Overview
Explanatory Note

Virtual Multi-Stakeholder Policy Dialogue 27-28 April 2020
Accelerating action for Sustainable and Circular Value Chains in Garment & Footwear
Why Business Process Analysis?

Let’s start from the Foundation for Traceability and Transparency

Identifiers or IDs
**Explanatory Note for the Business Process Analysis Activity and the Generic Traceability Model**

IDs form the “chain” that links material flows across a supply chain in order to create traceability.

- **ID a**: Raw Fibre
- **ID b**: Raw Fibre
- **ID c**: Raw Fibre
- **ID d**: Raw Fibre
- **ID a**: Raw Fibre & Ginned Fiber
- **ID b**: Raw Fibre & Ginned Fiber
- **ID c**: Raw Fibre & Ginned Fiber
- **ID d**: Raw Fibre & Ginned Fiber
- **ID A**: Yarn
- **ID B**: Yarn
- **ID i**: Fabric
- **ID i**: Fabric & Dyed Fabric
- **ID 1**: Garment

**Only one input so more info added to same ID**

**Explanatory Notes**

- More than one input so a new ID is needed.
- Only one input so more info is added to the same ID.

**Tracing Backward**

You can see that ID1 is made up of materials with the IDs i+ii+A+B+a+b+c+d.
Challenges for IDs

- How to attach a unique ID to an output so that you are sure it will travel with the product?
- How to capture the IDs so they are properly linked?
- How to prevent the use of fraudulent IDs?

All at a minimal cost
Remembering that small cost increases up-stream result in much larger increases downstream as each participant add a % markup to the price
IDs are “doors” to further information

Which information? – the implementor decides

Minimum: the input IDs (establishing the “link”)
- Name and address of the producer/processor
- Date produced
- Location produced
- Processes used
- Certification of producer/processor
- Etc.
Challenges for ID Information

• How much to collect for each ID?
• When and where to collect the information & by what means?
• How to prevent the registration of fraudulent information?
• Who should have access to which information, when and how?
• What is the SME and up-stream partner able to provide?

AND for Sustainability

• What is the minimum information that an ID should point to in order to support a particular sustainability policy claim?
Explanatory Note for the Business Process Analysis Activity and the Generic Traceability Model

**Business Process Analysis**

Will help us to

- Answer most of these questions
- Provide key input to the technical process of defining what data means in a standardized way that can be understood and exchanged by computers (i.e. the development of semantic standards)
Business Process Analysis (BPA) is the first step in a data standardization process.

There are 5 steps inside of a BPA which we will look at now.

Yellow highlights information in each step that links it either to the previous or next step.
1. Prepare a Use Case diagram identifying the principle processes and the actors.
2. Develop an **Activity Diagram** for each Process in the Use Case showing the

- Participants in the process
- Actions / activities undertaken
- Sequence of actions
- Information flows

![Activity Diagram](image-url)
3. Prepare a **Business Process Description** which describes in text, “the story” behind the diagram and any information exchanges, including documents.

- The Auditor registers the traceable policy claim. It includes all involved parties and certificates to provide the necessary proof. The Auditor can be the Brand Owner / Retailer.
- The Auditor or Goods Producer perform (self) audits / certifications. They both can register them.
- The Goods Producer uses global unique IDs, provided by a Solution Provider, in order to register himself and the product(s) he produced (including transformation). As a Service Provider may not be aware of the products being transported, stored etcetera, the Goods Producer has to provide the involved product IDs (missing link between Goods and Products). The farmer is also a Goods Producer.
- The Goods Producer and Auditor can register products under a Product Policy Claim because they gain the needed certificate(s).
- The Service Provider uses a global unique IDs, provided by a Solution Provider, in order register himself and the product(s) he has in custody.
- The Brand Owner and the Auditor can verify if a product complies to the traceability policy claim. Although some Brand Owners can do this already as they are Auditor as well.
- The Consumer can request for information about a product regarding the Product Policy Claim. The Brand Owner/Retailer provides this information.
<table>
<thead>
<tr>
<th>Name of process area</th>
<th>Cotton Value Chain – The information in this example was “invented” as an example, it needs to be filled in by a cotton supply chain expert</th>
</tr>
</thead>
<tbody>
<tr>
<td>Name of business process activity (use case)</td>
<td>1. Cotton Planting and Cultivation</td>
</tr>
<tr>
<td>Process participants</td>
<td>Cotton Farm, Farm supplier, Farm Cooperative</td>
</tr>
<tr>
<td>Input and criteria to enter/begin the process</td>
<td>Information available for crop planning. <strong>This is what has to be completed before this process can begin.</strong> For example, for spinning, the cotton has to have been ginned and delivered to the spinner before the process can start</td>
</tr>
<tr>
<td>Parallel Processes</td>
<td>List any processes from the use case diagram that can be undertaken either completely or partially in parallel with this process. If it is only partially in parallel, explain.</td>
</tr>
<tr>
<td>Description of Activities</td>
<td>A step by step description of what happens in the process</td>
</tr>
<tr>
<td>Description</td>
<td>Needs to mention all of the participants to this step in the process</td>
</tr>
<tr>
<td>Periodicity</td>
<td>Daily, monthly, every 8 weeks, yearly, etc.</td>
</tr>
<tr>
<td>Required Documents + Required Other Information</td>
<td><strong>Required Documents</strong> + Communication method + Who sends info to Who Examples of emails, pdfs, etc need to be collected</td>
</tr>
<tr>
<td>Description</td>
<td>Periodicity</td>
</tr>
<tr>
<td>Yearly in January</td>
<td>Plan made and kept by farmer</td>
</tr>
<tr>
<td>Individual (as a): farm owner Goal (I want): to have the largest possible crop at the best time Benefit (so that): My farm can be profitable and support my family and workers</td>
<td></td>
</tr>
</tbody>
</table>

**1. Crop planning by the farmer**

Farmer plans cotton crop and plans initial seed and fertilizer orders.

**1.1 Crop planning by the farmer**

Farmer plans crop and plans initial seed and fertilizer orders. Yearly in January.

Plan made and kept by farmer.

None

Individual (as a): farm owner

Goal (I want): to have the largest possible crop at the best time

Benefit (so that): My farm can be profitable and support my family and workers.
### 3. Using a Standard Business Process Description Form – Part 2

<table>
<thead>
<tr>
<th>Output and criteria</th>
<th>The cotton is ready for the farmer to harvest it. <strong>The criteria to exit usually becomes the input criteria for the next process</strong> to exit the business process</th>
</tr>
</thead>
<tbody>
<tr>
<td>“Common” exceptions / problems</td>
<td>Example: Poor weather results in loss of crop</td>
</tr>
<tr>
<td>Circular economy related observations</td>
<td>For example, if there are waste products from this process that could be re-used and/or if one of the inputs could be a recycled product</td>
</tr>
<tr>
<td>Other Observations, for example related to traceability needs for different activities</td>
<td>**</td>
</tr>
</tbody>
</table>
### 3. Using a Standard Business Process Description Form – Part 3

The 2 sections below are being filled in separately, by the UNECE based on information already provided by supply-chain participants. When finished, the draft versions will be circulated for comment.

<table>
<thead>
<tr>
<th>Related laws, rules, Laws regarding child labour as well as pesticide and fertilizer use regulations</th>
<th>Sustainability risks (hot spots) within this process</th>
<th>Sustainability criteria and standards to address the risk</th>
<th>Validation methods for criteria and standards</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sustainability Risks, Criteria and Validation If the list is too long this section can be moved to an annex.</td>
<td>Child labour</td>
<td>XXX Guidelines</td>
<td>For example, Certification, Audit, Inspection, Self-evaluation, etc.</td>
</tr>
<tr>
<td>Use a new line for each risk</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

For example, Certification, Audit, Inspection, Self-evaluation, etc.
4. Prepare a **Document/Information Exchange List**, based on the Business Process Descriptions. This lists all information exchanges (documents & others) and identifies where different processes exchange the same information.

<table>
<thead>
<tr>
<th>Name</th>
<th>Description</th>
<th>Process using document / information</th>
<th>Count</th>
<th>Nature of document</th>
<th>Created by</th>
<th>Transaction specific</th>
<th>Count</th>
</tr>
</thead>
<tbody>
<tr>
<td>The document as used in the process descriptions.</td>
<td>Explain in your words the function of the document.</td>
<td>Indicate the processes of your use case in which the document/information is &quot;used&quot;. Used can have different meanings. Specify if it is - created, presented, annotated, or submitted and Inform whether the document is an electronic document, a paper document (original with stamp, signature etc.), or a scanned copy.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Invoice</td>
<td>Trade agreement between supplier and purchaser</td>
<td>Created, Submitted Paper document (original)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CMR</td>
<td>Shipping document</td>
<td>Created, Submitted Paper document (original)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
### 5. For each of the identified Information Exchanges, a list of all the data included

<table>
<thead>
<tr>
<th>Number from Document Spreadsheet: 2</th>
<th>Document Name: CMR</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Number</strong></td>
<td><strong>Column / Box</strong></td>
</tr>
<tr>
<td>1</td>
<td>Consignor / Exporter</td>
</tr>
<tr>
<td>2</td>
<td>Consignee / Importer</td>
</tr>
<tr>
<td>3</td>
<td>Place of delivery</td>
</tr>
<tr>
<td>4</td>
<td>Place and date of taking over the goods</td>
</tr>
<tr>
<td>5</td>
<td>Documents attached</td>
</tr>
<tr>
<td>6</td>
<td>Marks and Notes</td>
</tr>
<tr>
<td>7</td>
<td>Number of packages</td>
</tr>
<tr>
<td>8</td>
<td>Method of packing</td>
</tr>
</tbody>
</table>
Business Process Analysis (BPA) is the first step

We will undertake 2 ½ process analyses (as described in the 5 steps above)

The results will then be used by the technical team for standards development. Work on Guidelines will also take into account the results from 2.5

1. **One that is Generic for Traceability** To identify what data needs to be exchanged, with whom and when in order to establish traceability for a policy claim by the brand / producer / factory / farmer

2. **One for the Cotton to Finished Garment Process as it exists**

To identify what product and process data is currently exchanged, with whom and when

2.5 **A Revised Cotton to Finished Garment Process** that includes the actions and data needed for Traceability
Thank you!

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