

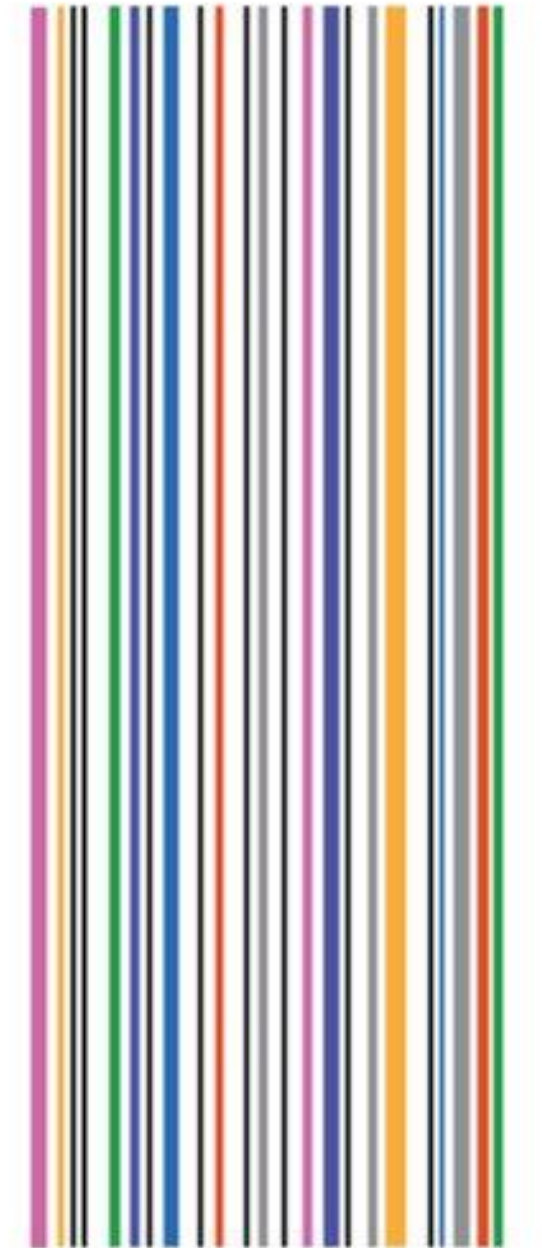
# KEY FINDINGS: Relevant regulations, policies and experts' in depth interviews

Multi-Stakeholder Policy Dialogue: Accelerating action for  
Sustainable and Circular Value Chains in Garment &  
Footwear

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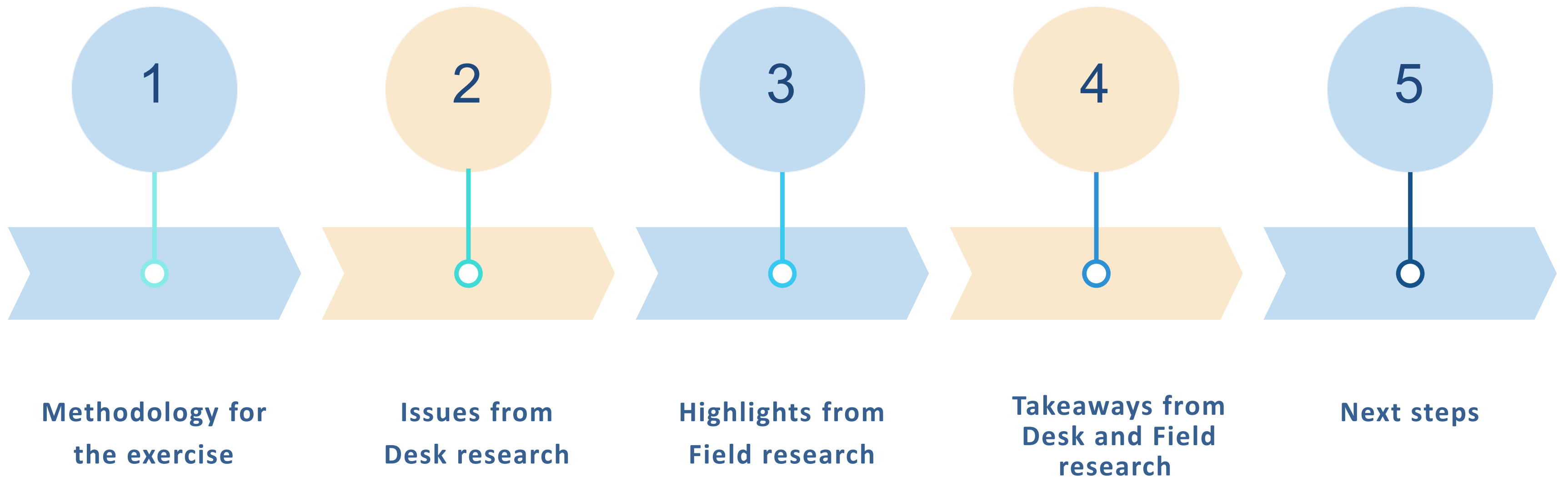
27 | 04 | 2020, WebEx-teleconference



UN / CEFAC



# CONTENTS



Annex: Mapping of supporting policies, regulations and legislation for the Policy Recommendation

# 1. Methodology for the exercise

## a) Desk research: mapping of the policies, regulations and guidelines for transparency and traceability

Activity	Status
Mapping of policies, regulations and global guidelines for transparency and traceability	<i>Ongoing</i>
Drafting of the <i>complete Report and Policy Note</i>	<i>Ongoing</i>

## b) Field research: in-depth interviews with experts

3

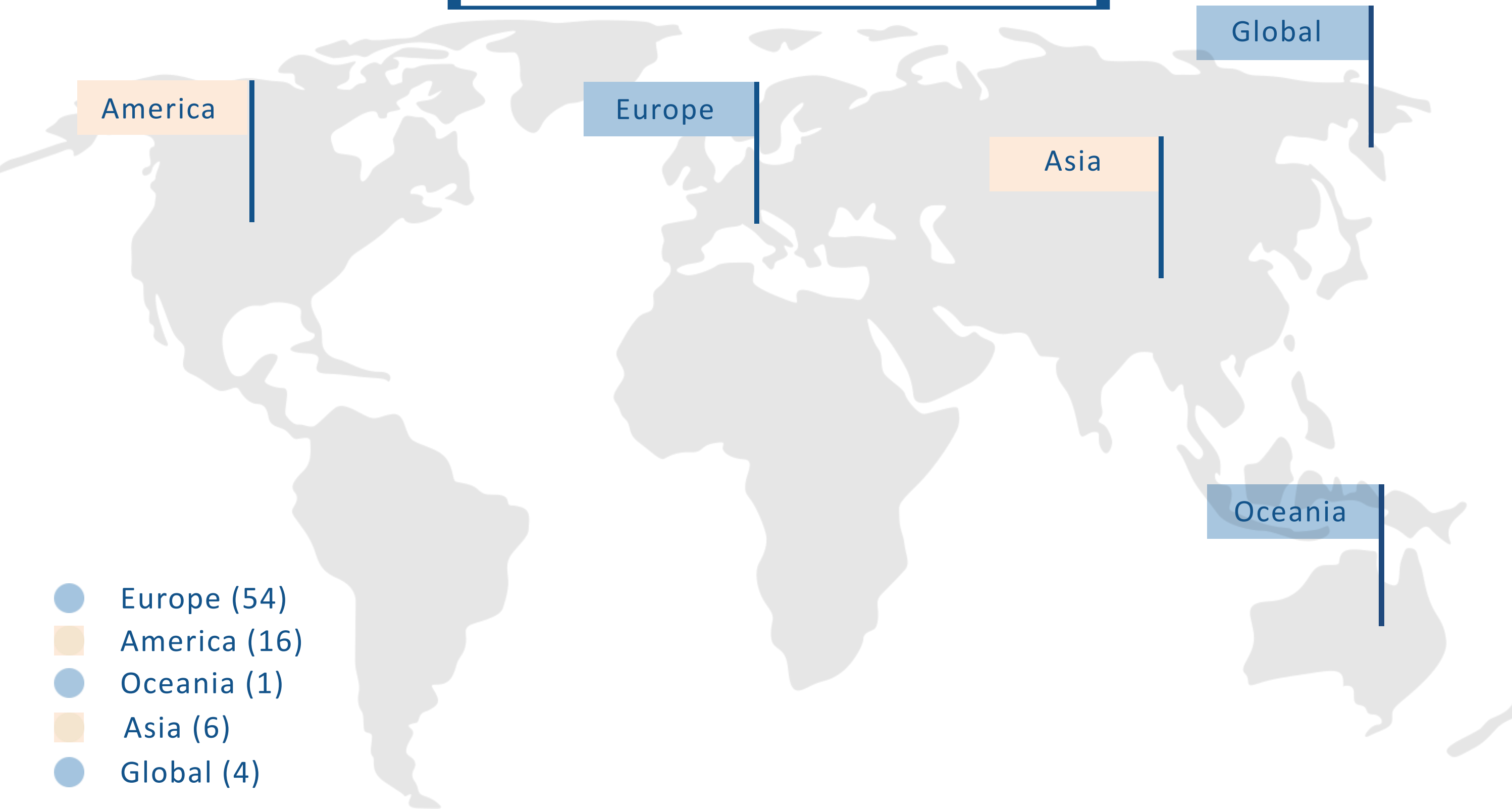
Activity	Status
Defining key questions for the interviews with experts	<i>Completed, thank you for your support</i>
Carrying out interviews	<i>To be completed very soon</i>
Drafting of the <i>complete Report</i>	<i>Ongoing</i>

## 2. Issues from Desk research

Desk research in depth methodology: mapping of the Policies, Regulations and Guidelines for transparency and traceability

# 81 Policies, Regulations and Guidelines Mapped

### Geographical Areas Considered



- Europe (54)
- America (16)
- Oceania (1)
- Asia (6)
- Global (4)

### Industries considered



## 2. Issues from Desk research

Desk research in depth methodology: mapping of the Policies, Regulations, Guidelines for transparency and traceability

CROSS-INDUSTRY	GARMENT AND FOOTWEAR	AGRI-FOOD	FISHERY PRODUCTS	TIMBER	MINERALS
French Anti Waste Law 2020	EU Textile fiber name Regulation No. 1007/2011	EU Food Law Regulation 178/2002	EU Fishery Products Regulation 1379/2013	US Lacey Act 1900	EU Conflict Minerals Regulation No. 821/2017
Australian Modern Slavery Act 2018	OECD Due Diligence Guidance (2017)	Chinese Food Safety Law 2015	EU Fishery Information 2065/2001	Japanese Clean Wood Act 2017	US Dodd Frank Act 2002

### TABLE

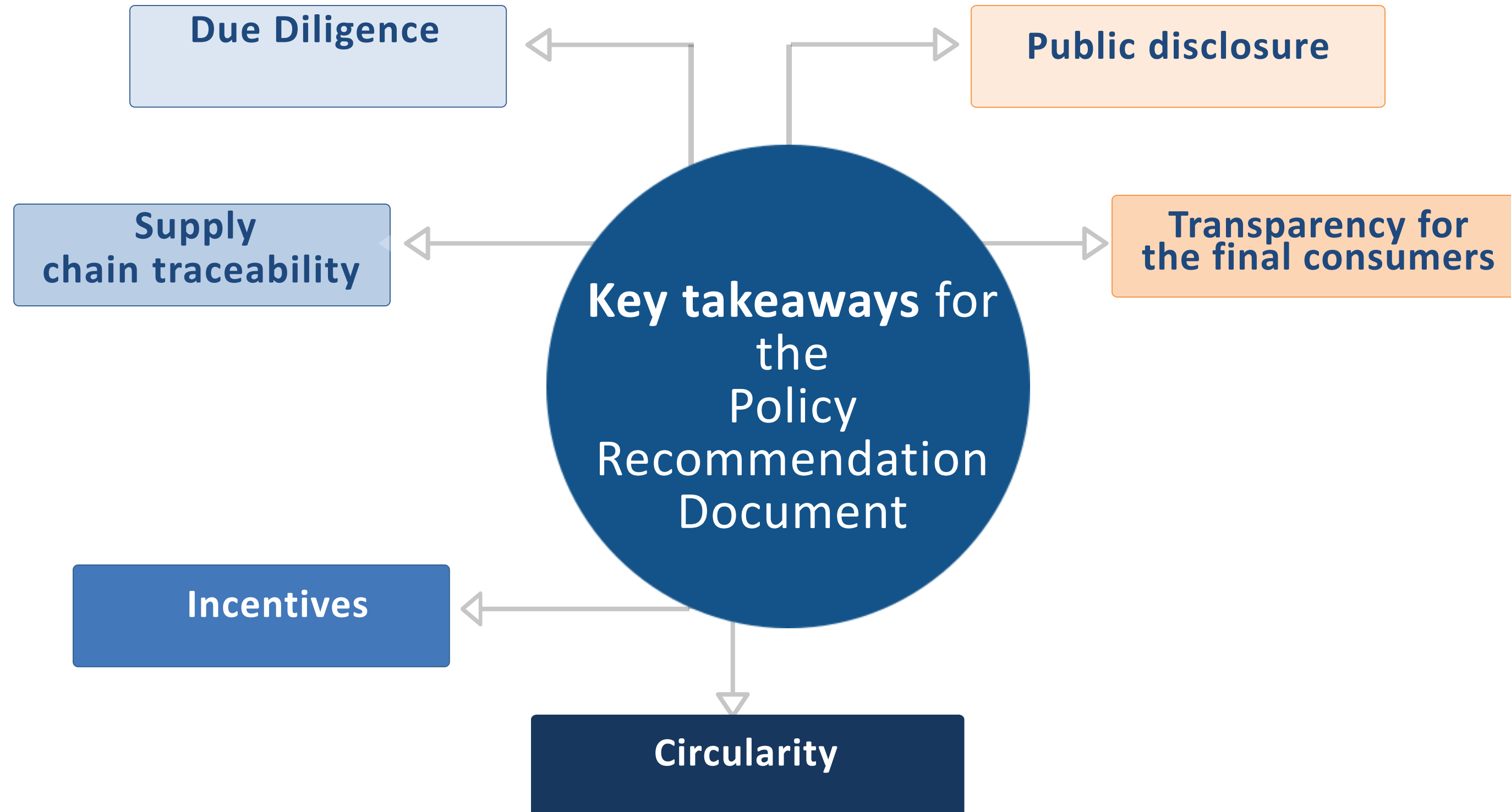
1. Title
2. Description
3. Provisions and contents relating to transparency and traceability
4. Source
5. Notes



Mapping of supporting policies, regulations and legislation for the Policy Recommendation

(draft April 2020)

## 2. Issues from Desk research



### 3. Highlights from Field research

In depth methodology for in-depth interviews with experts

Interviews carried out from February-April 2020  
- 45 minutes

35 Multi-stakeholder  
in-depth interviews

Garment and footwear experts  
Other industries experts

2 versions

- Vision, regulatory objectives, needs and expectations
- Accountability, distribution of costs and role of technology
- Standardisation of reporting methods and role of certification
- Identification of best practices, lessons learned and final suggestions

27 questions  
4 sections

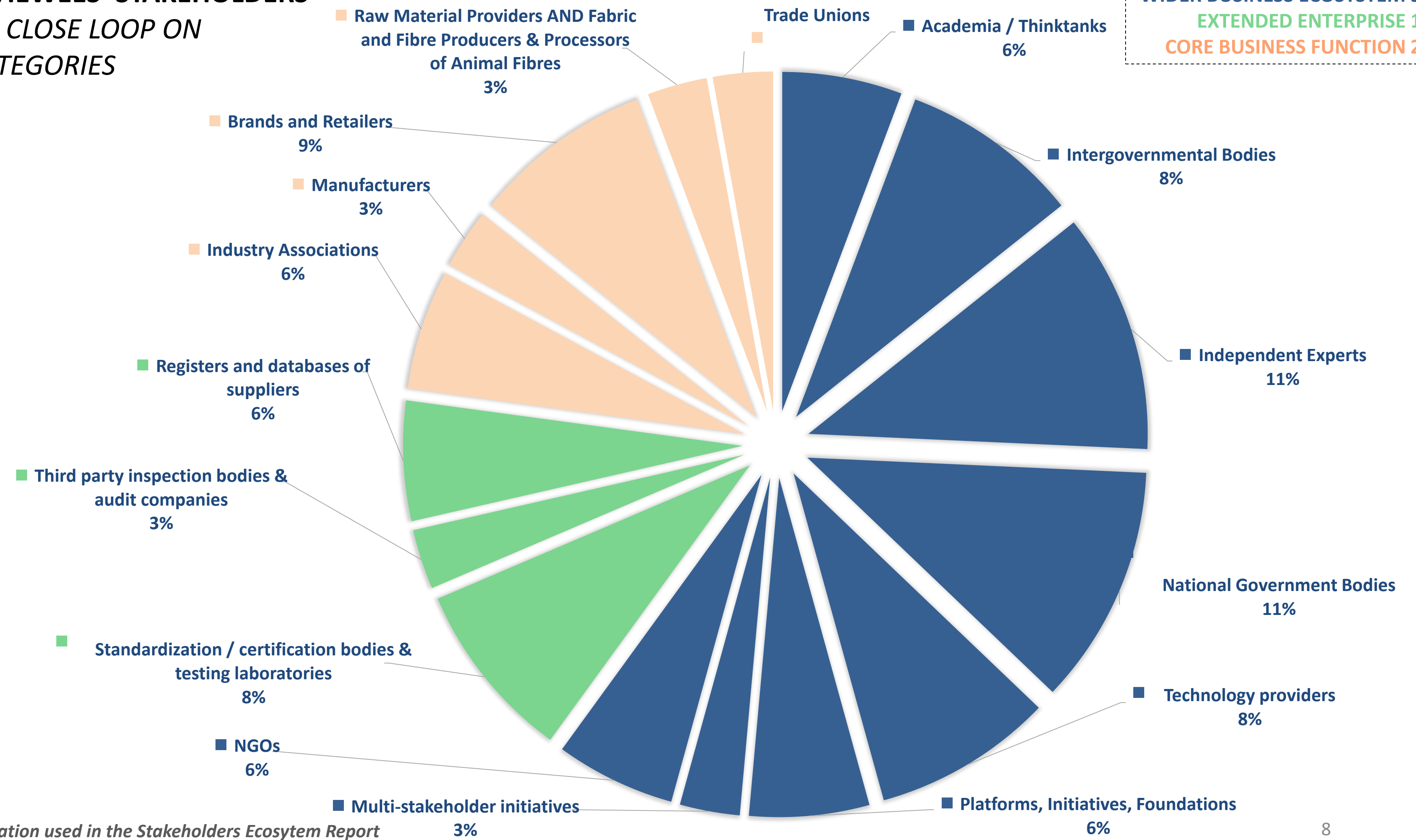
Reflected in  
the Policy Recommendation

Input

# INTERVIEWEES' STAKEHOLDERS

TYPES: *CLOSE LOOP ON SUBCATEGORIES*

**WIDER BUSINESS ECOSYSTEM 59%**  
**EXTENDED ENTERPRISE 17%**  
**CORE BUSINESS FUNCTION 24%**



\*Categorisation used in the Stakeholders Ecosystem Report



# 3. Highlights from Field research

Q3 What is the value of a traceability and transparency system to the supply chain stakeholders you work with?

Brands/  
Retailers

Consumers/  
Citizens

VALUE OF  
TRANSPARENCY  
AND TRACEABILITY

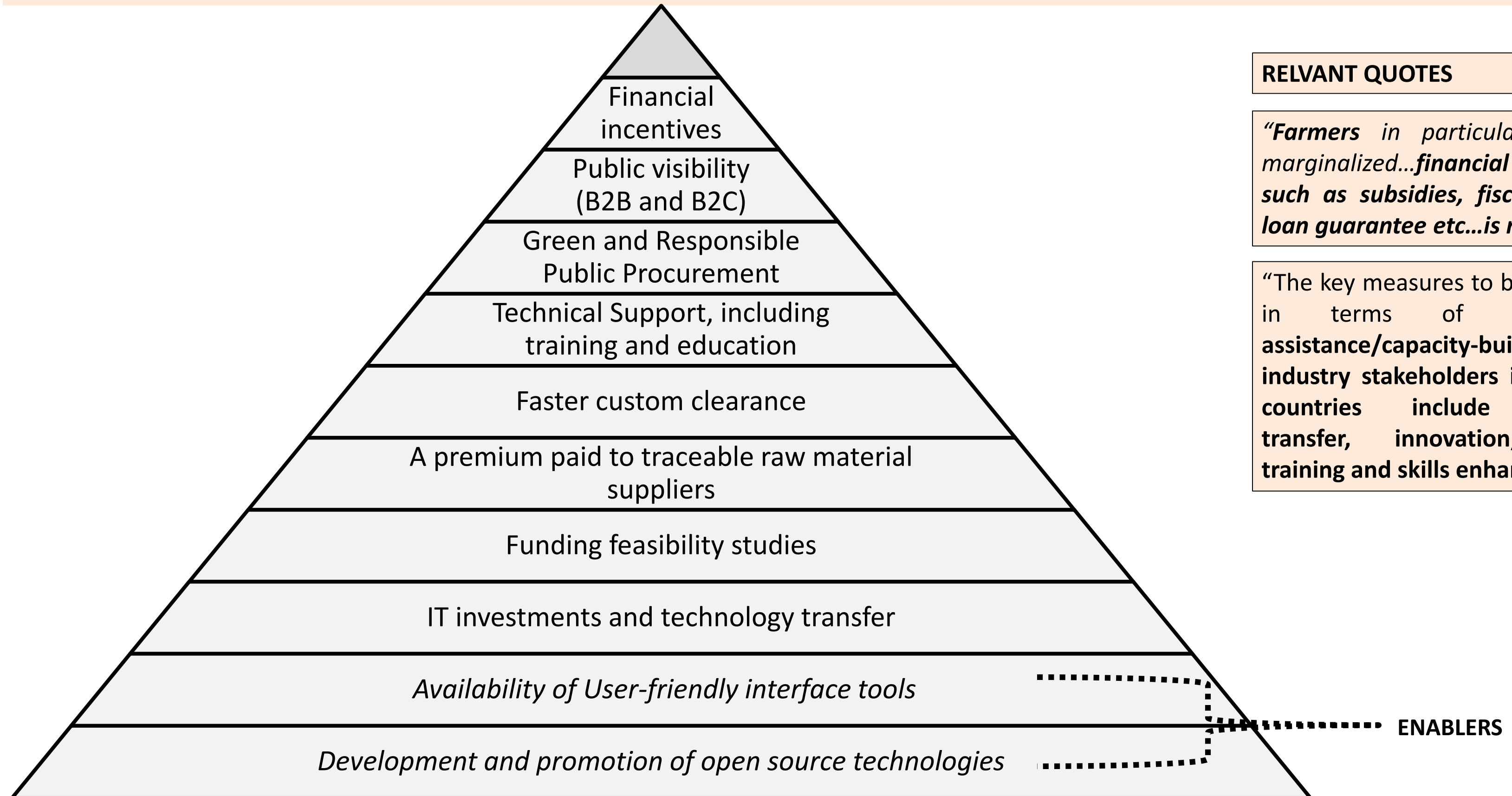


Governments

Suppliers/Trade  
Unions/NGOs

### 3. Highlights from Field research

Q5 Which incentives should be put in place in order to implement a traceability system?



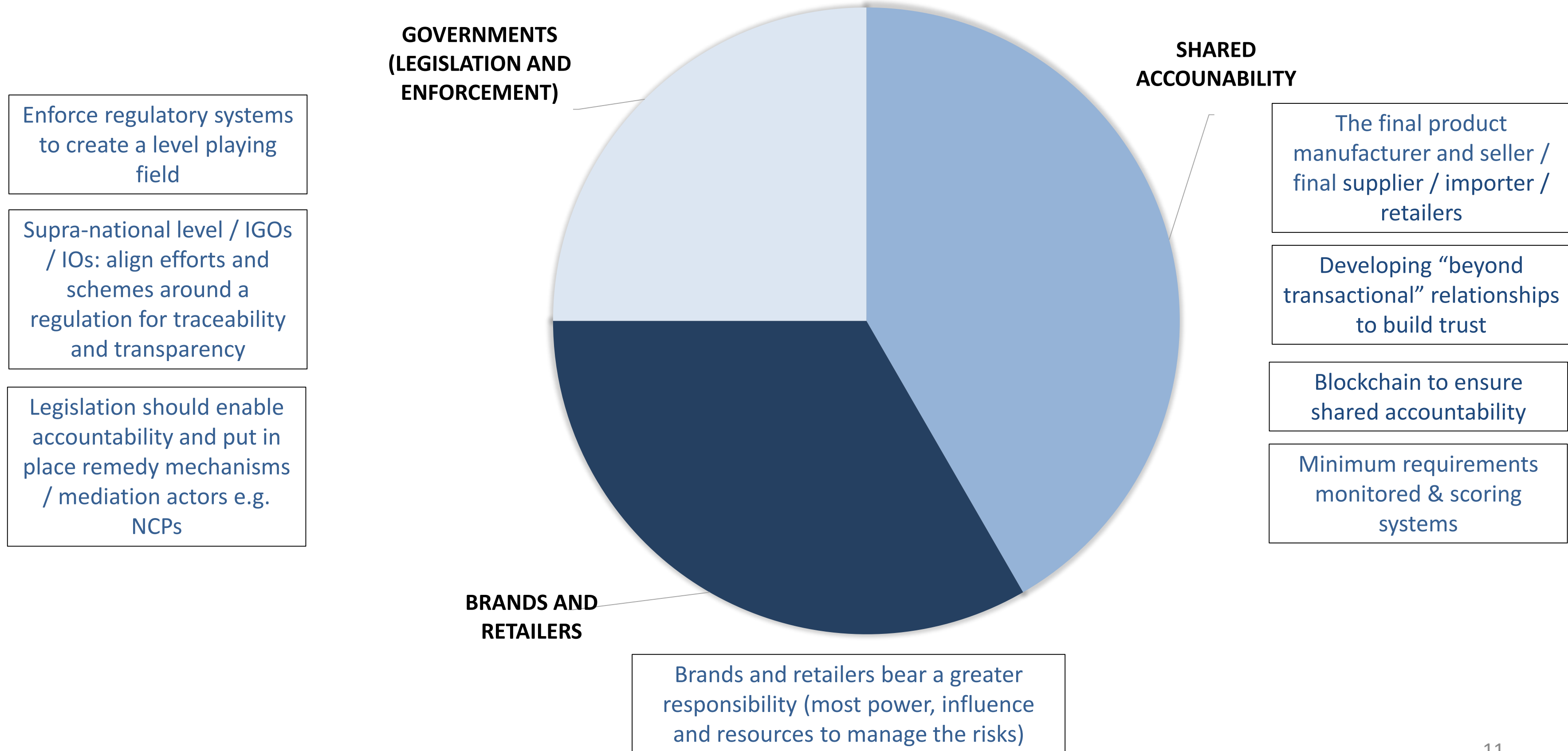
#### RELVANT QUOTES

*“Farmers in particular are being marginalized...**financial incentives such as subsidies, fiscal incentives, loan guarantee etc...is needed.**”*

*“The key measures to be put in place in terms of **technical assistance/capacity-building of all industry stakeholders in developing countries include technology transfer, innovation, research, training and skills enhancements.**”*

### 3. Highlights from Field research

Q8 Who should be held accountable when there is a lack of traceability and transparency?



### 3. Highlights from Field research

Q9 Who should absorb the costs/how should costs be distributed along the value chain for traceability and transparency?

#### WHICH COSTS?

Development of the traceability, disclosure and monitoring systems

#### WHO ?

#### HOW DISTRIBUTING THE COSTS?

Costs for traceability and transparency should be distributed along the value chain depending on the business model

Brands and private entities should bear the cost for implementing traceability and transparency to reflect:

- the profit margin
- the price/volume proportionally
- their need and benefit

Importers, suppliers and consumers

#### RELEVANT QUOTES

*"The costs for non-transparency are high. There should be a reward for companies that are transparent."*

*"Benefit/revenue sharing schemes could be useful."*

*"Each stakeholder in the supply chain should be made accountable for its costs."*

#### IS THE CAPACITY THERE?

In case of lack of capacity there should be governmental direct support (financial, access to market, targeted programs for SMEs and Developing Countries etc...).

**BUSINESS  
OPPORTUNITY  
& EFFICIENCY  
GAINS**

### 3. Highlights from Field research

Q10 How do we enhance the level of trust among supply chain actors so that they are prepared to share information and build relationships?

#### ENABLERS FOR TRUST

A robust **due diligence system, reporting and grievance mechanisms**

**Open communication systems**

**Longer term contracts and arbitration** on changing orders

**Benefit/revenue sharing scheme and penalization system**

A **third-party organization** to manage **sensitive data** at the upstream level

Strengthened **partnerships** with suppliers

**Technology-based trust & open-source decentralized system**

**Public disclosure**

One **common standard**

### 3. Highlights from Field research

Q12 How can technological innovation help facilitate engagement and participation?

#### MAIN ADVANTAGES

- Connecting different stakeholders more easily
  - Efficiency
- Making it easier to capture and verify data
- Speeding custom declaration process
- Building trust between stakeholders
- Source information about working conditions

#### MAIN REQUIREMENTS

- Making it simple: creating lean processes that are not time-consuming
- Think at scale since the start: technology should be carefully selected avoiding lock-in effects

### 3. Highlights from Field research

Q14. Do you know of any already existing (multi-stakeholders) efforts<sup>1</sup> in your industry to harmonize terminology and/or data descriptions<sup>2</sup>?

#### Harmonization of “data description”

CircularID™
circularity.ID® Open Data Standard
eBIZ 4.0
GS1 standards (various sectors)
Higg index
ISO standards (various sectors)
Open Apparel Registry, OAR
Product Environmental Footprint, PEF (various sectors)
Social and Labor Convergence Program, SLCP (various sectors)
Textile Exchange standards
Transparency Pledge
UN Core Component Library, CCL (various sectors)
ZDHC Roadmap to Zero

#### Harmonization of “methodology”

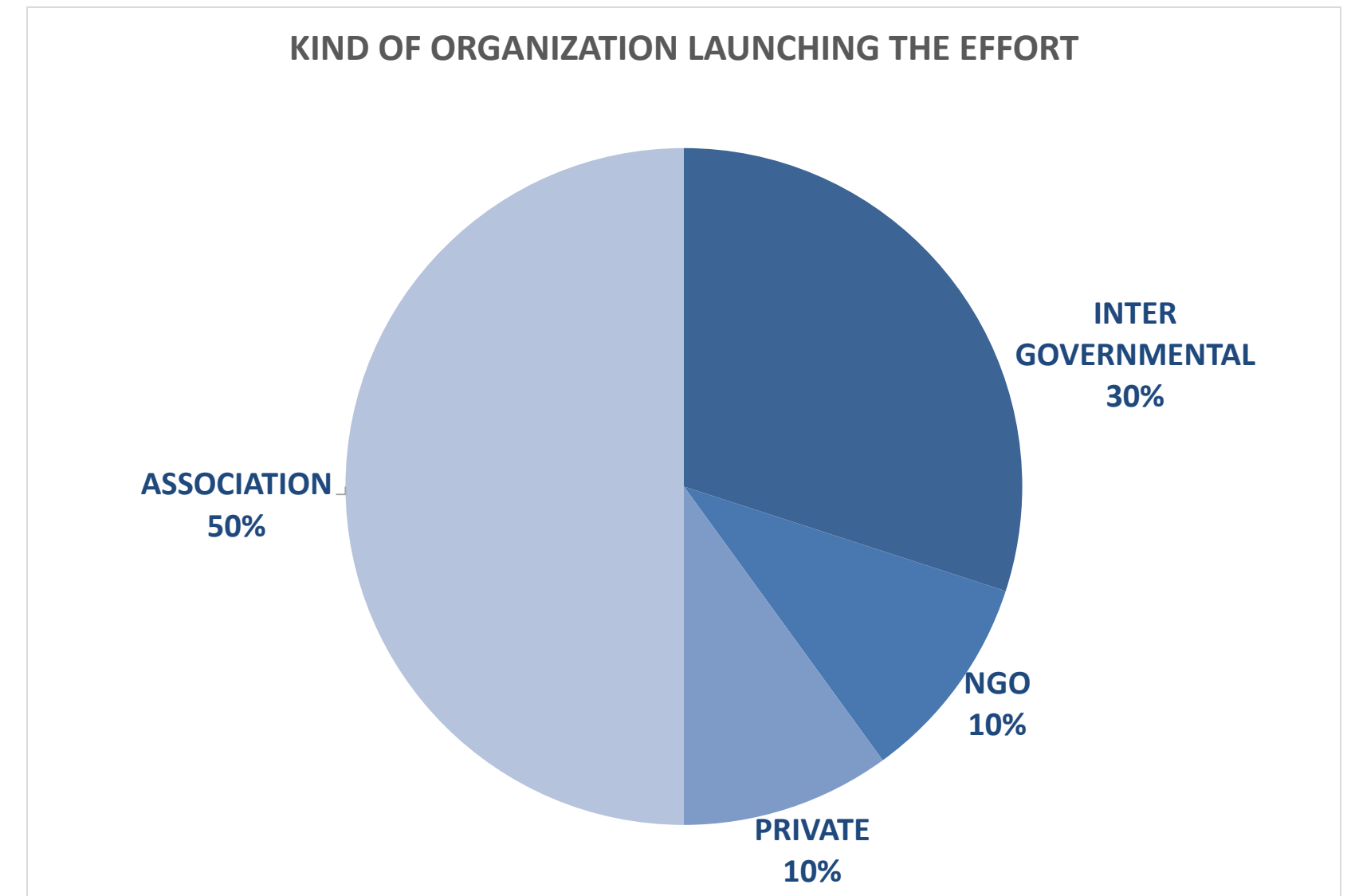
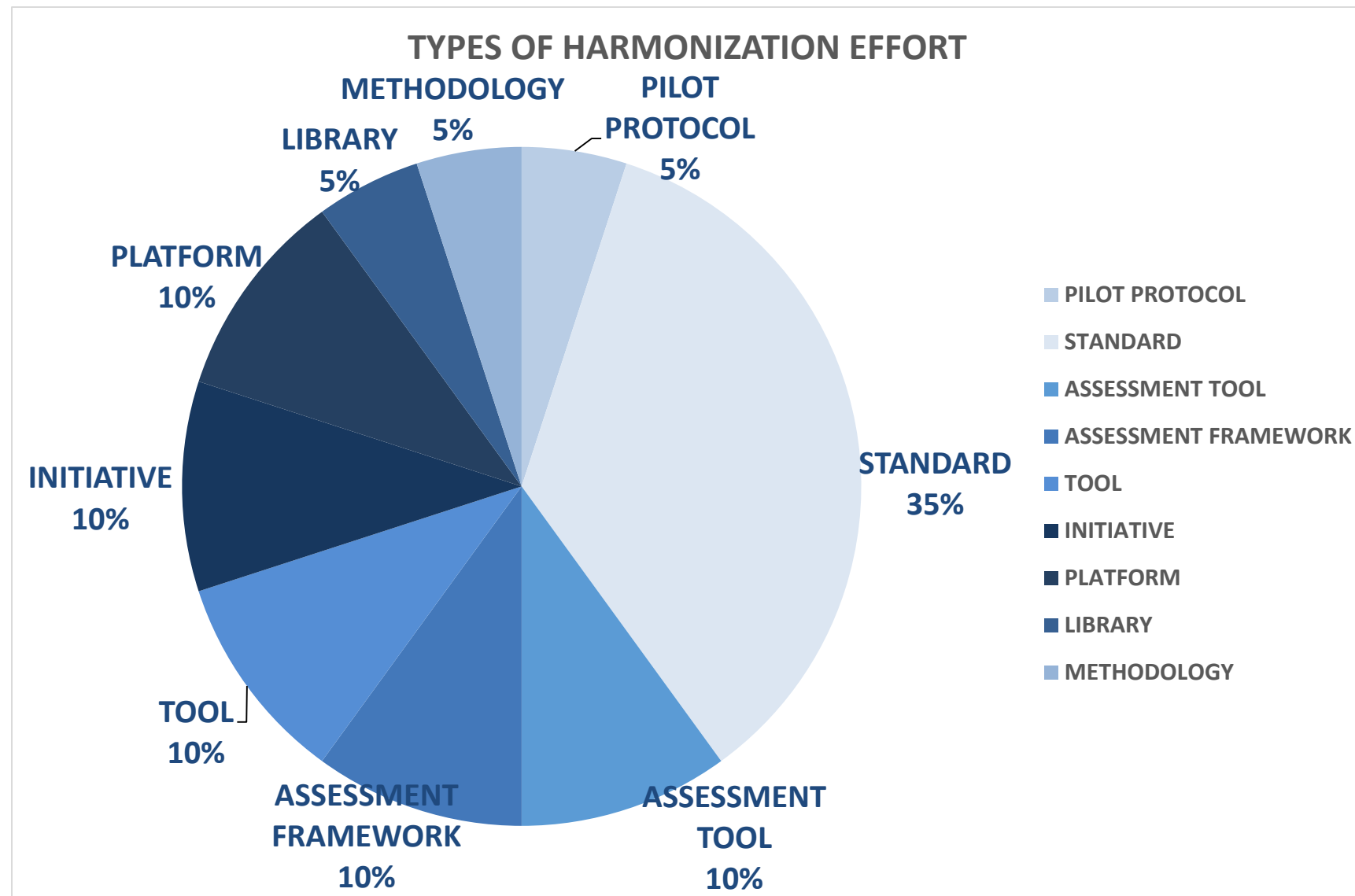
Cotton 2040
Delta framework (various sectors)
Fashion Transparency Index
Initiative for Compliance and Sustainability, ICS (various sectors)
Preferred Fiber & Materials Benchmark
Sustainability Map (various sectors)
Wikirate (various sectors)

<sup>1</sup>Code of conducts are not included because they are not a multi-stakeholder effort

<sup>2</sup>The efforts can be divided in: “Harmonization of data description”, if a precise data description is provided in the standard/library/assessment tool/tool/methodology/pilot protocol/initiative and “Harmonization of methodology”, if no data description is provided.

### 3. Highlights from Field research

Q14. Do you know of any already existing (multi-stakeholders) efforts in your industry to harmonize terminology and/or data descriptions?



Harmonization efforts are various to serve different purposes. They have been launched by associations, intergovernmental organizations, NGOs and private companies.



### 3. Highlights from Field research

Q16. Please share any existing **Call for Action** to be set out for the standard’s implementation and/or for reporting mechanisms to monitor progress

#### TYPES OF “CALL FOR ACTION”



**Fashion Transparency Index** by *Fashion Revolution*

**Make Fashion Circular** by *Ellen MacArthur Foundation*

**Manifesto of the EU Social Partners for a future of the European Leather Industry** by *COTANCE & Social Partners of the leather industry*

**Tamil Nadu Declaration and Framework of Action** by *Tamil Nadu Alliance*

**Transparency Pledge** by *IndustryALL & a global coalition of labor and human rights organizations*

**Blockchain for Made in Italy Traceability** by *Italian Ministry of Economic Development/IBM*

**eBIZ initiative** by *European Commission and EURATEX*

**Dutch agreement on garment and textile** by *Industry associations, trade unions, NGOs, and the National Government of the Netherlands*

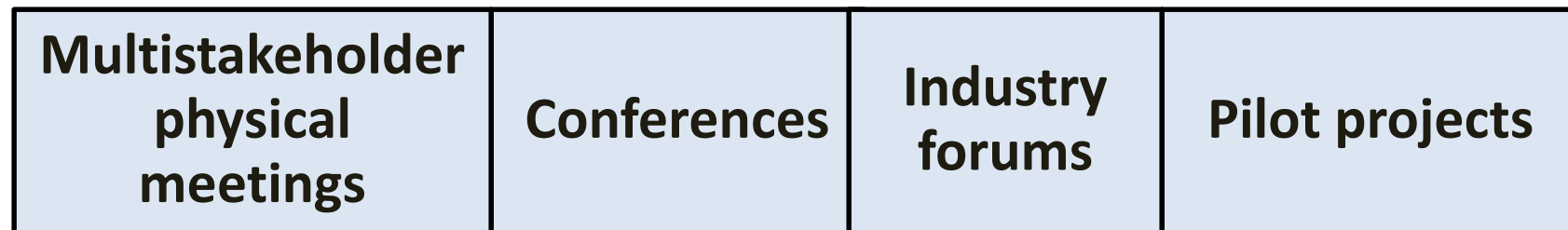
**G7 Fashion Pact** by *Global coalition of 32 of major fashion brands initiated by the French Presidency of the G7 Summit to align with the SDGs*

### 3. Highlights from Field research

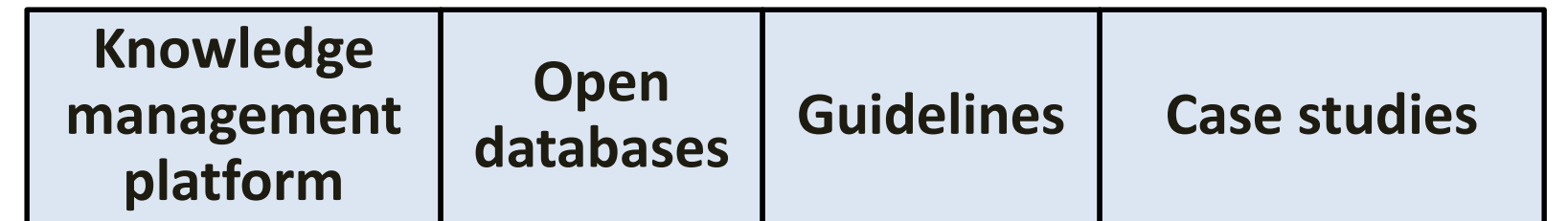
Q20. What, in your view, would be the best way to share good practices and lessons learned across relevant stakeholders?

**Main goals: PUBLIC VISIBILITY / INFORMATION SHARING / TRAINING / FIELD IMPLEMENTATION**

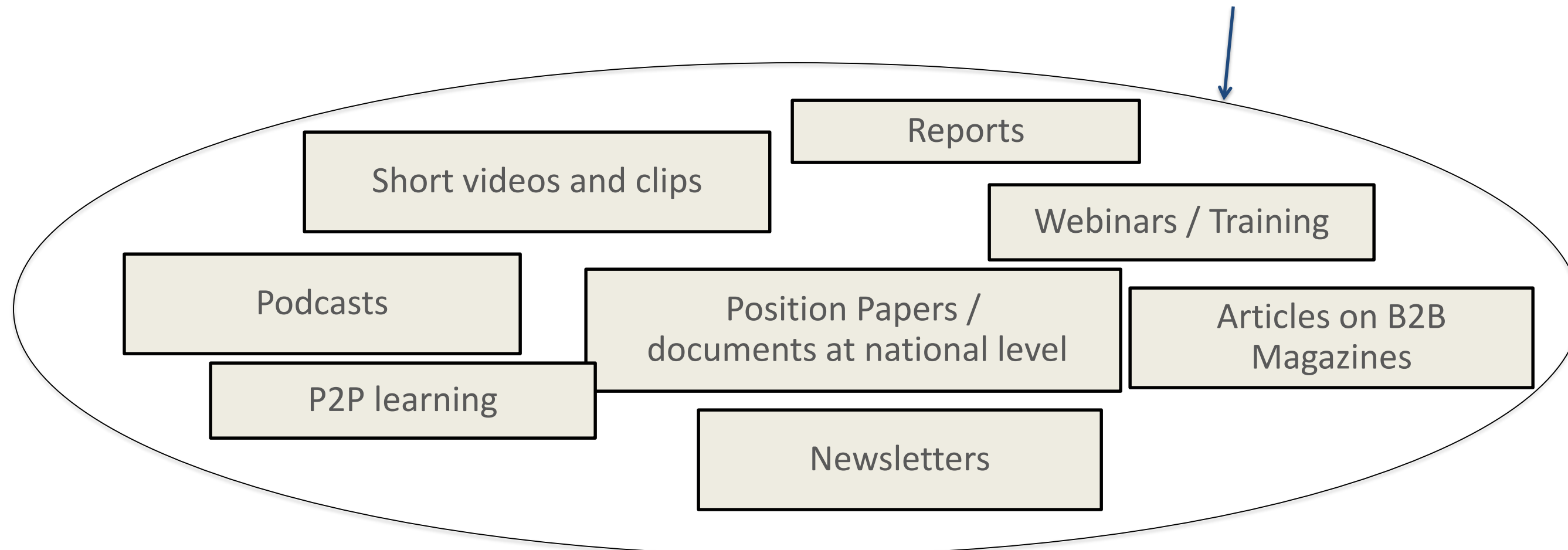
#### Offline tools



#### Online tools

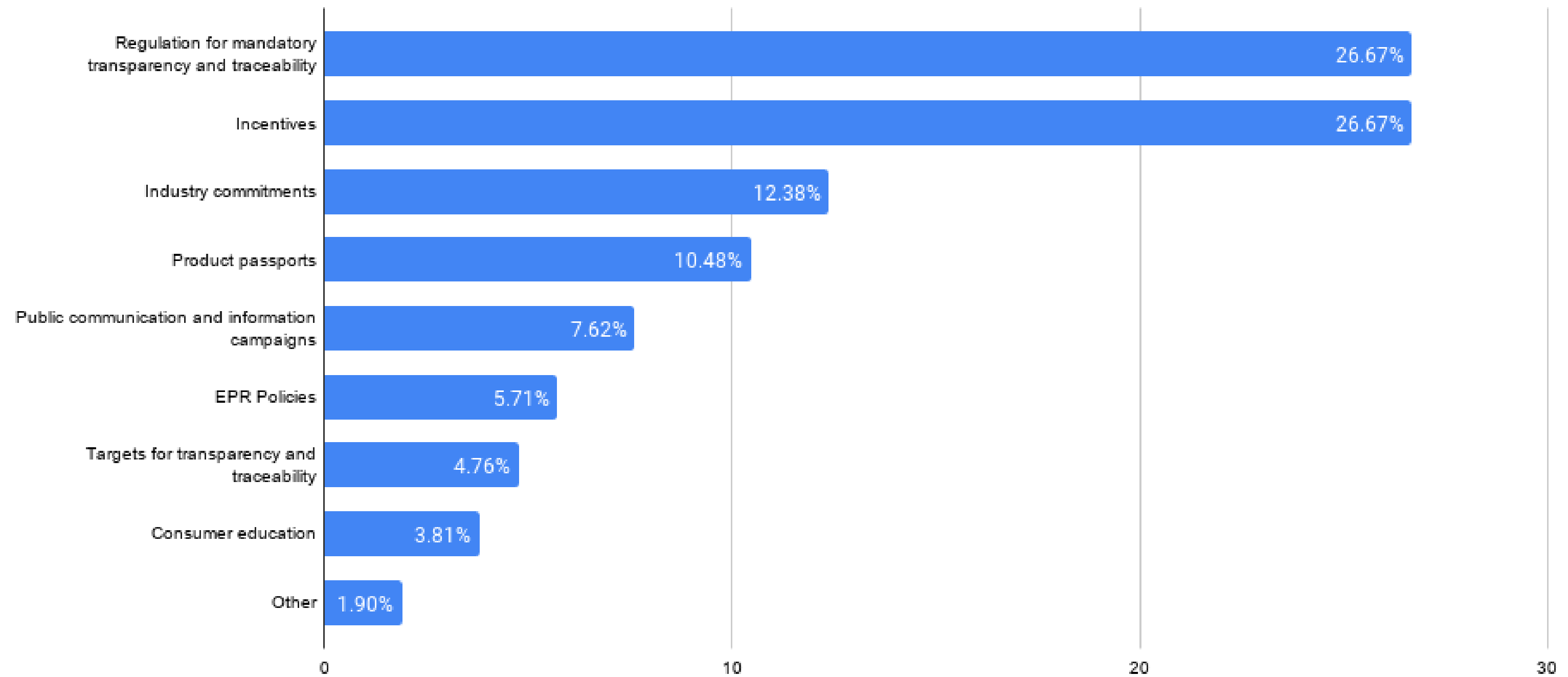


*Specific tools for knowledge management:*



### 3. Highlights from Field research

Q27. Among the following, which do you believe are the 3 most relevant tools you would like to suggest to enhance transparency and traceability towards a circular economy in garment and footwear?



Notes:

**Product passport** is a set of information about the components and materials that a product contains, and how they can be disassembled and recycled at the end of the product's useful life (EC, 2013); an electronic product passport could provide information on a product's origin, composition, repair and dismantling possibilities, and end of life handling (EC, 2019).

**Extended Producer Responsibility (EPR)** is a policy approach under which producers are given a significant responsibility – financial and/or physical – for the treatment or disposal of post-consumer products.

### 3. Highlights from Field research

Q27. Among the following, which do you believe are the **3 most relevant tools** you would like to suggest **to enhance transparency and traceability towards a circular economy in garment and footwear?**

Stakeholders that can ask to implement or influence the implementation of the tools listed below:

#### GOVERNMENTS

- Regulation for mandatory transparency and traceability
- Incentives

#### IOs / NGOs

- Extended Producer Responsibility (EPR) Policies
- Public communication and information campaigns

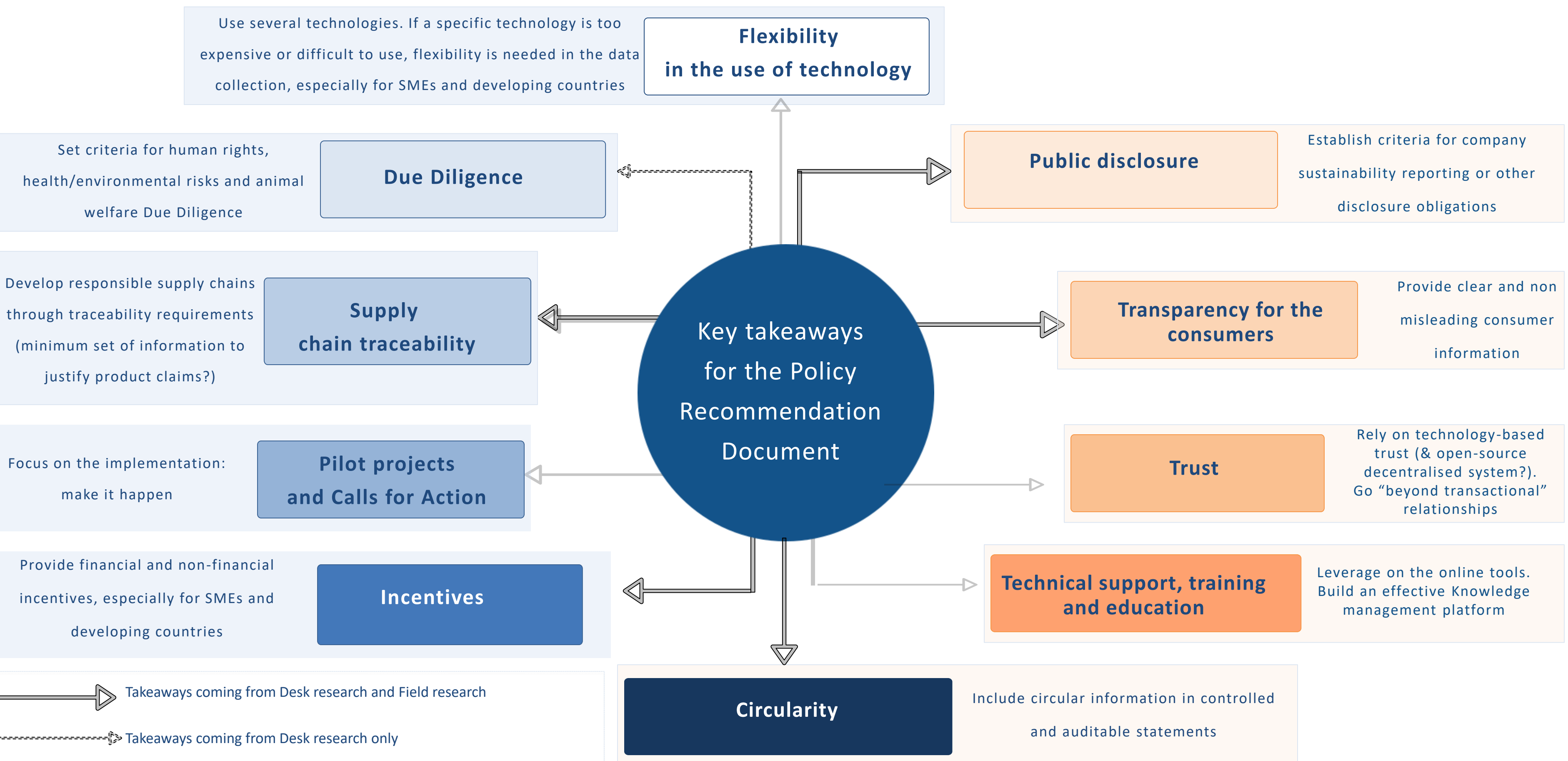
- Consumer education

#### FIRMS

- Product Passports
- Industry commitments
- Targets for transparency and traceability



# 4. Takeaways from Desk and Field research



## 5. Next steps

### a) Desk research: mapping of the policies, regulations and guidelines for transparency and traceability

Activity	How to contribute?
Mapping of policies, regulations and global guidelines for transparency and traceability	<i>Review the mapping and suggest additional regulations, policies and global guidelines <b>by 15/05</b></i>
Drafting of the <i>complete Report and Policy Note</i>	<i>Review this presentation and share inputs for the final Report and Policy Note <b>by 15/05</b></i>

### b) Field research: in-depth interviews with experts

Activity	How to contribute?
Carrying out interviews	<i>Please confirm the transcript, if you have not done it yet</i>
Drafting of the <i>complete Report</i>	<i>Review this presentation and share inputs for the final report <b>by 15/05</b></i>