White Paper

Why Global Companies Should Care About Digital Product Passports

The Digital Product Passport (DPP) initiative in EMEA

The Digital Product Passport (DPP) initiative in EMEA, currently focused on the European Union (EU), is a proposed approach to managing product information throughout its lifecycle. The goal is to create a digital record accompanying products sold within the EU, containing essential information such as Origin, Materials, Sustainability credentials, Social aspects and End-of-life information.

What is a Digital Product Passport?

In a general sense, a digital product passport could be a form of digital documentation or record that accompanies a product from its creation through its use and disposal.

This digital passport might contain various types of information, such as:

1. **Product Information:** Details about the product, including its specifications, manufacturing date, materials used and other relevant information.

2. **Ownership and Usage History:** Information about the product's ownership and usage, which could be useful for warranty purposes or for understanding how the product has been utilized over time.

3. **Maintenance and Repair Records:** Records of any maintenance or repairs performed on the product, which can be valuable for both consumers and service providers.

4. **Environmental Impact:** Information about the environmental impact of the product, including details about its recyclability and disposal recommendations.

5. **Authentication and Anti-Counterfeiting Measures:** Digital product passports could also include features to verify the authenticity of a product and help combat counterfeiting.

The Benefits of a Digital Passport

Implementing digital product passports can have several benefits, such as improved transparency, better traceability and enhanced consumer confidence. This concept is particularly relevant in industries where tracking a product's journey is crucial, such as electronics, automotive and other manufacturing sectors.

Interoperability and Compatibility

Establishing global standards ensures that digital products can seamlessly interact with each other, promoting interoperability and compatibility across different platforms, devices and systems.

Security and Trust

Standardized digital product passports can include information about the product's origin, authenticity and compliance with security standards. This helps build trust among consumers and businesses, reducing the risk of counterfeit or compromised products entering the market.

Supply Chain Transparency

Digital passports can be used to track and trace products throughout the supply chain. This transparency is crucial for verifying the authenticity of products, ensuring ethical sourcing and addressing issues such as counterfeit goods and intellectual property theft.

Regulatory Compliance

Digital product standards help ensure compliance with international regulations and industry-specific standards. This is particularly important in sectors such as healthcare, where adherence to standards is critical for patient safety and data privacy.

Efficiency and Streamlining Processes

Standardized digital product information can streamline various processes, from manufacturing to distribution and retail. This can lead to increased efficiency, reduced errors, and cost savings for businesses.

Consumer Empowerment

Digital product standards empower consumers by providing them with accurate and comprehensive information about the products they purchase. This can include details about the product's environmental impact, ethical sourcing, and other factors that are increasingly important to consumers.

Advantages of Global Initiatives

International Cooperation

Global initiatives facilitate collaboration among countries, industries and organizations. This collective effort helps in the development and adoption of common standards, ensuring a more cohesive and globally accepted framework.

Risk Mitigation

By implementing digital product standards and passports, the risk of fraud, counterfeiting, and substandard products can be significantly reduced. This is particularly crucial in industries where product quality and safety are paramount.

Innovation and Competitiveness

Establishing global standards encourages innovation by providing a common foundation for the development of new technologies and products. It also enhances the competitiveness of businesses by enabling them to reach broader markets more easily.

Cross-Border Trade Facilitation

Standardized digital product documentation can simplify cross-border trade processes by providing a common language for customs authorities and regulatory bodies. This can lead to faster and more efficient movement of goods.

Data-driven Insights

Digital product standards enable the collection of standardized data, which can be analyzed to derive valuable insights. This data-driven approach can be used for continuous improvement, market research and policy formulation.

It's important to note that the success of global initiatives in this context depends on widespread adoption and adherence by governments, industries and stakeholders. Additionally, the ongoing evolution of technology and the digital landscape may lead to further refinements and advancements in these initiatives over time.

Why is this important to US companies?

The Digital Product Passport (DPP) initiative in EMEA, while currently focused on the European Union, should still be on the radar of US companies, particularly those involved in:
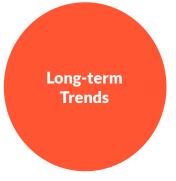
Exporting to the EU

- **Compliance requirements:** If you manufacture or export products to the EU, compliance with the DPP will eventually become mandatory for those products within specific categories. Non-compliance could lead to fines, product bans and reputational damage.

- **Early preparation gains:** Familiarizing yourself with the DPP now allows for a smoother transition once it becomes applicable to your products.

- **Competitive advantage:** Implementing DPP practices ahead of mandatory compliance can give you a competitive edge in sustainability-conscious EU markets.

Global Supply Chains

- **Transparency and traceability:** The DPP promotes information sharing throughout the supply chain, enhancing transparency and traceability. This benefits US companies by providing better assurance about the materials and practices used in their products.

- **Sustainability and circular economy:** The DPP focuses on environmental data and circularity principles, aligning with growing global trends towards sustainable manufacturing and responsible resource management. US companies adopting DPP practices can demonstrate their commitment to these values and potentially access new market opportunities.

- **Harmonization and future regulations:** The DPP initiative represents a significant step towards a global standard for product information. Early involvement can help US companies prepare for potential future regulations in other regions beyond the EU.

Long-term Trends

- **Consumer interest:** Consumer demand for sustainable and ethically sourced products is rising globally. Companies implementing DPP practices can cater to this demand and build brand loyalty.

- **Investor pressure:** Investors are increasingly focusing on companies with strong environmental, social and governance (ESG) practices. Implementing the DPP can be a valuable addition to your ESG efforts—attracting more responsible investors.

- **Innovation and efficiency:** The DPP provides access to valuable data and insights that can inform product design, optimize manufacturing processes and improve resource efficiency—benefiting businesses in the long run.

In the framework of the European Green Deal, European regulations will soon mandate a Digital Product Passport (DPP) for every product - dates are tentatively set for 2024 for framework regulation and 2026 for transition.

We have identified 5 pillars that will necessitate foundational shifts in product data management, traceability and technologies; not only merely incremental changes.

1. Nearly all products sold in the EU will require a DPP, containing information like characteristics and lifecycle stages, accessible electronically.

2. New mandatory unique product identifiers will be introduced, which will register and enrich product passports.

3. The DPP will include eco-design information to enhance product descriptions based on open standards and various delegated acts.

4. Products must have data carriers like barcodes or RFID tags to facilitate access to passport info.

5. A new EU registry for digital product passports will store and make accessible all related product information.

Brands must prepare to meet new data management requirements but stand to gain from increased consumer trust in eco-friendly practices and supply chain transparency.

Read more on our article in Forbes or our detailed article *(both in French)*

Antoine Collignon / Adone Conseil
Adone Conseil is a leader in consulting for the luxury industry sectors—fashion, watches and jewelry, beauty and cosmetics, wines and spirits—with more than 500 consultants distributed across France, Switzerland, England, and Italy.

While the immediate impact of the DPP might be limited for US companies not directly exporting to the EU, proactive engagement with the initiative offers several potential benefits in terms of compliance, competitiveness and alignment with global trends towards sustainability and responsible sourcing.

Actions and Take-aways

While the Digital Product Passport (DPP) initiative is currently focused on the EU, with mandatory compliance planned for specific product categories within the bloc, proactive preparation can benefit companies globally looking to stay ahead of the curve and reap potential advantages. Here are some actions companies can take:

Stay informed:

- **Track the DPP's development:** Regularly follow updates from the EC and relevant industry associations to understand the evolving scope, timelines and regulations.

- **Identify applicable product categories:** Determine which of your products might be subject to the DPP in the future, even if you don't directly export to the EU.

- **Monitor global trends:** Be aware of similar initiatives emerging in other regions that might adopt the DPP principles as inspiration.

Start collecting data:

- **Map your supply chain:** Trace the origins and components of your products and gather relevant data on materials, sustainability metrics and ethical sourcing practices.

- **Invest in data management systems:** Implement or upgrade systems to efficiently store, manage and share the collected data in a standardized format compatible with the DPP framework. This is a specific area where Mojix can support companies.

- **Partner with suppliers:** Encourage your suppliers to adopt similar data collection and management practices to ensure the smooth flow of information throughout the supply chain.

Review and adapt internal processes:

- **Assess your product design and manufacturing:** Identify opportunities to reduce environmental impact, incorporate recycled materials and optimize resource consumption.

- **Implement circular economy principles:** Explore options for product reuse, repair and recycling at their end-of-life stage.

- **Train employees:** Ensure your workforce understands the importance of the DPP and is equipped to provide accurate and transparent product information.

Engage with stakeholders:

- **Communicate your commitments:** Inform customers and investors about your efforts towards DPP compliance and your commitment to sustainable practices.

- **Collaborate with industry peers:** Participate in discussions and initiatives aimed at harmonizing product information standards across different regions.

- **Advocate for responsible sourcing:** Encourage transparency and ethical practices throughout the global supply chain.

By taking these proactive steps, companies can not only prepare for future compliance with the DPP but also gain a competitive edge in the global market by demonstrating their commitment to transparency, sustainability and responsible sourcing. Remember, the DPP is not just a compliance requirement, but an opportunity to become part of a global movement towards a more responsible and resource-efficient future.

Conclusion

The Digital Product Passport initiative in EMEA boasts global importance by setting a groundbreaking precedent for product transparency and sustainability. Its focus on sharing data throughout the supply chain, promoting circularity and empowering consumers can inspire similar regulations and shift production practices worldwide, ultimately leading to a more responsible and resource-efficient global economy.

Mojix is well positioned to help companies collect, manage and share data throughout the supply chain to achieve these goals.

About Mojix

Mojix is a leader in real-time, item-level visibility solutions and human capital management for nearshoring IT development services that provide end-to-end business intelligence for supply chains around the globe. Mojix harmonizes data to provide traceability, product authentication and automated inventory management solutions that are built on a high security, scalable SaaS platform. Mojix captures event-triggered actions and vital characteristics by tracking billions of unique identities, to follow item lifecycles from source to shelf. Companies can leverage the integrated data to increase their sales and operational efficiency, reduce risk and enhance their customer experience. **Learn more at mojix.com.**

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