

Weaving a Sustainable Future

By Eric Collins

Teresa Yang is Vice Chairman of Esquel Group, a knowledge-based textile and apparel business, and member of the College International Advisory Board. Teresa is responsible for Esquel Group's strategic planning and serves as Chairman of the Hong Kong Research Institute of Textiles and Apparel.

The textile industry, a global behemoth often taken for granted by fashion conscious consumers, carries a complex and sometimes troubled legacy. Since the mid-19th century, it has been synonymous with mass production often at the expense of environmental sustainability and worker well-being. From the polluting processes of dyeing and finishing to historically exploitative labour practices that have plagued parts of the supply chain, the industry has faced intense scrutiny and calls for radical reform.

Esquel Group, a vertically integrated Hong Kong-based textile manufacturer, stands as a counter-narrative, a company actively reshaping its industry through a commitment to sustainability, innovation, and the cultivation of a wellness-conscious mindset within its workforce. This journey, described here by Vice Chairman Teresa Yang, offers a case study in the challenges and rewards of building a sustainable business model in an historically problematic sector.

Teresa Yang's vision transcends mere corporate social responsibility; it is deeply embedded in Esquel's corporate culture.



"In whatever we do, we are guided by our 'eCulture,' Ethics, Exploration, Environment, Excellence and Education. I would say they are all equally important."

This holistic approach underscores Esquel's commitment to responsible business practices, extending beyond compliance with regulatory requirements. The environment has always been a concern, and new technologies can help reduce the amount of damage to the environment.

"Our work with wastewater treatment facilities started a whole series of other research that eventually resulted in us going waterless with the dyeing process."

Teresa emphasises that Esquel's proactive stance on sustainability stems not from a reactive response to external pressures.

"I honestly don't like the word 'compliance.' If you know your business well enough, you should really know what is needed. Not to be told that you need to do this."

Wellness and the Workforce

The concept of "wellness" is a core tenet of Esquel's sustainability strategy, linked to its environmental and ethical commitments. Teresa highlights the evolution of the company's workforce, transitioning from a predominantly migrant worker base to a more settled, local workforce.

The sustainability journey began in the early 1990s, when Esquel established its major production base in China. This period presented a significant turning point, a moment where the company could have followed the conventional path of prioritising short-term gains over long-term sustainability.

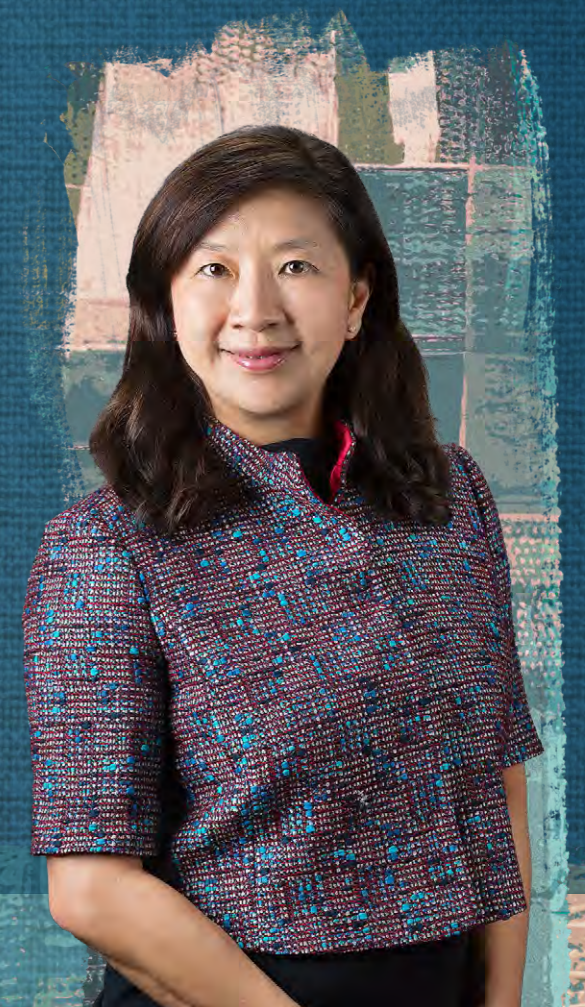
"If you look at the history of our industry, when we first started in 1978, most of our production operation was outside of China. We manufactured in countries such as Malaysia, Sri Lanka, Mauritius, even all the way to Jamaica, and often with Chinese labour."

"The mostly female migrant workers would want to go home after perhaps reaching the age of 25, often to get married. Eventually we learned that this was not a very sustainable business model because nobody is looking into the long term."

An opportunity presented itself in 2005 when China entered the World Trade Organization, putting an end to quota restrictions. At the same time, changes were afoot inside China.

"In the past, most of the manufacturing was concentrated in the Pearl River Delta or Yangtze River Delta area, predominantly utilising migrant workers from regions such as Hunan and other areas. Today, every single province has their own establishments, and so nobody is willing to work outside of their hometown if there is an option. So, nowadays, we are retaining a more mature workforce who have become more like stakeholders."

This shift has fostered a stronger sense of community and engagement. Employees are no longer seen as simply a labour resource, but as stakeholders invested in the company's long-term success. This change opened a focus on employee wellness, encompassing both physical and mental health. Esquel recognises that a healthy and engaged workforce is essential for productivity, innovation, and the overall success of the company, creating a virtuous cycle where employee well-being directly contributes to the company's sustainability goals.



Going Waterless

The commitment to environmental responsibility translated into significant and sustained investments in research and development. Esquel poured substantial resources into developing waterless dyeing technology, a groundbreaking innovation that effectively eliminates wastewater production in the dyeing process.

“Our corporate culture led us to look for solutions. That’s where we first started looking at wastewater treatment facilities, and in the end moving to a waterless dyeing process.”

“Historically, that technology was available for synthetic fabrics, but it posed a significant challenge to be adapted for cotton,” she said. “The R&D took more than a decade.”

This proactive approach has not only established Esquel as a leader in wastewater treatment within the textile industry but has also transformed an historically polluting process into an environmentally friendly one, setting a new benchmark for the sector.

A Transparent Supply Chain

Esquel’s commitment to traceability and transparency is another aspect of its sustainability strategy. The company works to ensure that its supply chains are ethical and environmentally responsible, providing consumers with greater visibility into the origins of its products.

“We have worked progressively backwards down our own supply chain. We started with garment sewing, and then gradually moved into spinning, dyeing and finishing in the 1990s. We started using extra-long staple cotton from Xinjiang. Then we could really look at a much longer-term horizon.”

This commitment to transparency builds trust with consumers and strengthens Esquel’s

position as a leader in sustainable textile manufacturing, demonstrating a commitment to accountability and ethical sourcing.

Learning through Conversations

Teresa Yang’s leadership style is integral to Esquel’s success. Instead of relying on a purely top-down approach, she fosters a culture of open communication, collaboration, and shared responsibility, both within and beyond the company. This ensures that innovation isn’t solely driven by management but emerges from the collective intelligence of employees at all levels.

“Innovation emerges from the collective intelligence of employees at all levels”

“Everybody understands what we mean by ‘moving forward.’ We are not just looking for faster or cheaper options. We are not necessarily looking for a return ahead of investing into R&D.”

The company actively solicits input from various departments, encouraging the development of long-term, sustainable solutions. This inclusive approach is further amplified through the “Integral Conversations,” an annual platform that for the last 11 years has been bringing together people from various industries to share ideas and inspire innovation in sustainable practices at Integral, Esquel’s sustainable development garden in Guilin.

“We find like-minded people from different industries, who are also looking for new operating models, to get together, share ideas and inspire one other.”

External collaborations expand Esquel’s knowledge base, accelerate its progress towards a more sustainable future, and foster a sense of shared purpose beyond the confines of the textile industry, creating a network of collaborators dedicated to shared goals.

The Advent of AI

In the past Esquel used to make a lot of physical samples.

“Designers like to come up with a lot of different ideas. But then they also like to see how these will turn out as physical products. Previously there was a lot of wastage, but nowadays Esquel’s AI software helps designers come up with a lot more varieties. This is also a more economical process.”

The changing demographics of Esquel’s workforce has also meant a shift in training and development. While dexterity in operating machinery remains important, the focus has broadened to include training on automated facilities, data analysis, and AI tools.

“Today, when we provide training, it’s often about understanding how to operate automated facilities. Workers are no longer

afraid of operating something that is like a smartphone. So, we no longer focus solely on hand-eye coordination, and how fast a task can be performed.”

This approach demonstrates Esquel’s commitment to adapting its operations to meet the evolving needs of its workforce, fostering a culture of continuous learning and growth, and ensuring that employees are equipped with the skills needed to thrive in a rapidly changing technological landscape. The investment in human capital is a crucial element of Esquel’s long-term sustainability strategy.

Esquel’s journey highlights the transformative power of integrating sustainability, innovation, and wellness. The company’s success is not solely measured by financial metrics but by its positive impact on the environment, its employees, and the wider community. The story underscores the importance of a holistic approach to business, where ethical considerations, environmental responsibility, and employee well-being are not viewed as separate entities but as interconnected pillars of sustainable growth, reinforcing each other and creating a synergistic effect.

