



telavalue

SOCIAL IMPACTS EVALUATION

WP1.1 Circular value chains: Actor, infra
and ecosystem analysis, Impact studies

January 2023



Contents



1. Methodology
2. Background
3. Social impacts and risks in a circular value chain

Shortly



What, how, why?

- Evaluating the social impacts of circular textile value chain compared to a linear one
- Qualitative study based on the UNEP's Guidelines for Social Life Cycle Assessment of Products and Organizations
- This study works as a basis for a value proposal analysis

Main results

- Circular value chain **enables many positive impacts from the social perspective**, e.g. a more local production (legislation) and decrease in the use of virgin raw materials, but **there are risks which should be considered**, like economical effects from the consumers' perspective and the effects on traditional production countries.

Target group and how they can use these results

- Textile businesses moving towards circular value chain

Methodology



- Guidelines for Social Life Cycle Assessment of Products and Organizations 2020. UNEP.
 - Assessing the social impacts of products and services across their life cycle based on policy frameworks and other social responsibility references.
 - Social impacts are classified by stakeholder categories to assist with the operationalization and to ensure the comprehensiveness of the framework.
- Stakeholder category – workers
- Subcategories include freedom of association, fair salary and equal opportunities, which all have their own variety of indicators
- Outline of social impacts in each production country



Background

- There are many problems in the fashion and textile industry from the social perspective
- There is less use of virgin materials in circular value chains, hence fewer social risks in production
- In this case the circular value chain moves the production closer to a Finnish consumer
 - effects on traditional production countries
- Prices might go up
 - inequality in consumer's possibilities

Background



- The EU labour laws and regulations set the minimum requirements for a sustainable working environment and are applied in all Member States.
- Circular business models can provide new opportunities in the job market.
 - According to VTT, by 2035 there could be 17.000 new jobs in Finland in the circular textile sector.
 - ILO has estimated that by 2030 a net growth of 6 million jobs can be expected in waste management and recycling, as well as the service sectors, repair and renting models.

Source: VTT. 2021. Taina Kamppuri, Katri Kallio, Satu-Marja Mäkelä, Ali Harlin. 2021. Finland as a forerunner in sustainable and knowledge-based textile industry - Roadmap for 2035.

ILO. 2018. Greening with jobs. World employment social outlook. 2018. International labour office, Geneva.



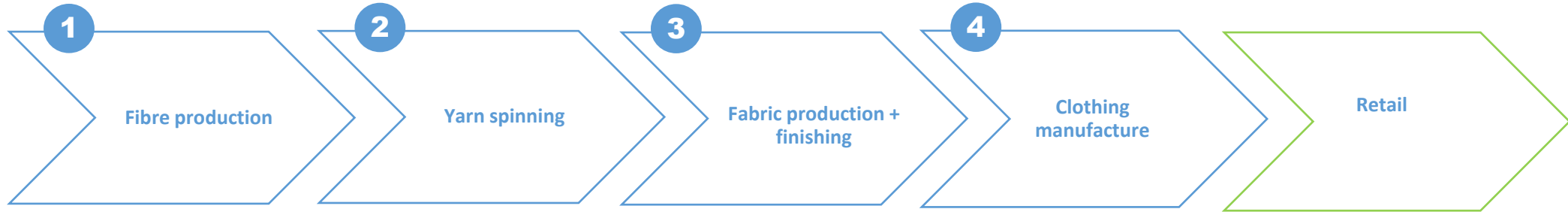
Impact studies



A circular value chain

Case: Sweatshirt

Mechanically recycled cotton 70%
Re-generated cellulosic fibre 30%



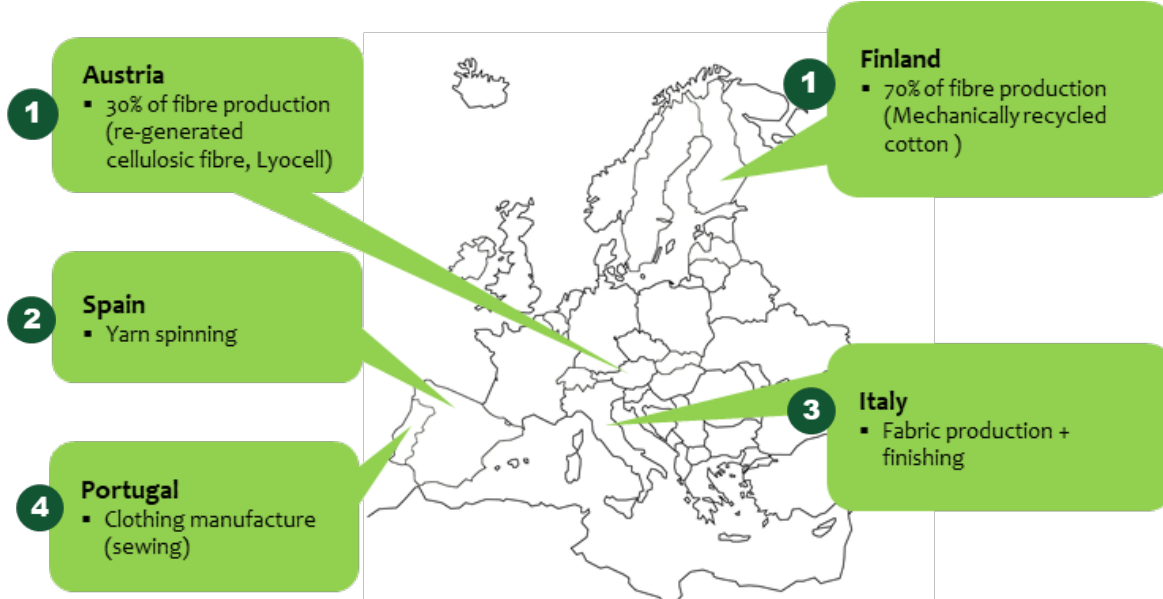
- Mechanically recycled cotton 70%: Finland
- Re-generated cellulosic fibre (Lyocell) 30%: Austria

▪ Spain

▪ Italy

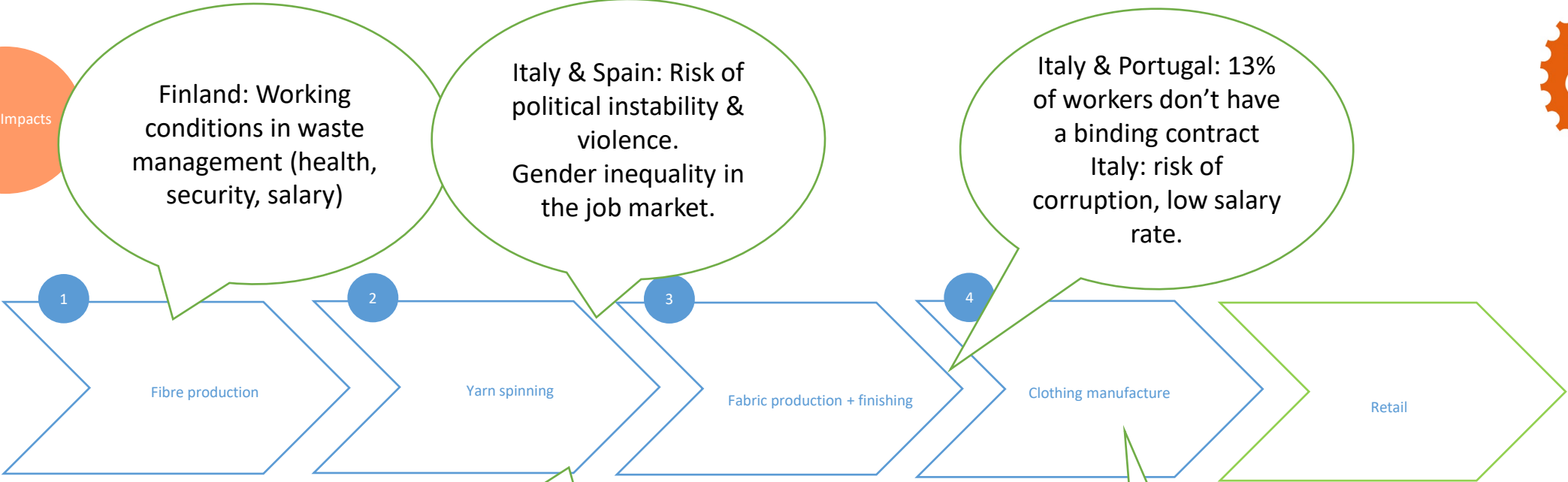
▪ Portugal

▪ Delivery in Finland (150km)





Social Impacts



- Mechanically recycled cotton Finland
- Re-generated cellulosic fibre Austria

▪ Spain

▪ Italy

▪ Portugal

Finland: Working conditions in waste management (health, security, salary)

Italy & Spain: Risk of political instability & violence. Gender inequality in the job market.

Italy & Portugal: 13% of workers don't have a binding contract
Italy: risk of corruption, low salary rate.

Austria: strikes and lockouts are essentially illegal

Spain: Workers have been arrested and prosecuted for exercising their right to strike.

Finland
▪ 70% of fibre production (Mechanically recycled cotton)

Portugal: Gender inequality in the job market.

2 Spain
▪ Yarn spinning

3 Italy
▪ Fabric production finishing

4 Portugal
▪ Clothing manufacture (sewing)



Sources: https://cleanclothes.org/file-repository/fair_living-wage_2022_report_eng.pdf/view
https://eures.ec.europa.eu/living-and-working/living-and-working-conditions/living-and-working-conditions-austria_en
<https://genderdata.worldbank.org/indicators/sl-uem-1524-fm-zs/> > 15-24 years
<https://www.eurofound.europa.eu/data/european-working-conditions-survey>
https://www.amfori.org/sites/default/files/amfori-2020-11-12-Country-Risk-Classification-2021_0.pdf

The list of subcategories and indicators, as well as the list of references can be found in the excel attached



Subcategory	Indicators	Linear model			Circular model				
		India	China	Bangladesh	Austria	Spain	Italy	Portugal	Finland
Freedom of association and collective bargaining	Collective bargain coverage	The right to collective bargaining is recognised by law but strictly regulated. In respect of the threshold for collective bargaining negotiations, the Industrial Relations Code established a requirement of sixty-six (66) per cent before a union can negotiate a collective agreement or perform its representative functions. Human freedom index 6.39.	The right to collective bargaining is not protected in law. China has the 15th worst human freedom index in the world (5.57/10 in 2021).	The right to collective bargaining is recognised by law. Some sectors have a ban on collective bargaining. Human freedom index 5.75	The right to collective bargaining is enshrined in the Constitution. Human freedom index 8.67	The right to collective bargaining is enshrined in the Constitution. Human freedom index 8.56	The right to collective bargaining is enshrined in the Constitution. HFI 8.49	The right to collective bargaining is enshrined in the Constitution and recognised by law. There are no precise and predetermined criteria to evaluate the representativity of unions. The ILO has pointed out that the legislation should be amended in order to avoid the exclusion of certain representative organisations from these bodies in the future. HFI 8.69	The right to collective bargaining is recognised by law. HFI 8.85 (6th)

Frame of research and future study



- The social impacts of this hypothetical case have only been studied from the worker's subcategory perspective.
- Each subcategory and indicator has only been studied from a country perspective of each value chain.
- Only open internet sources have been used for this study.
- The study is hypothetical and based mostly on qualitative data. The results are qualitative.
- Further and more detailed study on the social life cycle of both linear and circular value chain is necessary.