



# Smart Mixes for sustainable supply chain management: a solution for the textile sector?

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#### Introduction

### Background and research gap



Various catastrophic accidents in production sites have increased attention to social and environmental issues related to global supply chains.



Mixes of public and private measures, known as Smart Mixes, are part of the debate about new forms of governance to improve supply chain standards.



So far, however, there is neither an accepted definition nor realistic examples of Smart Mixes provided by the literature.



(1) We developed a definition and a theoretical concept of Smart Mixes, analysed different case study sectors (conflict minerals, timber, organics, palm oil) to identify Smart Mixes.



(2) Draw conclusions about actions that might be taken in the textile sector



# Methodology

A case study approach was chosen to analyse the data from literature research and expert interviews.





# **Smart Mix Concept**

#### Three criteria for a Smart Mix

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# BINDING PUBLIC MEASURE

government

e.g. national legislation, EU regulation or directive, trade agreement, standard, certification scheme, taxes, public procurement policies



# VOLUNTARY COOPERATIVE MEASURE

government / industry / civil society organisation

e.g. guideline, label, standard, certification scheme, roundtable, knowledge platform, financial support



# VOLUNTARY PRIVATE MEASURE

industry

e.g. best practice principles, industry standard, label, guideline, corporate policy/action plan

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#### INTERACTION

the mix of measures must interact

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#### **PERFORMANCE**

the interaction must improve the achievement of the objectives of at least one of the measures



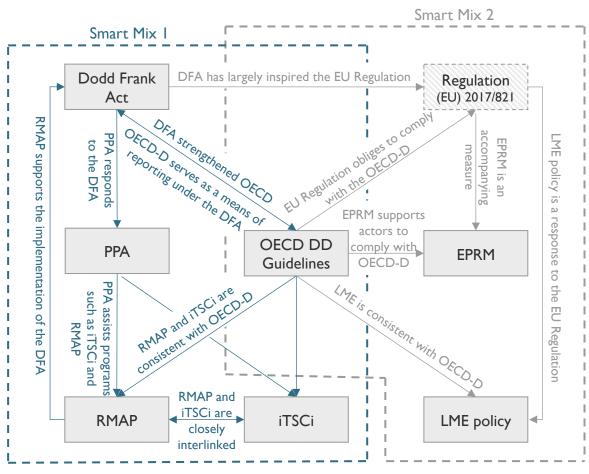
Case study sectors



#### **Results**

Two Smart Mixes could be identified in the conflict minerals sector.



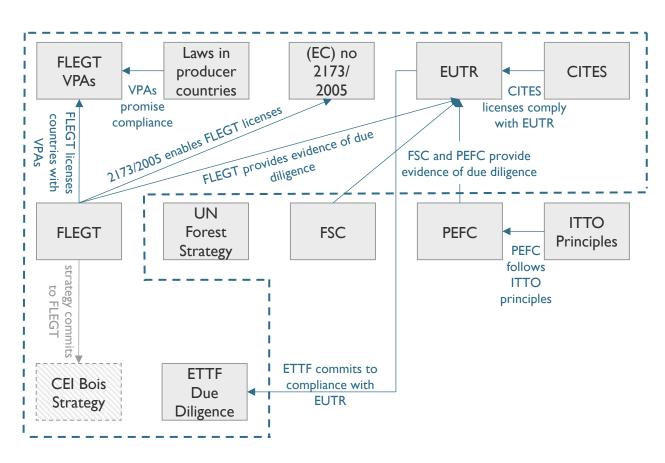




# **Case Study:Timber**

#### The FLEGT framework fulfils conditions for Smart Mix

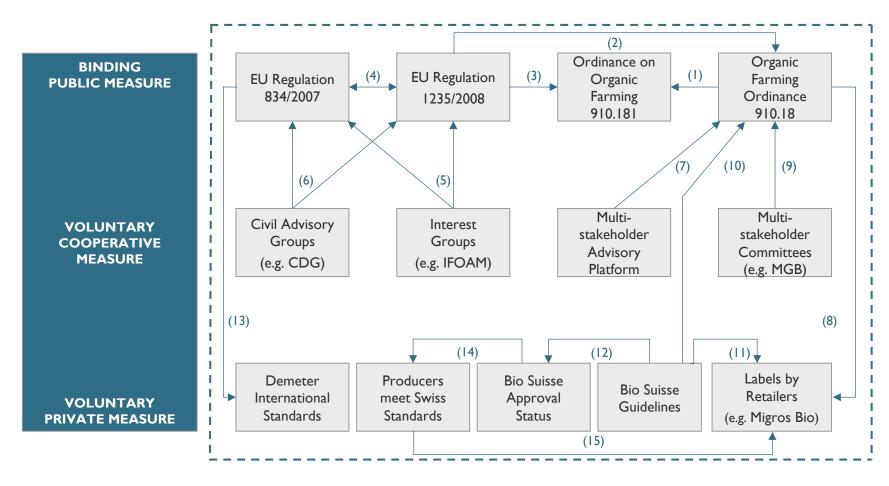






# **Organic Sector**

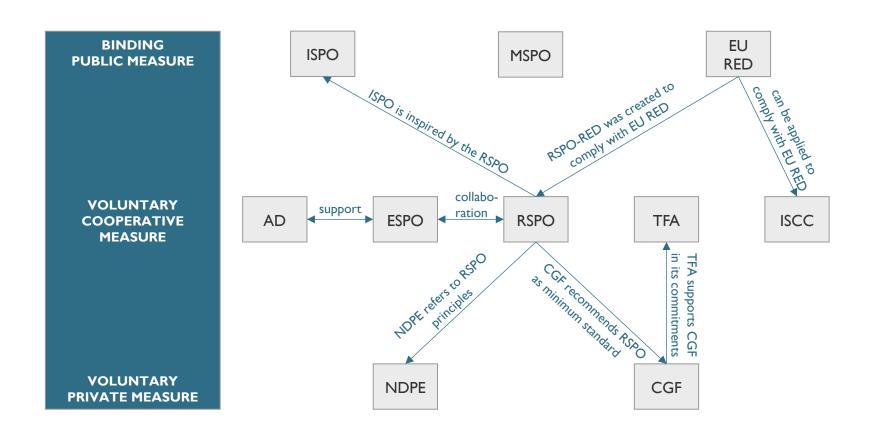
# Smart Mix identified in the organic sector





# Case Study: Palm Oil

No Smart Mix in the sector due to a lack of interaction?





#### Results

#### Success factors

Alignment of interest (public and private sector) through effectively implemented and enforced legislation that creates a level playing field



Positive interactions, with measures supporting, facilitating and complementing each other



Voluntary cooperative measures (e.g. guidelines) linking binding public and voluntary private measures



4 fundamental conditions: the more "sustainable" product must be <u>defined</u> and <u>traceable</u> along the entire supply chain; effective <u>monitoring</u> and <u>enforcement</u> mechanisms must be in place



Narrow focus (specific sustainability issue or part of the supply chain)

→ However, their contribution to achieving supply chain sustainability is consequently limited

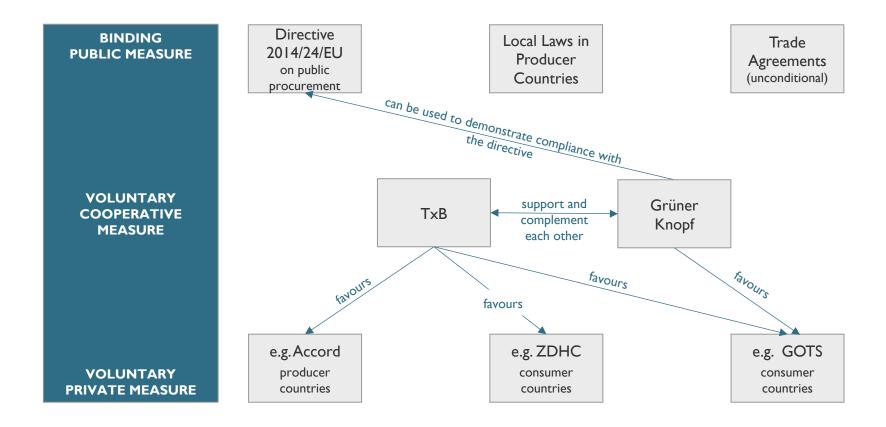




Textile sector in Germany

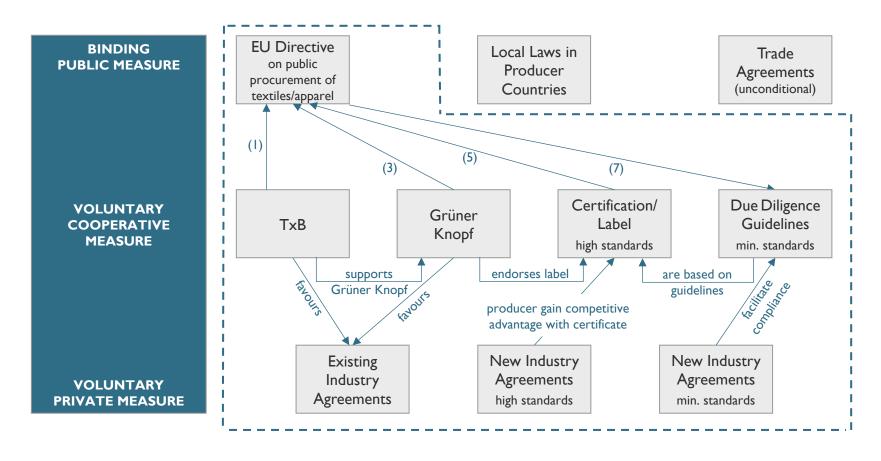


# Status quo



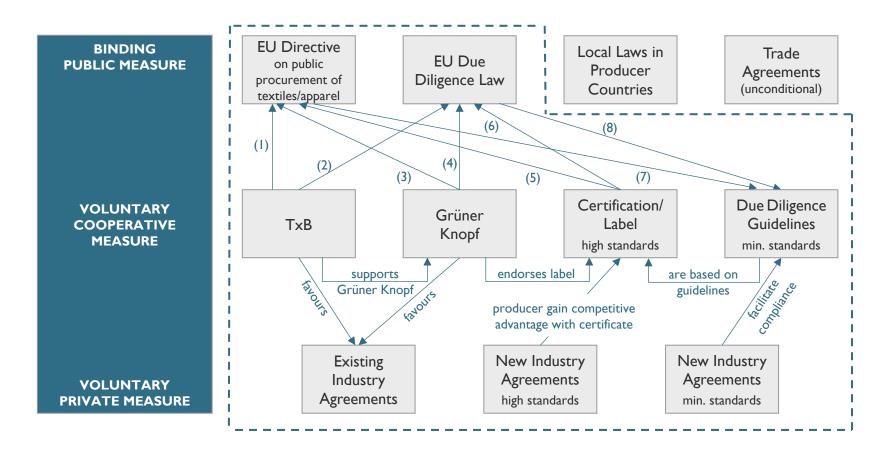


# Scenario I - New voluntary guidelines



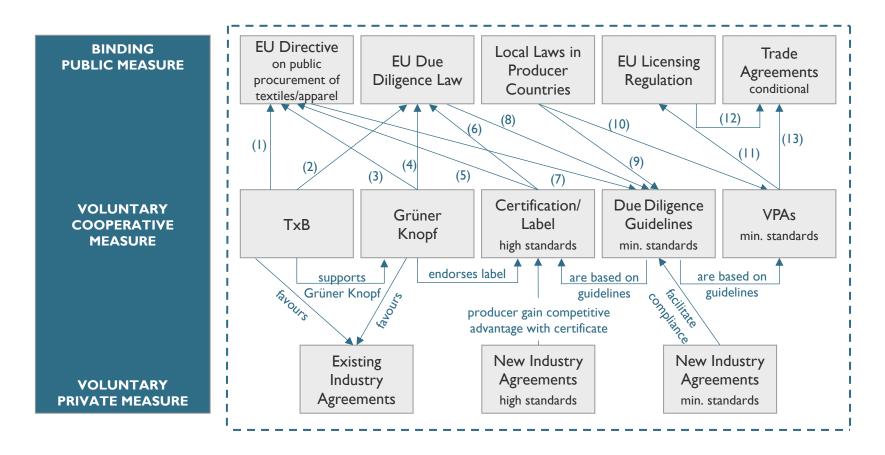


Scenario II - New regulation requiring mandatory due diligence as a legal duty of care





Scenario III - New regulation requiring mandatory due diligence with state-based oversight body and sanction for non-compliance





#### Conclusion



The Smart Mixes does appear applicable to the textile sector and could contribute to a more sustainable supply chain. The key is to align the interests of the private and public sectors so that legislative support creates a level playing field rather than a race to the bottom.



# **Open Questions**

- I. Should a Smart Mix focus on a specific, and measurable, sustainability aspect or is it better to aim for a holistic approach to address an entire supply chain?
- 2. If the main cause of Smart Mix failure is a lack of interactions, is it better to seek ways to engage existing measures in the textile sector into dialogue or should new measures be created?



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