Sectorial Trends and Expectations on Transparency

Transparency Toolkit - Series II

amfori ◎
Trade with purpose

Sectoral Trends and Expectations on Transparency

amfori transparency toolkit: Series II

This second series elaborates on the trends and expectations on the transparency of key sectors of relevance to amfori membership. A dedicated approach for each sector was taken to help you understand how to strengthen your transparency in the sector in which you operate, from an organisational and supply chain perspective. Therefore, for each sector, we consolidated the latest stakeholders demands and expectations (i.e. consumer trends, NGO campaigns, industry initiatives), best practice and further resources to inform and inspire your transparency journey.

What can you expect?

Increased transparency has been correlated with increased trust. A study from May 2020, reported a 24% increase in comparison to 2018, in the number of companies asking their suppliers for social and environmental transparency. As amfori, we see members from diverse sectors increasing their efforts in this area. For such, we elaborated an overview of how supply chain transparency is playing an important role in different sectors by answering the following questions for each sector:

- Why is transparency important for this sector?
- What are the demands and expectations of stakeholders?
- Where to find inspiration on best practice?
- How can amfori support you?
- Where to find further references and tools?

Which aspects of transparency are covered?

Transparency is a general term, which can relate to many things, even just within the context of sustainability. As our work is focused on supporting our members to improve the social and environmental conditions in their supply chains, this sectorial analysis will focus on aspects regarding transparency at supply chain level (member/producer).

Who should use the toolkit? And why?

This series is dedicated to amfori members and their sourcing teams. It is designed to help you engage the players in your supply chain to understand that increasing transparency within your sector will help you comply with the law, build trust with

customers and stakeholders, improve supply chain resilience, reduce reputational risk, and support and demonstrate your sustainability efforts. For more legal information, please check the amfori Transparency Toolkit Series I.

Clustering of sectors

For this analysis, we investigated the sectors in which our members operate and clustered those into six key sectors (see figure 1). Therefore, please click on the sector that is most aligned with your activities and read the information on sectoral trends and expectations on transparency:
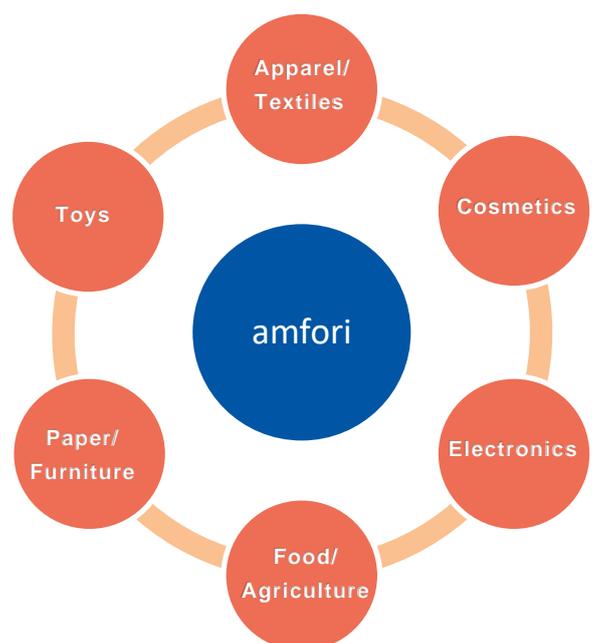

Figure 1. Clustering of key sectors on which amfori members operates (PS: this is not an exhaustive list of sector, but summarizes the most relevant for the purpose of this analysis).

Apparel and Textiles

Why is supply chain transparency important for this sector?

The textile supply chain is long and complex, spanning multiple countries and type of companies. The journey from cotton to counter (i.e. from raw material to retail) faces high-risk challenges. For instance, a farmer may face water scarcity, whereas a garment manufacturer needs to be sure that the work environment is fair and safe. Lack of supply chain transparency costs more than brand image for the apparel and textile sector, it can cost the livelihoods of workers in your supply chain and your positioning in a competitive and increasingly regulated market.

Transparency's importance has risen in the corporate agenda and remains a challenge for the global apparel and textile sector, which relies on very fragmented supply chains often spread across multiple countries. A challenge that was worth USD 2.5 trillion in 2017, according to the McKinsey Fashion Scope.

Apparel and textile retailers and importers must have a clear picture of where and under which circumstances products are being made, not only to communicate to their customers and consumers but also to comply with regulations and report to investors. Here, supply chain transparency is essential and is the first step in holding the sector to account for the human rights and environmental impacts of their practices.

Transparency requires that companies know and share who farmed the raw material (e.g. cotton, wool, etc.), dyed the fabric and finished the clothes — and under what conditions[1].

What are the demands and expectations of stakeholders?

Various groups are driving the need for transparent supply chains: investors, governments, NGOs, and civil society. For instance, in 2018, more than 100 investors signed a letter urging apparel brands and retailers to publish key information about the factories that manufacture their branded products in extended supply chains[2].

Stakeholders are highly concerned with ESG (environmental, social and governance) risks and challenges that the apparel and textile supply chain encounters. Although there are many risks, the most pressing are:

- Fast changing, fragmented, and volatile supply chains. This results in traceability challenges and a lack of transparency in supply chains
- A lack of accountable social responsibility towards employees and on purchasing practices
- High occurrence of human rights violations and predatory hiring practices (e.g. home-based workers, bonded labour)
- Use of water, energy, and land
- Availability of sustainable raw materials
- The impact of production on waste
- The use of chemicals, including dyes, finishes, and coatings
- Health risks for workers and consumers of the final product
- Animal welfare in case of wool, leather, down or cashmere
- Pressure for non-financial reporting

To support your understanding of how these demands and expectations are voiced, we have highlighted trends and examples from key stakeholder groups:

- **NGOs**

Fashion Revolution, whose marketing strapline, 'Who Made my Clothes,' placed transparency high on the agenda. This campaign followed the 2013 Rana Plaza tragedy in Bangladesh, which killed more than 1,100 people. The lack of knowledge of which brands were producing clothing at the Rana building had shown how opaque textile supply chains were at the time. The tragedy awakened the importance of increased transparency and the issue of brands not knowing their suppliers and producers.

In 2016, Human Rights Watch formed a coalition with eight other organisations and global unions to make supply chain transparency a norm in the industry. As an outcome, they developed 'The Transparency Pledge.' The pledge built on good practices in the industry and developed a set of minimum supply chain disclosure standards which require companies to publish meaningful information on all factories in the manufacturing phase of their supply chains.

In June 2020, the Dutch Clean Clothes Campaign and the Centre for Research on Multinational Corporations (SOMO) have investigated the reporting of 34 companies that signed the Dutch Agreement on Sustainable Garments and Textile (CKT). The assessment shows that nearly all companies only reported on human rights risks at a country level. Also, only 17 companies addressed specific problems in the factories they work with. The main findings point out that:

- Companies' reporting is severely substandard
- Transparency at the factory level and measures to address risks are seriously lacking
- Dialogue with workers and a clear grievance mechanism are non-evident

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[1] https://www.fashionrevolution.org/about/transparency/

[2] https://apparelinsider.com/global-investors-call-apparel-supply-chain-transparency/

- Actions to promote freedom of association and living wages are missing
- Few companies provided specific information about the factories on their websites, such as names and addresses

In general, the study shows that voluntary agreements do not yield sufficient results and demonstrates the need for legal regulations on supply chain transparency.[3]

- **Consumer trends**

A McKinsey 2019 report pointed out 10 top trends for the apparel industry, including Global Economy, Fashion System and Consumer Shifts. For the last, Radical Transparency was advised within Consumer Shifts as a way to deal with the trust deficit in the industry.

Millennials are at the vanguard, with 52% stating that they always research background information before buying, compared with 45% of Gen Z consumers and 41% of baby boomers[4].

Given consumer demands for greater transparency through the value chain, the report points to three key dynamics in the near future:
- Players will rigorously audit their business practices to identify potential areas that may erode consumer trust. Hence, more rigorous reporting of social and environmental impact will follow
- More players will highlight best practice to create a competitive edge. Some will use new technologies such as blockchain, in which each node of the network sees the whole history of transactions, to boost transparency in the supply chain
- Brands are likely to be more transparent in the event of a crisis. They will respond more quickly, admit when they are at fault more often and be willing to apologise

McKinsey have also published a Coronavirus update to its State of Fashion report of 2020, pointing out that the pandemic is bringing consumer values around sustainability into sharp focus, intensifying discussions and further polarising views around materialism, over-consumption and irresponsible business practices. This presents fashion with a chance to reset and completely reshape the industry's value chain — not to mention an opportunity to reassess the values by which the sector measures its actions. Once again, a clear link to the importance of supply chain transparency.

- **Industry initiatives**

Better Work is a programme that seeks to gain increased support for international labour standards in global supply chains. The programme is the result of a collaboration between the International Labour Organization (ILO) and The International Finance Corporation (IFC).

The Fair Labour Association is a non-profit, multi-stakeholder organisation working to promote responsibility and transparency among clothing and textile manufacturers, to protect labour standards and improve working conditions.

The Clean Clothes Campaign is an alliance of trade unions and NGOs from several European countries that seek to improve working conditions within the global clothing and sportswear industries. The alliance trains and mobilises consumers, lobbies companies and governments and provides direct support for workers in their struggle for rights and improved labour conditions.

Worldwide Responsible Accredited Production is an independent, non-profit organisation that supports the certification of lawful, humane, and ethical manufacturing practices in the clothing and textile industry.

Better Cotton Initiative is the largest cotton sustainability programme in the world. The initiative aims to increase profitability and sustainability in the cotton-growing industry.

The Global Organic Textile Standard (GOTS) is an international organic clothing brand. Behind the label is a number of organic clothes manufacturers. The clothing is required to be made from at least 95% organic material and production is required to be both environmentally and socially responsible.

The Open Apparel Registry (OAR) is a multi-stakeholder NGO including civil society, the open data sector, factory groups, and brands, that is working to maintain an open-source, neutral and publicly accessible database of every facility in the global apparel and footwear sector, to enable industry collaboration and improved identification of factories.

Regulatory demands

- **Cross-sectorial:**
  - EU Non-Financial Reporting Directive (please check how the Directive was implemented in the country where you operate)
  - UK Modern Slavery Act
  - Australia Modern Slavery Act
  - California Transparency in Supply Chain Act
  - France's Duty of Vigilance Law

- **Sector-specific**:
Despite not being the ones approving regulations, initiatives such as the IRBC (The Netherlands), the PST and the Green Button (Germany) are shaping the upcoming regulatory framework in these two countries and influencing the EU level scene.

Where to find inspiration on best practice?

There are challenges with reporting information that could be sensitive or proprietary. However, leading brands are proving their ability to navigate these disclosures.

The H&M Group, C&A, Adidas/Reebok, Esprit, Marks & Spencer, and Patagonia are the world's most transparent major fashion brands, according to the 2020 fashion transparency index from the campaign group Fashion Revolution. On average, the 250 brands assessed scored 23% at the index, up to two percentage points from last

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[3] https://www.somo.nl/dutch-agreement-on-sustainable-garments-and-textile/

[4] https://www.mckinsey.com/industries/retail/our-insights/the-state-of-fashion-2019-a-year-of-awakening

year. The top-performing company, H&M Group, scored 73%, having scored 61% last year.

Patagonia's Footprint Chronicles provide a map and description of locations in the company's supply chain. Factory descriptions are shown directly on product pages to highlight where specific products are made and who the supplier is.

Transparency has been a cornerstone of the H&M Group's sustainability work. Back in 2013, H&M Group was one of the first global fashion retailers to make its supplier list public. Since then, the group has been taking steps to make it more accessible for customers to know where their products are made. For instance, customers at arket.com can check the suppliers and factories that make their favourite items. On hm.com customers can find additional information on almost all products. This includes production country, supplier and factory names and addresses, and the number of workers in the factory. Also, customers can find out more about the materials used to make a specific garment and are reminded to recycle their garments.

C&A, together with the Laudes Foundation, has a public commitment to transparency and is providing detailed descriptions (down to the facility level) of how it is addressing its compliance issues as well as follow-up results.

How can amfori support you?

Tools/services:
- amfori BSCI, amfori BEPI and amfori Academy
- Endless Possibilities, a guide to effective sustainability communications
- amfori Country Due Diligence Tool
- amfori Transparency Toolkit Series I: EU Regulatory Landscape on Transparency

Further reading:
- Environmental Due Diligence and Reporting: Trends and Benefits
- Human Rights Due Diligence Position Paper
- The Three Complementary Ways of Shaping Corporate Due Diligence

External references and tools

- The Fashion Transparency index
- A collaborative approach for supply chain mapping
- Supply chain mapping – steps and recommendations for garment production units
- Practical Guide to Transparency in Procurement
- Transparency from Cotton to Counter

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Cosmetics

Why is supply chain transparency important for this sector?

Cosmetics companies must source a vast range of ingredients for the range of new products they release each year, and this creates a major challenge for procurement departments to identify the potential risks attached to each ingredient. For example, mica, a mining commodity used to add glimmer and pigment to cosmetics (e.g. lipsticks, blush, foundations), was found to be massively related to child and forced labour in India[5], and yet it is still widely used by cosmetics manufacturers.

From initial sourcing of raw materials to animal testing and consumers' use and disposal of packaging, the cosmetics supply chain faces challenges such as protecting consumers health, sustainable sourcing of raw materials, social and ethical issues, risk management and brand protection.

By answering consumer demands for natural ingredients (e.g. fruits, oils, nuts) the cosmetics sector is also increasingly relying on commodity-based ingredients. The sourcing of which represents supply chain challenges that the industry was not familiar with, such as child labour and deforestation. Here, supply chain transparency is fundamental if the cosmetics sector wants to understand the risks of its sourcing practices and answer consumer demands for sustainable ingredients.

What are the demands and expectations of stakeholders?

Stakeholders expect answers to key transparency challenges in the cosmetics sectors, including:
- Consumer health
- Ethical sourcing and origin of ingredients
- Organic and sustainable production methods
- Green chemistry formulation
- Energy sources and use
- Carbon, water, and waste management
- Fraud and brand protection

To help understand how these demands and expectations are voiced, we have highlighted trends and examples from key stakeholder groups:

- ### NGO campaigns

Numerous commodities used in mainstream cosmetics are linked to ESG risks across every continent. Vanilla, shea nuts, copper and silk are often used in foundations and creams. According to NGO reports, these ingredients have been produced using child labour in the last five years in at least one of their major producing countries. Also, mined commodities such as mica are used in cosmetics and associated with forced labour in producing countries.

In 2016, Terre des Hommes Nederlands, a leading children's rights organisation, published a landmark report on child labour in India's mica sector. The report increased awareness of labour conditions. Notably, the report called on members of the mica supply chain to remain in the region rather than withdraw, arguing that responsible companies could be part of the solution if they could find a way to secure the supply chain and address the root causes of child labour and poor working conditions[6]. Despite the efforts from Terre des Hommes, in 2019, media agency Refinery 29 documented[7] how child labour in mines in India is still far from being solved.

- ### Consumer trends

A 2018 Fashion Institute of Technology survey that assessed transparency perception[8] highlighted that consumers are expecting communication, accountability and values from the beauty industry. However, unlike for other sectors such as food, on which the description of ingredients is compulsory, consumers are still focused on ensuring there is transparency concerning the ingredients and components of the products they use. For instance, in a 2019 market research, the National Purchase Diary (NPD) Group stated that over half the people questioned are looking for skincare products made from organic ingredients and 46% purchase products without sulphates and phthalates.

Forward-looking cosmetics brand owners and retailers are aware that demands for transparency do not stop at an ingredient level and that sustainability will be of concern to consumers holding brands accountable for their actions[9]. In the future, consumers may also pay greater attention to brands' vendor partnerships, the sources of their investment and employee conditions. Also, certifications are increasingly resonating with beauty consumers, who expect that third-party certifiers can delve into the supply chain of beauty brands and help shine a light on otherwise hidden practices.

- ### Industry initiatives

An example of an industry initiative is the Responsible Beauty Initiative[10], founded in 2017 to improve

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[5] https://www.refinery29.com/en-us/2019/05/229746/mica-in-makeup-mining-child-labor-india-controversy
[6] https://www.terredeshommes.nl/en/programs/stop-child-labour-in-mica-mines
[7] https://www.refinery29.com/en-us/2019/05/229746/mica-in-makeup-mining-child-labor-india-controversy

[8] https://www.prnewswire.com/news-releases/is-beauty-ready-for-transparency-300669540.html
[9] https://www.beautyindependent.com/consumers-are-demanding-greater-transparency-from-beauty-brands-what-does-that-really-mean/

sustainability and transparency throughout the entire beauty supply chain. Big players such as Clarins, Coty, Groupe Rocher & L'Oréal are part of the initiative. Together, they aim to collaborate and drive a common understanding across the industry, by using common tools to maximise shared value across their collective supply chains.

Also, as a reaction to the risk of child labour connected to the sourcing of mica, since 2017 representatives from more than 50 companies and organisations have established the Responsible Mica Initiative (RMI). They are aiming to develop a global standard to guide the implementation of responsible mica supply chains in all geographies.

- **Regulations**

  o **Cross-sectorial:**
    - EU Non-Financial Reporting Directive (please check how the Directive was implemented in the country where you operate)
    - UK Modern Slavery Act
    - Australia Modern Slavery Act
    - California Transparency in Supply Chain Act

  o **Sector-specific**: none

Where to find inspiration on best practice?

In March 2020, the Group PSA, Henkel, L'Oréal and The Estée Lauder Companies were recognised by EcoVadis for Sustainable Procurement Excellence. This award acknowledges excellence in engaging suppliers in sustainable procurement programmes. Judges assessed initiatives such as training programmes, development programme plans and efforts to train and reward suppliers for sustainability and CSR performance.

Natura, a Brazilian cosmetics company operating in the US, Latin America and France, was the first publicly traded company in the world to receive a B Corp certification in 2014, ranks 19th in Corporate Knights Global 100 sustainability rankings and has won two national prizes on transparency[11]. By working with local communities, making resources more valuable, promoting collaboration and resource-sharing with other companies and using radical transparency with all stakeholders, Natura integrates supply chain transparency into the core fabric of the company's corporate identity, creating a model for others to emulate and be inspired by[12]. They have a dedicated website showcasing their supply chain practices.

Sephora has become the first beauty retailer to release a publicly available chemicals policy, in the interests of strengthening ingredient safety and transparency[13].

In light of the evidence of child labour risks connected to the sourcing of mica, since 2014 Lush has been working to replace all ingredients containing natural mica with a synthetic mica-based version. The company took this decision after no longer being able to guarantee transparency in the mica supply chain. Since then, the company opt for a synthetic version of mica and no longer uses natural mica.

How can amfori support you?

Tools/services:
- amfori BEPI Supply Chain Chemical Management Module
- amfori BSCI, amfori BEPI and amfori Academy
- amfori Country Due Diligence Tool
- Endless Possibilities, a guide to effective sustainability communications
- amfori Transparency Toolkit Series I: EU Regulatory Landscape on Transparency

Further reading:
- BEPI and ZDHC Join Forces to Scale Chemical Management in Global Supply Chains
- ZDHC: Working Together to Eliminate Hazardous Chemicals
- FTA Supports Launch of ZDHC Academy
- Building Up Coop's Environmental Performance

External references and tools

- Practical Guide to Transparency in Procurement
- Cosmetics Good Manufacturing Practices
- Improving Sustainability and Efficiency in the Cosmetics Industry

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[12] https://consciouscompanymedia.com/sustainable-business/how-natura-became-the-worlds-largest-b-corp-and-how-its-helping/

[13]https://cosmeticsbusiness.com/news/article_page/Sephora_lifts_the_lid_on_ingredients_transparency/156543

Electronics

Why is supply chain transparency important for this sector?

The electronics industry relies heavily on extracted minerals and the use of hazardous substances, including during the mining, manufacturing, and recycling phases. For instance, at the end of the product life cycle electronics goods become dangerous e-waste containing toxic substances that threaten both the environment and people's health.

The high fragmentation of the supply chains and the price pressure from big players often go hand in hand with links to armed conflict and/or social instability, severe environmental and human rights abuses (e.g. the 2017 Foxconn suicides).

In the US and the EU, the automotive industry and producers of electronics or jewellery are held accountable for addressing the issue of conflict minerals in their supply chain, also known as 3TG minerals - Tungsten, Tin, Tantalum and Gold.

Corporate secrecy around business operations and trade relations plays a key role in perpetuating risks which are likely to be occurring in sourcing, processing, and manufacturing. Hence, the importance of supply chain transparency for mitigating risks and ensuring the future fitness of the electronic sector.

What are the demands and expectations of stakeholders?

Both the government and the industry have been compelling manufacturing companies to take into consideration their corporate social responsibility (CSR) and environmental impact as they make decisions. While companies in the past have cut ties with their wares the moment they are sold, current regulations require manufacturing companies to be responsible for the entire life cycle of their products. Meanwhile, regulations and scrutiny from stakeholders and consumers are increasing, raising the need for the industry to act both ethically and transparently. Key demands and expectations raised are:

- Enhanced traceability and transparency of the supply chain
- Full respect for human rights from mining to retail
- Better recruiting and sourcing practices
- Improved worker conditions at the manufacturing level

- Due diligence on conflict minerals to avoid funding of armed groups or fuelling human rights abuses
- Practical improvement projects in and around mines
- Responsible sourcing training for smelters/refiners
- Verification of responsible sourcing practices
- Evidence of environmental reports ensuring the sustainable extraction of minerals
- Extended product life cycle
- Responsible management of e-waste

To support understanding of how those demands and expectations are voiced, we have highlighted trends and examples from key stakeholder groups:

- ### NGOs

In 2015, the Digging for Transparency report awakened the electronic sector to issues such as severe human rights violations in the Democratic Republic of Congo and the lack of supply chain transparency.

Global Witness and Amnesty International have analysed 100 conflict minerals reports filed by companies including Apple, Boeing, and Tiffany & Co under the 2010 Dodd Frank Act. The findings show that most companies in the sample are not doing enough to map the supply chain of the minerals they purchase. Only 16% go beyond their direct suppliers to contact, or attempt to contact, the smelters or refiners that process the minerals. In 2016, Amnesty started two investigations: Electric cars: Running on child labour? and Is my phone powered by child labour?

The Good Electronics Network (GE), the Centre for Research on Multinational Corporations (SOMO), and the Business, Human Rights Environment Research Group of Greenwich University (BHRE) worked together to satisfy the urgent need for disclosure and transparency in the global electronics industry. 'Beyond corporate transparency. The right to know in the electronics industry', argues for a rights-based systematic, coherent and mandatory approach to corporate transparency.

Transparency and Human Rights in the Electronics Supply Chain is an initiative from BHRE that focuses on the rights and working conditions of those who manufacture electronic goods. The BHRE research group work closely with Electronics Watch and Good Electronics in researching, designing, and implementing tools to hold corporations to account, support public buyers and improve working conditions in this complex supply chain.

The Electronics Watch brings together public sector buyers and civil society organisations with experts in human rights and global supply chains. Together they guide public procurement demand for decent working conditions and transparency in electronics supply chains.

In 2020, KnowTheChain benchmarked the 49 largest information communication and technology companies globally on their efforts on supply chain transparency. They also looked at the effects of crises such as COVID-19 and how they can exacerbate factors that render workers vulnerable to forced labour. The results show that less than a third of the companies disclose information on their first-tier suppliers (14 out of 49, 29%). Only six

companies disclose supplier lists that include both the names and addresses of their first-tier suppliers: Amazon, Apple, Dell, Hewlett Packard Enterprise, HP, and Samsung. However, some improvements can be seen: three companies have begun publishing supplier lists since the 2018 benchmark (Amazon, Cisco, and Nokia).

- **Consumer trends**

Electronics companies such as Fairphone disclose information on the potential human impacts of their global operations and their supply chains, including making supplier lists available online. However, in the electronics sector, the publication of such information is voluntary and mostly incomplete when compared to consumers expectations for social and environmental due diligence.

Investigations such as the ones from Amnesty International and The Guardian have found evidence of child labour and human rights violations in the supply chain of conflict minerals, precisely cobalt from the Democratic Republic of Congo. This has awoken many consumers and big players, e.g. Apple, Tesla, Google and Dell (answering lawsuits in the US) to the need for increased transparency in the electronics sector.

Companies are under increased pressure from socially conscious consumers to prove their products are made from ethically sourced minerals. Nevertheless, unethically mined cobalt can be mixed in with ethically sourced cobalt during the refining process, making it even harder for companies to become fully ethically sourced.

Thus, the building of transparency in the supply chain, from the extraction to the retail level, is critical to reducing the amount of unethical cobalt in global markets. However, until these practices are implemented, electronic device owners cannot be assured that the device's battery does not include material originating from child labour in the DRC. Here, consumer pressure and expectations are high but not yet driving the movement towards transparency in the sector[14]. Hence, the importance of social and environmental due diligence and supply chain transparency for the electronics sector.

- **Industry initiatives**

The Global e-Sustainability Initiatives seeks to create a forum for the improvement and promotion of products and services, as well as access to information technology, for the benefit of people and sustainable development.

The Responsible Business Alliance (RBA) is a confederation of some of the world's largest electronics brands and their suppliers. The confederation seeks to improve environmental and working conditions via a common Code of Conduct.

The TCO certification is a scheme for the environmental labelling of IT products.

- **Regulatory demands**

  o **Cross-sectorial**
    - EU Non-Financial Reporting Directive (please check how the Directive was implemented in the country where you operate)
    - UK Modern Slavery Act
    - Australia Modern Slavery Act
    - California Transparency in Supply Chain Act

  o **Sectorial specific**
    - EU Conflict Mineral Regulation: it obliges businesses -to communicate to suppliers and the public up-to-date information on their supply chain policy for the minerals and metals potentially originating from conflict-affected and high-risk areas
    - US Dodd-Frank Wall Street Reform and Consumer Protection Act: section 1502 contains a disclosure requirement that calls on companies to determine whether their products contain conflict minerals – by carrying out supply chain due diligence – and to report this to the Securities and Exchange Commission (SEC)

Where to find inspiration on best practice?

The company Fairphone is a pioneer on producing mobile phones free from unfair practices. To gain a deeper understanding of the complex, often opaque consumer electronics supply chain, the company mapped all the different materials, suppliers and manufacturing locations involved in creating their phones[15]. In addition to their first-tier assembly manufacturer, they have also mapped all second-tier component suppliers and are progressively researching third and fourth-tier suppliers.

More recently, electronic companies have started to disclose some information about their supply chain. For instance, Apple, HP, and Hewlett Packard Enterprise have disclosed the names and addresses of first-tier suppliers. HP has further reported on names and addresses of commodity and component suppliers.

Apple, Ericsson and Qualcom have disclosed to have conducted risks assessments focusing on forced labour in their supply chains. HP has disclosed information on the number of migrant workers and the number of workers in the final assembly factory. Hewlett Packard Enterprise has disclosed what percentage of the workforce are students.[16]

Also, to prevent cobalt mined under adverse social and ecological conditions from being used by the BMW Group for batteries in the BMW i3 or the BMW i8 for example, the company demands absolute transparency – above all from every stage of the cobalt supply chain, publishing information on cobalt smelters and the raw material's countries of origin[17].

Together with BASF SE, Samsung SDI and Samsung Electronics, the BMW group have commissioned the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH to examine over a period of three years how

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[14]https://www.ukessays.com/essays/management/ethical-issues-in-the-consumer-electronics-industry-management-essay.php
[15] https://www.fairphone.com/wp-content/uploads/2019/05/016_005_List_Suppliers_and_Smelters_05_19_DEF.pdf

[16] https://knowthechain.org/wp-content/uploads/2020-KTC-ICT-Benchmark-Report.pdf
[17]https://www.bmwgroup.com/en/responsibility/sustainable-stories/popup-folder/Kobaltabbau.html

the living and working conditions in small-scale mining in the Democratic Republic of the Congo can be improved.

Umicore, a global materials technology and recycling group, introduced its Sustainable Procurement Framework for cobalt. Stakeholders trust that cooperation, for example, the Global Battery Alliance, can lead to positive change. Another example is the London Metal Exchange (LME) which had released a position paper on responsible sourcing with special transitional provision for cobalt.

How can amfori support you?

Tools/services:
- amfori BSCI, amfori BEPI and amfori Academy
- amfori Country Due Diligence Tool
- Endless Possibilities, a guide to effective sustainability communications
- amfori Transparency Toolkit Series I: EU Regulatory Landscape on Transparency

Further reading:
- amfori's 2015 statement on conflict minerals

External references and tools

- Practical Guide to Transparency in Procurement
- Possible steps towards transparency in supply chains with conflict minerals
- OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas

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Food and Agriculture

Why is supply chain transparency important for this sector?

The Food and Agriculture (F&A) sector relies on complex supply chains to deliver their products. For the F&A sector, transparency is needed to ensure social and environmental compliance, as well as safe, ethical, and healthy standards. Crises, such as the one caused by COVID-19 disrupting the livelihoods of workers, farmers, migrants, and businesses, show why global food systems must become more transparent, traceable, and accountable to support open and sustainable trade.[18]

amfori members from the Food sector are mostly food retailers and importers, located downstream in the supply chain. For these members, having clarity on the due diligence of producers and suppliers is extremely important. Also, the pressure from consumers is growing. Supply chain transparency is a strategic tool to support their sourcing and buying practices and ensure that the products offered in their stores are not connected to human rights violations or environmental damage.

What are the demands and expectations of stakeholders?

Stakeholder demands and expectations regarding transparency in the food sector have extended its scope from a product health and safety perspective to a supply chain level. Within many product categories, the key identified requirements from stakeholders are related to:

- Responsible business practices of food retailers
- Minimum living wage for agriculture producers
- Workers conditions in the fields
- Ensuring the nonexistence of child labour and modern slavery within food supply chains
- Responsible recruitment practices and valorisation of migrant workers
- Responsible use of agrochemicals
- Sustainable management of forests, amid the illegal opening of new pasturelands and crop field
- Mitigation of the climate change impact of agriculture production in the food supply chain

To provide an understanding of those demands and expectations, we have highlighted trends and examples from key stakeholder groups:

- **NGO campaigns**

Oxfam is a great example as they work on a number of these topics. The NGO has a campaign called 'End suffering behind your food'. They have published several initiatives and reports which demand better workers conditions and supply chain transparency in the food industry. One of their initiatives is 'Ripe for Change', which since 2018 assesses the performance of US and European supermarkets on publicly disclosed policies and practices. In summary, Oxfam expects and asks for improvements in four key areas: supply chain transparency; conditions for workers in the field; conditions for small-scale farmers; discrimination against women.

Consumer trends

In Europe, an important market for amfori members, there is an increasing demand from consumers for information about the food they eat. This now includes supply chain issues, such as:

- Ingredients selection and sourcing
- Impact that food production, manufacturing and distribution have on the environment and society.
- Growing preference for organic and locally sourced ingredients

For instance, a survey with 2,000 people performed by The Center for Food Integrity (CFI) showed that over farmers or the government, consumers hold the food industry the most responsible for demonstrating transparency on labour, human rights and business ethics, and also for the impact of food on health and the environment, food safety and animal well-being[19]. This is particularly relevant for amfori food members as they are connected to key players in the food industry.

- **Industry initiatives**

Due to a wide range of categories and stakeholders in the Food and Agriculture sector, the industry tends to organise either in general initiatives or in a commodity or tier level:

- **Cross-sectorial**

The Sustainable Agriculture Initiative was founded by the food industry to communicate and actively support the development of sustainable agriculture. SAI's work involves various stakeholders in the food production chain.

The European Food Sustainable Consumption and Production Round Table is a public-private initiative whose vision is to promote research-based, cohesive access to sustainable food consumption and production throughout Europe, while simultaneously implementing environmental perspectives at all stages of the food chain.

Fairtrade International (FO) is a labelling system that seeks to improve the living conditions of some of the world's poorest farmers and workers by, among other things, assuring them a fair price for their goods and

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[18] https://www.economist.com/leaders/2020/05/09/the-global-food-supply-chain-is-passing-a-severe-test

[19] https://www.forbes.com/sites/gmoanswers/2015/11/30/transparency-no-longer-optional/#4438206f69d4

setting guidelines for working conditions and environmental protection measures.

Food Drinks Europe facilitate the development of an environment in which all European food and drink companies, whatever their size, can meet the needs of consumers and society, while competing effectively for sustainable growth.

- **Sector-specific**

The Global Sustainable Seafood Initiative is a public-private partnership that represents the full seafood value chain, companies, NGOs, governments and international organisations –including the UN Food and Agriculture Organisation (FAO)–, promoting sector-wide collaboration to align global efforts and resources to address seafood sustainability challenges.

World Cocoa Foundation promotes sustainable production and economic sustainability through assistance for cacao growing. The organisation focuses on environmental sustainability and on developing effective production techniques. It also serves as a debate forum for the needs of the cacao-growing sector.

Roundtable on Sustainable Palm Oil is a global, multi-stakeholder initiative that seeks to promote growth and the use of sustainable palm oil products through supply chain cooperation and open dialogue between stakeholders.

Ethical Tea Partnership is an alliance of tea companies that cooperate to improve the sustainability of the tea industry and to improve the living conditions of tea workers.

UTZ Certified works to secure an open and transparent market for agricultural products. The organisation offers certification programmes for coffee, tea and cacao and manages traceability systems for RSPO-certified palm oil.

- **Regulatory demands** (if any)

  o **Cross-sectorial:**
    - EU Non-Financial Reporting Directive (please check how the Directive was implemented in the country where you operate)
    - UK Modern Slavery Act
    - Australia Modern Slavery Act
    - California Transparency in Supply Chain Act

  o **Sector-specific:**
    - The collection of prices of agri-food products (meat, dairy, wine, cereals, oilseeds and protein crops, fruit and vegetables, olive oil and sugar) at different stages along the supply chain (more details will be soon published on the European Commission website)

    -Implementation of Article 26 of Regulation (EU) N° 1169/2011 on the provision of food information to consumers

-On 28 May 2018, the Implementing Regulation (EU) 2018/775 was adopted to clarify how the origin of primary ingredients shall be labelled when it is different than the given origin of the food[20]

Where to find inspiration for best practice?

Within food retailers, Lidl, Morrisons and Albert Heijn (an Ahold Delhaize subsidiary) have begun to publish key information about their first-tier suppliers. Albert Heijn has also taken the next step in offering transparency to customers. It is using blockchain technology to make the production chain of its own-brand sustainable orange juice completely transparent, in partnership with its supplier, Refresco. Also promising is the fact that German (Lidl, Rewe, Aldi North and Aldi South) and Dutch supermarkets (Albert Heijn, Jumbo, PLUS) are making living wage commitments in national-level initiatives.[21]

Within food brands, Hershey is among the many packaged food companies that have opted for sharing ingredient and sourcing information online to regain consumer trust. Hershey's corporate website now features an interactive map that tracks the ingredients in Reese's Peanut Butter Cups and Hershey's Milk Chocolate with Almonds.[22]

Over 40 coffee retailing companies have signed 'The Pledge' agreeing to share a fixed set of variables when reporting on green coffee purchases. They aim to create a common standard for transparency reporting that is applicable throughout the coffee world. By disclosing additional information like the name of the producer organisation and the lot size, 'The Pledge' adds context to their transparency reports, making it comparable and truly transparent.

Besides, Foodtank listed 40 organisations that are doing invaluable work towards more sustainable food systems.

How can amfori support you?

With amfori BSCI and BEPI initiative, amfori can support you to build trust and improvements with your producers to achieve healthy supply chains. Thus, by disclosing your efforts, challenges, and good practice in your supply chain you can engage in a dialogue with your stakeholders, answer their questions in an honest, open manner and consequently gain loyalty within your supply chain actors and consumers.

Tools/services:
- amfori BSCI, amfori BEPI and amfori Academy
- amfori Country Due Diligence Tool
- Series: Identifying environmental hotspots in the wine industry
  - Chile, Argentina, Italy, South Africa
- A deep-dive into the aquaculture industry
- Endless Possibilities, a guide to effective sustainability communications
- amfori Transparency Toolkit Serie I: EU Regulatory Landscape on Transparency

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[20]https://www.fooddrinkeurope.eu/uploads/publications_documents/FoodDrinkEurope_-_Guidance_on_the_origin_indication_of_the_primary_ingredient_2020_update.pdf

[21] https://businessfightspoverty.org/articles/which-supermarkets-are-doing-the-most-to-protect-the-rights-of-food-workers/
[22] https://www.foodbusinessnews.net/articles/11532-transparency-critical-for-the-future-of-food

Further reading:
- [New System Manual Feature: Promoting the Cascade Effect in the Food Sector](#)
- [Lessons learned in the F&B arena](#)

External references and tools
- [Transparency Roadmap for Food Retailers: Strategies to build consumer trust](#)- The Center for Food Integrity (CFI)
- CFI Infographic of [6 priorities to promote transparency in food](#)
- [OECD-FAO Guidance for Responsible Agricultural Supply Chains](#)
- [Practical Guide to Transparency in Procurement](#)
- [The path to supply chain transparency](#) – Deloitte
- [3 Key elements to Food Supplier Transparency](#) - FoodLogiQ

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Paper and Furniture

Why is supply chain transparency important for this sector?

The pulp and paper industry, which includes products such as office paper, printed pictures, tissues, and product packaging – accounts for 40% of industrial wood traded globally. Another substantial portion of this trade is connected to the furniture sector, which is heavily dependent on wood/timber. The sourcing of timber can be connected to environmental, social and governance (ESG) risks such as deforestation and illegal logging. According to some estimates, logging in violation of national laws accounts for 8-10% of global production and trade in forest products[23].

With regulations such as The European Union Timber Regulation (EUTR) several requirements are being enforced for businesses that place timber or timber-based products on the European market. To comply, businesses must conduct Due Diligence on the timber they use to prevent the import of timber that has been illegally harvested or taken from regions with armed conflicts or with export bans in force. An organisation must demonstrate it has:

- Gathered supply chain information (i.e. product type, quantities, at least tier 1 supplier, species and geographical origin)
- Conducted a risk assessment, considering topics such as governance in the country of origin, the rarity or endangered status of the species
- Mitigated all risks if they have been identified

Businesses which have insufficient information on their supply chain risk incurring penalties and losing market share due to non-compliance with regulation and loss of consumer trust. Here, supply chain transparency can be instrumental for companies that want to ensure the reliability of their timber products as well as their position in the market.

What are the demands and expectations of stakeholders?

The protection of forests is the element that drives stakeholders' demands and expectations regarding the supply chain transparency of the paper and furniture sectors. Apart from providing food, wood, and livelihood to many people in the world, forests also help contain global

warming. Industries which rely on timber (e.g. paper and furniture) are held accountable by regulations and stakeholders for their sourcing practices. Consumers and authorities want to ensure that the wood in their products does not originate from:

- Deforestation
- Illegal logging
- War zones
- Sources which impact vulnerable indigenous communities

To support understanding of how those demands and expectations are voiced, we elaborate on examples from key stakeholder groups:

- **NGOs**

Since 1997, The Global Forest Watch (GFW), an initiative from the World Resources Institute, has been monitoring forests worldwide. They can do this with accuracy thanks to a partnership with by Google, NASA, USAID, the University of Maryland (UMD), and many other academic, non-profit, public, and private organisations. According to their June 2020 data, we have lost a football field of primary forest every six seconds in 2019. Those are alarming figures for stakeholders from the industries linked to this deforestation, including the paper and furniture sector, which must rethink the dependence of the sector on timber and the impact of their activities on forests.

WWF had observed the increasing global demand for low-cost timber and pulp products. This has led to a multi-billion dollar business of illegal and unsustainable logging. Within their many initiatives, every two years WWF invites 100 pulp and paper manufacturers to participate in the Environmental Paper Company Index (EPCI) and demonstrate leadership in disclosing information and improving the global industry's footprint. Also, WWF started the Global Forest & Trade Network (GFTN), who work with forest managers, manufacturers and purchasers from across the forest industry supply chain to promote responsible production and trade of forest products. The GTFN helps manufacturers achieve chain-of-custody certification and works with buyer companies to select these responsible forest products.

Despite the efforts from the GFTN and certification bodies, the 2019 WWF Timber Scorecard report shows that while companies committed to sustainable timber are delivering in their commitments, "Lower-performing companies have performed worse". The scorecard assesses businesses on the information they make available publicly regarding their commitments and policies to responsible sourcing and their performance against these commitments year-on-year. Thus, it recognises how important supply chain transparency is to eliminate illegal and unsustainable practices in timber and pulp supply chains.

- **Consumer trends**

Demand for wood products such as paper, furniture and construction materials are a major cause of damage to tropical forests. That demand is projected to increase over the next half-century. Consumers that understand the impact of wood harvesting in forests are questioning the

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[23] https://www.worldwildlife.org/industries/timber

sourcing practices of their favourite furniture and paper brands.

Recent research by the Sustainable Furnishings Council (SFC) suggests that home furnishings retailers and manufacturers have an opportunity to better engage with consumers and serve to pressing societal needs. When SFC interviewed consumers who purchased home furniture at least once a year they found out that while the majority of them ultimately care about the environment and want to make more sustainable purchases, they aren't always willing to compromise when it comes to other product attributes. Just 12% of respondents ranked "earth-friendly" as one of their top three choices.[24]

For the paper sector, consumer trends from a 2019 Paper & Packaging Consumer Trends Report showed that 3% of American consumers reward brands that uphold public commitments to sustainability[25]. Here, we see that stakeholders such as governments and NGOs are driving the need for transparency in the paper and furniture sector more than consumers.

- **Industry initiatives**

FSC (Forest Stewardship Council) is an international non-profit and member-based labelling scheme for paper and timber from sustainable forests. Their work promotes the FSC label in cooperation with its members, which include both companies and environmental organisations.

The Programme for the Endorsement of Forest Certification (PEFC) is a global labelling scheme for sustainable forestry, which ensures that the products carrying this label are sourced from forests that take account of both natural resources, and social and economic interests. With more than 240 million hectares of certified forests worldwide, PEFC is the world's largest forest certification system. Nonetheless, 240 million hectares is a small figure when compared to the over 4 billion hectares of forests covering the world's land surface.

The Sustainability Policy Transparency Toolkit (SPOTT) supports the financial sector and supply chain stakeholders to manage ESG risk through transparency assessments of soft commodity producers and traders. Their initiative covers palm oil, timber and pulp and natural rubber. SPOTT is a free, online platform and by tracking transparency, SPOTT aims to incentivise the implementation of corporate best practice.

The Sustainable Furniture Council (SFC) provides support and tools for furniture companies to create robust wood sourcing policies and help them determine what harmful chemicals might be in the products they buy. In 2017, SFC announced the, "What's it made of?" initiative to encourage transparency in supply chains and stimulate innovation to reduce harmful chemical inputs into home furnishings.

- **Regulatory demands**

o **Cross-sectorial:**
  - EU Non-Financial Reporting Directive (please

check how the Directive was implemented in the country where you operate)
  - UK Modern Slavery Act
  - Australia Modern Slavery Act
  - California Transparency in Supply Chain Act

o **Sector-specific**:
  - Timber Due Diligence Regulation

Where to find inspiration on best practice?

When looking into the companies assessed by SPOTT in terms of timber and pulp supply chain transparency, the top three best performers were INTERHOLCO, Precious Woods and Woodbois. All the three companies have reported their sustainability according to GRI Standards and CDP and publicly disclosed around four out of five of the information criteria related to supply chain transparency investigated by SPOTT.

At the furniture sector, an assessment performed by the Wood Furniture Scorecard showed IKEA as one of the leaders in the industry. The company has committed to sustainable cotton initiatives and pledged to become forest neutral by the end of 2020. At the end of 2019, they reported that 97% of the wood they use was already coming from sustainable sources. Nonetheless, a recent June 2020 report from EarthSight is connecting the company to illegal logging from Ukraine and questioning the effectiveness of FSC certifications. A smaller player called Watson Furniture has committed to material transparency within their supply chain, believing that people have the right to know where their furniture comes from and if it is sourced sustainably.

From the paper sector, we have players such as Tetra Pack that developed a supply chain database to track the environmental status category of the paper its sources. Tetra Pak then worked with WWF to create a responsible procurement policy and train Tetra Pak staff on how to effectively implement the policy.

Many industries depend on paper for their packaging. Nestlé is driving industry-wide transparency in packaging with a scheme they are calling, "No pulp fiction". As part of this, the company has disclosed a list of their direct suppliers and pulp mills in their upstream supply chain.

How can amfori support you?

Tools/services:
- amfori Timber Due Diligence Programme
- amfori BEPI and amfori Academy
- amfori Country Due Diligence Tool
- Endless Possibilities, a guide to effective sustainability communications
- amfori Transparency Toolkit Series I: EU Regulatory Landscape on Transparency
- Unleash Opportunity webinar – How to Conduct Solid Wood Due Diligence in Timber Value-Chains

Further reading:
- Timber Due Diligence Brochure

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[24] https://www.furniturelightingdecor.com/do-furniture-shoppers-care-about-sustainability

[25] https://asiapulppaper.com/-/sustainability-now-drives-more-consumer-purchasing-decisions

Relevant external references and tools

- [Practical Guide to Transparency in Procurement](#)
- [Timber Trade Portal](#) from the European Timber Trade Federation
- [SPOTT timber and pulp assessments July 2020](#)
- [Timber and pulp producers and traders assessed by SPOTT on ESG policy transparency](#)
- SFC offers [free guidance and resources](#) for SMEs that want to review their wood sourcing policies.

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Toys

Why is supply chain transparency important for this sector?

The importance of transparency in the toy sector initially came from a product safety perspective. As with food, consumers wanted to know the composition of materials and chemicals used to produce the toys they were buying. After inhuman working conditions in toy factories in South East Asia were reported in the 2000s, this concern has grown to encompass other issues.

Consumers are concerned with how plastic-heavy the toy industry is. In particular, they are concerned with the end stages of a toy's life cycle and what happens when it is no longer wanted. Considering 90% of toys have at least some plastic in their composition, this represents a real environmental risk when they are discarded.

In summary, the toys sector faces high ESG risk throughout its supply chain. Supply chain transparency can be instrumental in assuaging consumer's concerns over the reliability, reputation, and sustainability of the toy sector.

What are the demands and expectations of stakeholders?

Since the early 90s toy manufacturing practices have been on the radar of human rights stakeholders[26]. Since then, the industry has evolved, and conditions have improved. However, human rights violations are still being reported today.

Concerns have also been raised over the industry's usage of non-recyclable plastics. The core asks from stakeholder include:
- Improved worker conditions at toys factories
- Responsible recruitment and purchasing practices
- A reduction in discrimination, sexual harassment and gender-based violence at toy factories
- That toys be made from recyclable plastics
- That harmful substances are not used in the manufacturing of toys
- That toys are durable and have a longer lifespan

- Better packaging solutions (i.e. recyclable, biodegradable, paper, etc).
- Gender equal toys.

To support understanding of how those demands and expectations are voiced, we elaborate on examples from key stakeholder groups:

• NGOs

There are many human rights risks associated with toy manufacturing, such as extremely long working hours, a seven-day working week, no protection against unlawful dismissal, being paid under legal minimum wage and violations of OHS measures.

To address and create awareness of these human rights risks, civil institutions from Nuremberg (the world capital of toys) met with human rights groups in 2001 and formed the Nuremberg Alliance for Fair Toys. The core ask from the alliance is for companies to adopt the Code of Conduct devised by the International Council of Toy Industries (ICTI), implement it with their Asian suppliers and consent to independent auditing procedures

Unfortunately, NGOs continue to find evidence of human rights violations. In November 2019, the labour rights NGO China Labour Watch released a report raising allegations of labour abuses at five factories producing for international toy brands in Guangdong Province, China. Allegations include low wages, excessive overtime, inadequate health and safety protections, poor living conditions in worker dormitories, restrictions to freedom of association, discrimination, sexual harassment, and gender-based violence.

• Consumer trends

Parents are becoming more conscious consumers. They are questioning what impact the toys they buy have on their children's health, the environment, and what the working conditions are of the people who produced them.

A report published in May 2019 by the Toy Association and Prodigy Works notes that millennial parents want the toys and games their children play with to be more eco-friendly. They are actively seeking out biodegradable toys[27]. If they do buy toys made of plastic, then they are increasingly vigilant about the presence of harmful substances such as BPA.

Global toy companies such as Hasbro, Mattel and LEGO have been warned by specialists about the chance of losing big market share if they fail to adapt to the growing consumer demand for eco-friendly toys[28].

Another trend is that millennials parents are moving away from purchasing toys with a short lifespan and are instead selecting durable toys that are meaningful and can provide learning experiences to their children.[29] Nonetheless, independently of the generation of the parents, a gradual shift from low to middle-income household in some markets (e.g. India and China), is causing a growing

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[26] https://www.wsws.org/en/articles/2003/05/kade-m16.html
[27] https://www.nbcnews.com/business/consumer/millennial-parents-demand-sustainable-toys-lego-perfecting-plant-based-bricks-n1038721

[28] https://www.toynews-online.biz/2018/11/05/hasbro-mattel-and-lego-warned-adapt-to-demand-for-eco-toys-or-lose-your-market-share/
[29] https://www.bbc.com/news/science-environment-47868871

demand for medium frequency purchase goods, such as apparel and toys.[30]

Lastly, kids themselves are also becoming aware of how harmful non-recyclable materials such as plastic can be. Here, there is an advantage for companies that can sell a product that consumers see as being meaningful on sustainability awareness and education. Thus, investing in supply chain transparency and having the ability to tell the stories behind your product can be instrumental when targeting the consumers of tomorrow.

- **Industry initiatives**

In July 2020, the Nuremberg Alliance for Fair Toys joined industry leaders and founded the Fair Toys Organisation (FTO). The organisation aims to promote the topics of social and ecological responsibility in the toy industry, provide consumers with information and encourage responsible toy production from manufacturing to retail.

Another initiative is the International Council of Toy Industries (ICTI), which works to improve ethical and safety practices in toy factories, promote toy safety standards and act as a centre for debate and the exchange of information. They also hold the ICTI Ethical Toy Program, which brings manufacturers, brands, retailers and civil society partners together to monitor, manage and fix social sustainability issues in the toy industry.

- **Regulatory demands**

o **Cross-sectorial:**
  - EU Non-Financial Reporting Directive (please check how the Directive was implemented in the country where you operate)
  - UK Modern Slavery Act
  - Australia Modern Slavery Act
  - California Transparency in Supply Chain Act

  Sector-specific:
  - Conflict Minerals Regulation (of relevance for toys with electronics components)

Where to find inspiration on best practice?

Toy companies are striving to make their toys and packaging more sustainable. The largest toy manufacturers, Hasbro, Mattel, LEGO, and MGA Entertainment have promised to switch to plant-based or recycled plastics and to reduce packaging waste. Hasbro

has pledged to phase out all plastic packaging by 2022. Mattel has set a goal of using only recycled, recyclable or bio-based plastics in all of its toys and packaging by 2030.

Lego pledges that its bricks are durable and can be reused for decades. Nevertheless, the company plans to make all its packaging sustainable by 2025 and has invested in bio-plastics sourced from sugarcane by-product.[31]

A Dutch company, BiOBUDDi, sees its position in the European market strengthened by the European Union's push to legislate for increased use of bioplastics while reducing the use of single-use plastics, non-recyclable, and non-degradable materials.[32]

Green Toys has been making toy trucks, cars, and boats from recycled milk jugs for more than a decade and has grown from a small startup to an important player. It has moved from speciality toy stores to deals with big-box giants like Target.

How can amfori support you?

Tools/services:
- amfori BEPI Supply Chain Chemical Management Module
- amfori BSCI, amfori BEPI and amfori Academy
- amfori Country Due Diligence Tool
- amfori Transparency Toolkit Series I: EU Regulatory Landscape on Transparency

Further reading:
- BEPI and ZDHC Join Forces to Scale Chemical Management in Global Supply Chains
- ZDHC: Working Together to Eliminate Hazardous Chemicals
- FTA Supports Launch of ZDHC Academy
- Building Up Coop's Environmental Performance

External references and tools
- Code of Business Practices from the International Council of Toys Industries
- Practical Guide to Transparency in Procurement

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[30] https://www.bbc.com/news/business-43253798

[32] https://www.toynews-online.biz/2018/11/05/hasbro-mattel-and-lego-warned-adapt-to-demand-for-eco-toys-or-lose-your-market-share/

About amfori

As the leading global business association for open and sustainable trade, we bring together over 2,400 retailers, importers, brands, and associations from more than 40 countries. Our membership contains organisations of all sizes and all sectors with a combined turnover of more than one trillion euros. Our mission is to enable each of our members to enhance human prosperity, use natural resources responsibly and drive open trade globally. These are major challenges and we need to work collaboratively to tackle them. Together we can influence and drive positive change at scale.

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