a timescale for achieving that goal, but launched a five-year ethical sourcing program and supplier code of conduct. The programme includes the appointment of a new ethical sourcing team, a traceability project, supplier roadshows, an obligation for new suppliers to sign up to the chain's values, and regular stakeholder updates.

David Jones' ethical sourcing manager Jaana Quaintance-James believes boycotting unethical suppliers is generally unhelpful. "Many companies freak out when they discover things that clearly don't align with their values," she says.

"I am quite strongly of the view that we need to be working with those suppliers to effect change. Cutting and running, just breaking off the relationship with your supplier, actually reduces the impact you can have – it means you have no voice. We would... work with that supplier over a period of time to try and implement change."

David Jones, Australia's second-largest department store chain, was rated F overall (the lowest possible) in Baptist World Aid Australia's 2013 Australian Fashion Report on worker exploitation. *By April last year it had progressed to C-*. The chain is now on track for an A-rating, according to Baptist World Aid advocacy manager Gershon Nimbalkar. "They're going to expect the brands in their stores to also comply to their code," he says. "That's a huge step up, and one which we haven't seen many companies take."

That overall A-rating still requires some hard yards. As with many companies, David Jones' policies scored well in the report (its stance on the abolition of forced labour was A-graded) but its practices lagged. It scored only 0 to 25 per cent on traceability, monitoring and enforcing a living wage, with scores predictably dropping furthest towards the raw-materials end of the supply chain. It was also rated F on training auditors and factory managers to identify human trafficking, child labour and forced labour.

Luckily David Jones' AUS\$2.1bn takeover by *Woolworths South Africa* in late 2014 revitalised both the company's ethical and business strategies. Nairn was appointed after the takeover. He unexpectedly gave way to John Dixon late last year, but was credited with turning DJs around, having declared himself shocked by its archaic systems early last year.

David Jones already stocks ethical brands such as Ginger & Smart, Nobody Denim and Jets Swimwear, and last year became the first department store to sign up to top designer Kit Willow Podgornik's ethical KITX label. Through Woolworths Holdings, the chain is a signatory to the United Nations Global Compact, which includes principles on human rights and labour standards. It has also signed up to the Responsible Sourcing Network's Cotton Pledge, which involves taking substantial steps to avoid sourcing cotton from Uzbekistan, where the crop is harvested through regime-sanctioned forced child and adult labour.

Quaintance James has spoken of increased pressure from consumers, investors, NGOs and the media on ethical labour issues. "Many businesses in Australia have a lot of work to do in this area," she says. "If you look at the UK and Europe, brands and retailers are ahead in managing these issues and applying the strategies and resources needed."

As part of her role on the Attorney-General's Department Supply Chains Working Group, Quaintance James commented on the challenge facing David Jones in an Australian Human Rights Commission report released last month, *Human Rights in Supply Chains*.

"There are five steps, sometimes more, back in the cotton supply chain," she said. "Behind the factory is a mill, dyeing, spinning, and cotton ginning. Behind that, there's a market and then there is a farm. Multiply that by different products and suppliers. It's very complex and that's only for cotton products."

"One of our big challenges is complex information management... Even if I have all the information about locations and products, how do I manage that volume of data? It changes every day, and any data solution has to be live and responsive."

Quaintance James also elaborated on a possible route forward for Australia: "There are five types of policy response being considered by [the working group]: regulation, co- and quasi-regulation, economic instruments, voluntary instruments and awareness raising. The quasi- and co-regulation options are the most meaningful for me because we forget that until not long ago many companies had their heads in the sand, and it's not that they're not tackling these issues because they are bad people, but because they don't know how to address them – so a regulatory response is almost too hard a response."



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