

# Enhancing Transparency and Traceability for Sustainable in the Garment and Footwear

Session 5 - Standards and Regulatory Frameworks

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supporting Circular Economy in achieving United Nations SDGs - 25 | 11 | 2020



**UN / CEFAC**

## A huge sector

- 80 billion garment **pieces**
- 3 trillion € annual **revenue**
- 60 to 75 million people (majority women) with direct **jobs**

## Global, complex, and opaque value chains

- 85% of companies have limited visibility into their **supplier certifications** (Bain & Company, 2020)
- Only 34% of companies **track and trace** their value chain and majority of these only reaches tier 1 i.e. immediate suppliers only (UNECE, 2019)
- 90% of the cotton marked as Egyptian cotton is not produced in Egypt (Cotton Egyptian Association, 2016)

## Environment, social and health risks

- **CO2 emissions** from textile similar to automobile industry (Ellen MacArthur, 2020)
- 9/10 girls in garment factories earning less than a **living wage** (ILO, 2019)
- 20% of cotton traded comes from regions that exploit **forced labor** (Financial Times, 2020)
- 8% of **dermatological diseases** caused by chemicals in clothing (Tessile & Salute 2018)



More than £1bn wiped off Boohoo value as it investigates Leicester factory  
Workers allegedly paid less than minimum wage and not wearing masks to protect against Covid-19

## Consumers

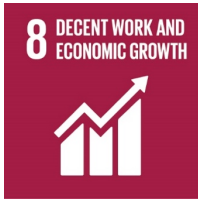
- Increasingly **demand sustainable products** that respect workers' rights, the environment and that are safe especially in the EU - as shown by their purchasing patterns and consumer surveys

## Civil Society

- Increasing number and strength of **NGOs**, standards organizations, and industry platforms demanding transparency, traceability, and decent work, e.g. Clean Clothes Campaign, Fashion Revolution Transparency Index, etc.

## Businesses

- **Limit negative publicity** coming from accidents and non-compliance
- Respond to consumer demand – “**Sustainable Brand**”
- Must **contain costs and increase efficiencies** to remain competitive in particular during current global economic downturn
- **Business sector initiatives** such as the Fashion Pact, Social and Labor Convergence Program, and the Initiative for Compliance and Sustainability, among others
- **Legal and compliance obligations** across multiple jurisdiction



## Global level

- **UN** 2030 Agenda for Sustainable Development – UN Guiding Principles on Business and Human Rights
- **UN** Global Compact
- **ILO** Declaration on Fundamental Principles and Rights at Work and ILO Conventions on Labour Standards, Better Work
- **OECD** Guidelines for Multinational Enterprises - Guidelines for Due Diligence in Garment & Footwear

## EU level

- **Green Deal**
- **Circular Economy Action Plan**
- Mandatory **Human Rights and Environmental Due Diligence** initiative
- Revision of **Non-Financial Reporting Directive**
- **Textile Strategy**
- **European Parliament** Resolution on the EU Flagship Initiative on the Garment Sector
- **European Economic and Social Committee (EESC)** Towards an EU Strategy for Sustainable Consumption

## National level

- **France** Law on duty of vigilance by multinational companies
- **The Netherlands** Dutch Agreement on Sustainable Textile and
- **Germany** preparing/implementing due diligence legislation applying to the sector
- **UK** Modern Slavery Act
- **US** Textile Product Identification Act
- **Australia** Modern Slavery Act
- **India** Indian Companies Act

## How can economic operators along the supply chain implement these policies practically & effectively?

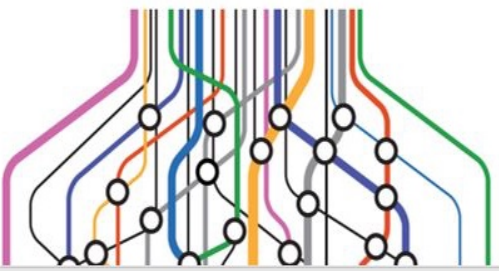
Minimizing risks and costs, complying to voluntary and regulatory requirements, responding to social demand....

### Calls to Action Post-COVID:

- **ILO COVID-19:** Action in the Global Garment Industry
- **WFF** Open Letter
- Global Social Partners Call to Action
- 26 companies, business associations, and initiatives make joint call for EU mandatory human rights & environmental due diligence



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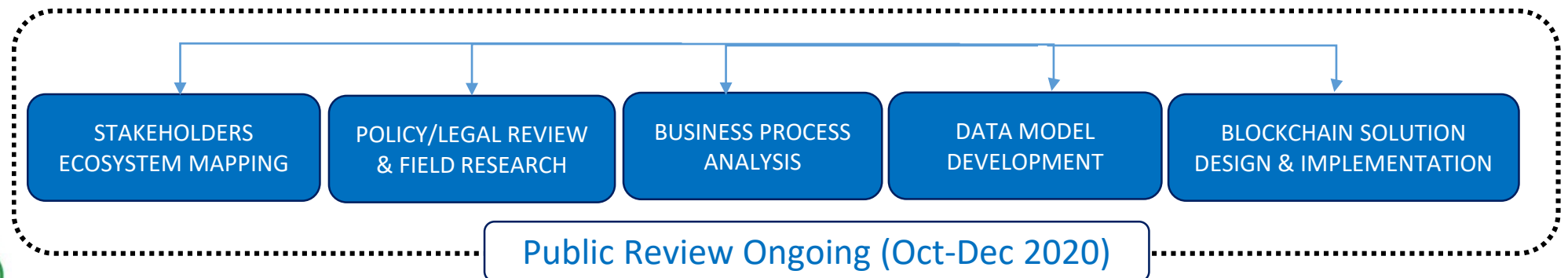
01. Multi-stakeholder policy platform, Policy Recommendation and Call to Action



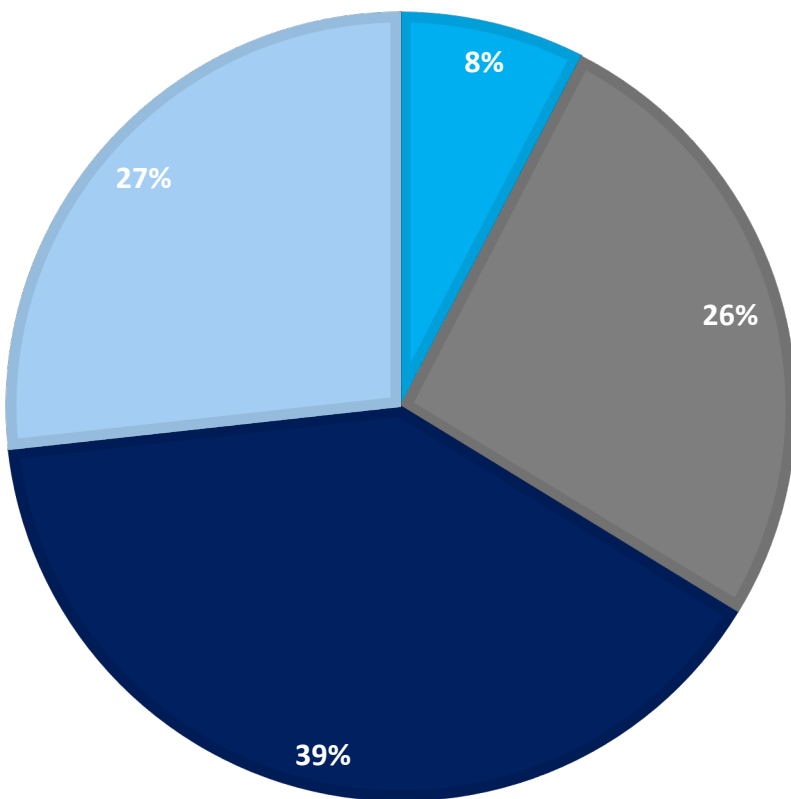
02. Traceability standard and Implementation Guidelines



03. Blockchain pilot solutions for specific fibers and materials  
(cotton/leather/synthetic/wool&cashemere)



- International governmental/governmental organizations
- Academia / Civil society organisations / Platforms
- Service & Support
- Suppliers/Producers/Retailers



As of Sept 2020,

**190,000+**  
Companies  
represented  
**340+** Experts  
in the wider network

Policy recommendation

**100** experts



Textile Traceability Standard

**93** experts



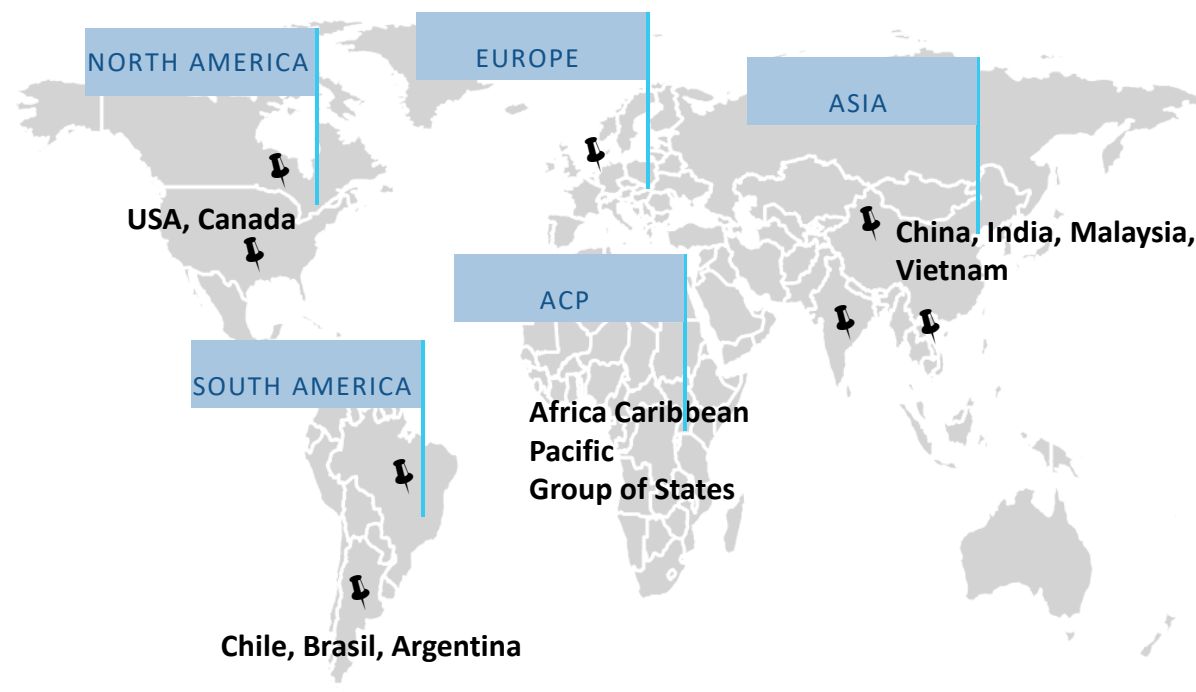
Leather Traceability Standard

**65** experts



Pilots & capacity-building

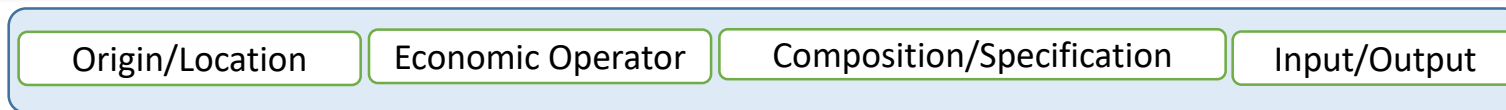
**123** experts







From raw material  
production,  
through manufacturing  
and branding,  
to consumption and  
post-consumption



**PROVE  
ORIGIN**

**DETECT  
BLENDING**

**DIFFERENTIATE  
PRODUCTS**

**ANCHOR DATA  
TO PRODUCTS**



**Who:** UNECE-UN/CEFACT & Partners

- 22 pilot experts
- 4 brands
- 4 manufacturers/ 1 farmers' association
- 4 certification bodies
- 2 academia/think tank
- 1 DNA tracer

**Where:** 5 Countries (Germany, Switzerland, Italy, Egypt, UK)

**What:** enhances the **traceability** and **due diligence** in the **cotton value chain** – from farmer to consumer

**How:** through the implementation of **blockchain** technology & **DNA markers**

OEKO-TEX®  
CONFIDENCE IN TEXTILES

Haelixa

Vivienne  
Westwood

BURBERRY®  
LONDON

HUGO BOSS

Albini  
GROUP

SUPSI

STELLA MCCARTNEY

Ø ZDHC

FILMAR  
NETWORK



WEBA  
Switzerland

elvy

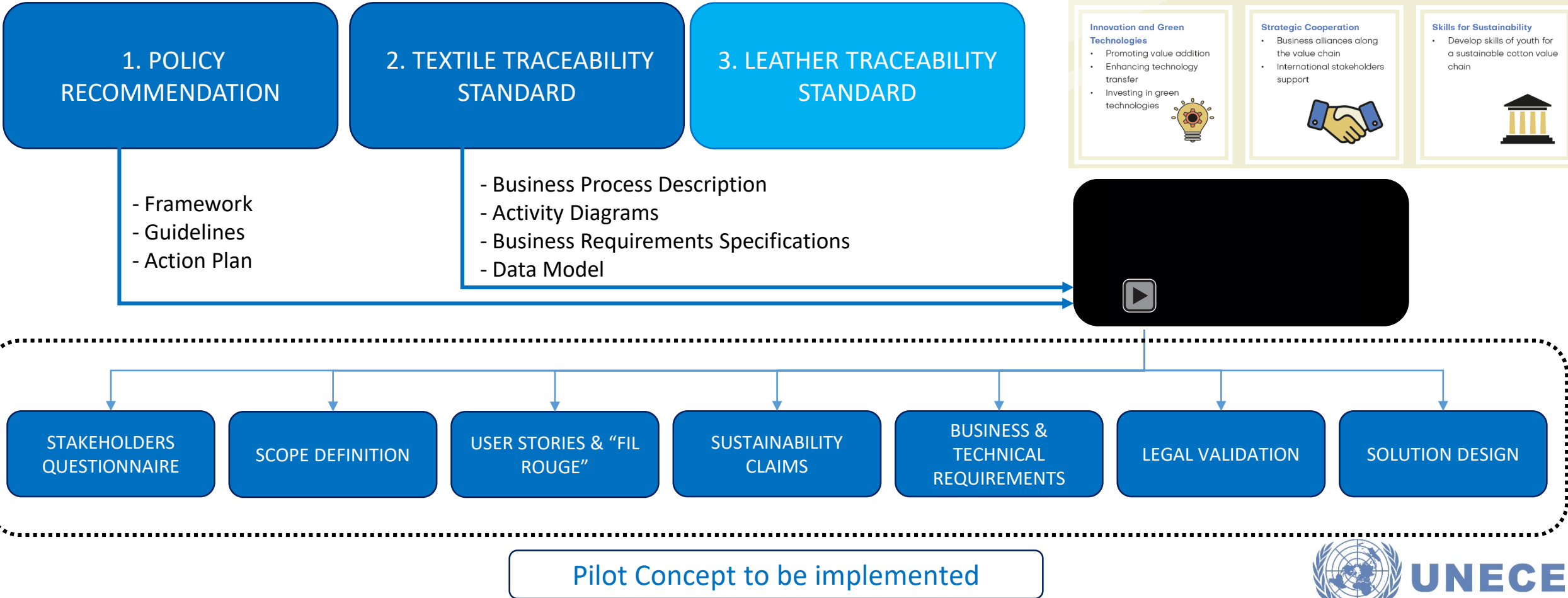
FONDAZIONE  
PISTOLETTO  
CITTADELLARTE  
BIELLA



UNECE

## The Pilot Project – The blockchain pilot’s main deliverables

1. Proof of Concept (PoC) for a transparency and traceability blockchain-based system
2. Solution to disclose sustainability claims of all supply chain partners for textile and leather products
3. Brands, manufacturers, farmers and certifiers to test a blockchain-based system



**Sustainable Egyptian Cotton**

- Organic cultivation
- Better Cotton Pilot and scale up 
- Premium quality
- GMO Free
- Biocontrolled



**Sustainable Industrial Processes, Traceability and Transparency**

- Promoting social compliance
- Enhancing cleaner production, chemical and wastewater management



**Circular Economy**

- Recycling practices
- Waste reduction
- Circular design



**Innovation and Green Technologies**

- Promoting value addition
- Enhancing technology transfer
- Investing in green technologies



**Strategic Cooperation**

- Business alliances along the value chain
- International stakeholders support



**Skills for Sustainability**

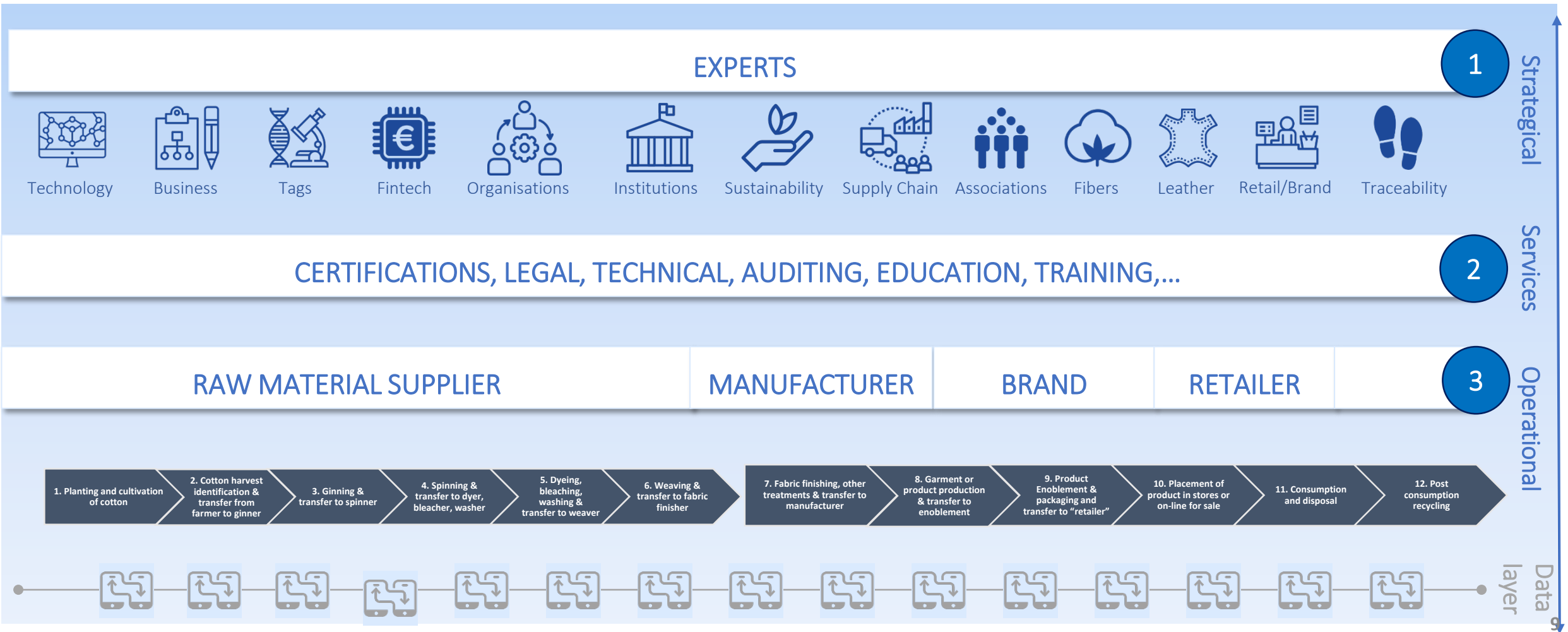
- Develop skills of youth for a sustainable cotton value chain





## The Pilot Project – Organization

### Different Roles to contribute to the pilot project



## A game-changer in textiles and garments

- ✓ **Development impact** to support thousands of SMEs to improve their working conditions, impacting millions of, mostly female, textile sector employees

## Clarifying complex supply chains

- ✓ **Transparency and traceability tools** for businesses to substantiate claims in a cost-effective way

## Supporting policy objectives

**Enabling the practical implementation of sustainability objectives** through global value chains

- ✓ Enabling **positive change**
  - ✓ Adoption by brands globally



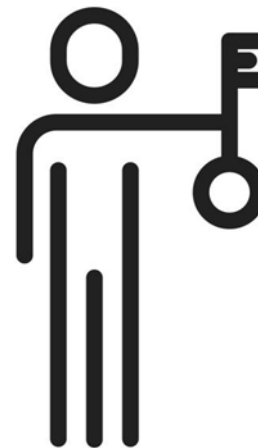
## Helping consumers trust the claims made for the products they buy

- ✓ **Competitive advantage** to brands that invest in sustainable production



## Demand driven and inclusive

- ✓ **Active involvement** of business organizations and companies to drive change
- ✓ **Open and inclusive** - businesses & business organisations, NGOs, Academics, technological providers, data intermediaries, international organisations, etc.



## Effective and innovative solutions

- ✓ **Leveraging a small 4 million EUR investment** to support thousands of brands and small manufacturers to help themselves implement better practices
- ✓ Supporting **technologically innovative solutions** (open data platforms, block chain, DNA markers)