

PGDM, 2019-2021

Responsible Business

Subject Code: IB 207

Trimester –II, End Term Examination: December 2019

Time allowed: 2 Hrs 30 Min

Max Marks: 50

Roll No _____

Instruction: Students are required to write Roll No on every page of the question paper, writing anything except the Roll No will be treated as **Unfair Means**. In case of rough work please use answer sheet.

Section A: 30 Marks

Q1What are some of the important challenges for Global Supply Chains of Businesses. How can businesses align their strategies for sustainable and inclusive development? (CILO 1, 2 &4)

OR

Q1*What is Climate Change and some of its most disastrous impacts. Highlighting the risks which Businesses are prone to, explain the strategies they can adopt to cope up. (CILO 1, 2 &4)

Q2. The Indian Government has undertaken one of the most radical step in the world that of mandating CSR activities for companies meeting a certain criteria set by it. Explain the important provisions of the CSR Law as in the section 135 of the Revised Companies Act 2013. (CILO 3)

OR

Q2*Write brief descriptions about i) UN Global Compact ii) Sustainable Development Goals 2030 (CILO 3)

Q3. What is the role of Business in upholding Business Ethics and Human Rights? Explain giving examples. (CILO 2&4)

OR

Q3*The Modern forms of slavery are prevalent deep down the supply chains of several Business Value Chains. Explaining the various kinds of modern slavery practices, comment how the UN Guiding Principles on Business and Human Rights seeks to address the challenge. (CILO 2&4)

Section B: Case Study (20 marks)

Imagine a pair of trousers you could throw on the compost. After years of use, they could decompose among the eggshells and tea bags to leave behind nothing but some fertile soil to help grow new raw materials. It takes the circular economy to a whole new level.

This is the idea behind F-ABRIC, a range of materials developed by Swiss company Freitag. Until recently, Freitag's only line of business was making bags out of old truck tarpaulins.

While natural fibres like cotton will compost over time, synthetic fibres like polyester won't, and natural fibres are often blended with synthetic. Looking for sustainable workwear for its 150-strong workforce, Freitag's owners were disappointed by the fabrics on offer, so they developed their own. The company now has a range of sustainably produced and compostable material made in Europe, from broken twill to make trousers, to a jersey fabric for t-shirts. It has also patented the design for buttons that can be screwed off and reused.

The fact that it is biodegradable does not make the fabric any less hard-wearing, says one of the founders, Daniel Freitag. "There is a misunderstanding over what biodegradability means. The whole biodegradation process needs certain conditions. So it won't disappear while you are wearing it; it won't disappear in your washing machine." There are industrial composting facilities, but Freitag tested its material in a household compost bin and the workwear was broken down completely within three months.

* Freitag is not the only company looking to microorganisms for inspiration. German design studio, Blond & Bieber is using microalgae as a sustainable fabric dye. The pair have dubbed their project Algaemy, a textile printer that produces its own, fast-growing pigment.

Essi Johanna Glomb, head of design at Blond & Bieber, says: "The colours for dyes are extremely toxic and really harm the people working with them and also nature. The pigments that we are using are made of microalgae, so that means it's a totally natural resource. It doesn't harm nature; we can grow it ourselves, so you don't have any over-production; and this material is already there and is unused."

Perhaps most intriguingly, the colours change dramatically over time, from pink to bright orange, for example, or green to blue.

The Algaemy collection uses algae-based fabric dye. Photograph: Lukas Olfe/Blond & Bieber

Algaemy is still in development, with large-scale commercial production some way off. Innovations in sustainable fabric production and processing are entering the mainstream, however, with more and more mills developing sustainable methods.

Big brands slow to innovate

Growth in this area could be seen at the Future Fabrics Expo in London, which showcases sustainable textiles being developed at a commercial level. The Sustainable Angle, the not-for-profit which launched the expo in 2010, said last year's exhibition was the biggest yet, showcasing more than 1,000 fabrics with a reduced environmental impact.

While recent progress is encouraging, the fashion industry has been slow to innovate in this area. Lizzie Harrison of SustainRCA, a research hub within the Royal College of Art, says: "Up to this point, it's fair to say that most of the fashion industry has been directed by compliance rather than innovation. So they have done what they have had to do rather than taking sustainability as a springboard to do something very exciting." She says sustainability tends to sit in the corporate social responsibility arm of fashion companies, far from the design department. "That presents a real challenge in terms of bringing sustainable innovation into the heart of an organization."

Freitag says larger companies also have a public relations quandary over sustainability; as soon as they introduce a "sustainable" t-shirt, customers start questioning the sustainability of the rest of their collection. "Big brands struggle in telling that story," he says. "The real innovations are often in small brands, which start completely from scratch and don't have the burden of a history or a production chain."

Larger companies may change their ways as consumers start demanding better, more sustainably produced fabrics. Freitag says he sees growing concern among consumers about the materials they are wearing and how they were produced. "The first issue was food. You eat it, so if you can afford it you start to really think, 'what am I eating?' I think clothing is the next step; you have it on your skin."

But research suggests concern does not always translate into buying decisions. Harrison explains: "We like to think we will buy a sustainably sourced t-shirt but a lot of those values get suppressed in the moment of buying. I don't think it's fair to say we've turned a corner."

Q1. What issues of responsible business has the company in the above case able to address. Analyse.

Q2. When you visit a mall to buy clothes or when you buy apparels online, are there any issues of business ethics that bother you? How responsible and sustainable is the global textile industry in your view? What according to you are some of its most undesirable practices?