Session #2
UNECE Policy Recommendation, Guidelines and Call to Action

(15:10–16:00)
Where do we stand with the Policy Recommendation?

Maria Teresa Pisani
Project Lead
Economic Cooperation and Trade Division, UNECE
1. POLICY RECOMMENDATION

- Business Process/Sustainability Risks Analysis
- Business Requirements Specifications
- Reference Data Model

2. TEXTILE TRACEABILITY STANDARD

3. LEATHER TRACEABILITY STANDARD

4. BLOCKCHAIN PILOTS & CAPACITY BUILDING

- Pilot concept
- Partners engagement
- User stories collection & claims identification
- Solution design

Traceability & Transparency Framework
# Policy Recommendation Enhancing Transparency and Traceability of Sustainable Value Chains in Garment and Footwear

## POLICY REC & GUIDELINES TIMELINE

- **Status:** Today

### 2020
- **Jan:** Desk and Field Research
- **Mar:** Drafting of Policy Rec
- **May:** Drafting of Guidelines and Call to Action

### 2021
- **Jan:** Finalization Publication Translation
- **Mar:** Adoption UN/CEFACT Plenary
- **Apr:** Launch UNECE Session

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**UN/CEFACT Open Development Process**

**Policy Rec**

**Guidelines**

**Call to Action**

**Compendium**
UN/CEFACT Public Review launched
20 Oct – 20 Dec 2020
Policy Recommendation, Part I
Guidelines, Part II

https://uncefact.unece.org/display/uncefactpublicreview
# Enhancing Transparency and Traceability for Sustainable Value Chains in Garment and Footwear

Template for comments and observations

Please return completed templates to Maria-Teresa Pisani, maria.teresa.pisani@un.org

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Please make all comments using this template. Please propose suggested changes in order to make the Draft align with your comments (only those with proposed changes can be fully considered).

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1 Types of comments: ge = general; tc = technical; le = legal; ed = editorial

(This document is inspired by the ISO/IEC/CEN/CENELEC electronic balloting commenting template/version 2012-03)

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20 Oct – 20 Dec 2020

https://unefact.unece.org/display/unefactpublicreview
A. Introduction

• **Transparency and traceability**: key enablers for compliance with policy/regulators/corporate objectives for sustainability and circularity and for solid claims

B. Scope

• **Whole Value Chain**: from raw material production, through manufacturing, to consumption and post-consumption

• **Action areas**: for Recommendations

C. Target audience

• **Public-sector policy makers**

• **And**: Business and industry associations; Consumers and consumer associations; IGO; Investors/shareholders; Local authorities; NGOs; Scientific and technological community; Workers and trade unions

D. Purpose & Benefits

• **A level playing field**: incentive for good actors

• **Globally recognized approach**: for data sharing

• **Better access to remedies**: for workers and consumers

• **Fight to counterfeiting and illegal trade**

E. Challenges

• **Organizational & technological complexities**

• **Data**: privacy and security, reliability and authenticity

• **Investments in advanced technologies**: e.g. blockchain, RFID

F. Recommendation

• **5 cluster areas and 9 recommendations**: norms and standards and reference to minimum data set; Incentives; R&D scaling up innovation; Awareness and education of consumers; Multi-stakeholders collaborative initiatives

**Link to Call to Action – Mechanism to monitor impact and facilitate sharing of experiences and good practices**
Norms & Standards
a) Harmonized policies and regulations for policy coherence
b) Minimum levels of traceability, from raw materials sourcing, for products, processes and facilities
c) Companies’ efforts to embrace higher transparency, e.g. names/addresses of suppliers’ factories, and sharing of info on sustainability performance
c) reduced implementation burden through use of international standards and use of existing data

Incentives
d) Economic and fiscal
e) Non financial: sustainable procurement, fast customs clearance, specialized training, IT investment and technology transfer, non-financial reporting requirements, public visibility, peer learning

R&D and scaling up innovation
g) Support R&D and scale-up innovation for: (i) Tracing and verifying authenticity and provenance; (ii) Advancing sustainability/circularity of production and consumption processes; (iii) Increasing the lifespan of products; (iv) creating more sustainable material (iv) Recycling of garments and textiles

Awareness and consumers education
(h) Provide education in order to: (i) Allow consumers to make informed choices (ii) Create an awareness of the shared responsibility of all stakeholders, and (iii) Increase the demand for materials, products and processes that are more responsible and sustainable.

Multi-stakeholders collaborative initiatives
i ) Support collaborative initiatives to achieve industry-wide change and create shared value for all industry actors: (i) A global, open-source knowledge platform; (ii) Multi-stakeholder policy dialogues; (iii) Pilot projects with innovative approaches and advanced technologies.
Incentives that could be put in place to support the implementation of a traceability system

(e) Provide economic and fiscal incentives (positive and negative): for establishing and implementing value-chain traceability and transparency systems

(f) Provide non-financial incentives, including measures to facilitate access to markets

...especially in support of SMEs, small farmers and producers, and other vulnerable groups
# Policy Recommendation Enhancing Transparency and Traceability of Sustainable Value Chains in Garment and Footwear

**IMPLEMENTERS – SAMPLE MEASURES**

<table>
<thead>
<tr>
<th>POLICY MAKERS</th>
<th>BUSINESS AND INDUSTRY ASSOCIATIONS</th>
<th>CIVIL SOCIETY</th>
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<tbody>
<tr>
<td>(a) Regulation for transparency and traceability</td>
<td>(g) Investment in <em>advanced technologies</em> (blockchain systems/DNA markers)</td>
<td>(i) Public communication and information campaigns</td>
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<td>(b) Adoption/promotion of international <strong>standards</strong> for data collection &amp; exchange</td>
<td>(g) <strong>Product passports</strong></td>
<td>(i) Collaborative initiatives to achieve industry-wide change</td>
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<td>(f) Financial and non-financial incentives, e.g. sustainable procurement, fast customs clearance</td>
<td>(b) <strong>Action plans</strong> with targets for transparency and traceability</td>
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<td>(h) Consumers education</td>
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Where do we stand with the implementation Guidelines?

Virginia Cram-Martos
CEO Triangularity, UN/CEFACT project expert
A. Introduction

- **Purpose**: Practical guidance on the development of traceability systems to support claims and regulatory compliance for sustainable and circular garment and footwear value chains.
- **Target audience**: High level Government and Private Sector Managers with implementation responsibility.

B. Traceability principles

- **9 Principles**: Awareness, Knowledge, Risk-based Analysis, Commitment, Engagement, Structured implementation, Norms & Standards, Appropriate technology, Inclusiveness.

C. Key traceability systems concepts

- Claims
- Traceable Assets
- Logistics Units
- Unique Identifiers (IDs)
- Entry & Exit Points
- Traceability models
- Verification criteria
- Verification processes

D. Cost allocation & incentive systems

- **Costs related to traceability and transparency**: e.g. costs for development of the system; data collection and exchange, certification, inspections, audits, etc.
- **Type of incentives**: financial and non-financial, public vs private.
- **Criteria of cost structure for value-chain partners**

E. Supporting role of advanced technologies

- **Opportunities and challenges**
- **Type of supporting technologies**: e.g. AI, IOT, Blockchain, Internet Cloud Services, Advanced product labelling (QR, RFID, DNA markers, NFC labels)
- **Criteria for their selection and impact**

F. Creating inclusiveness in traceability systems

- The digital divide
- Gender considerations
- Small- and medium-sized enterprises
- Integrating Developing Countries

How can we implement an inclusive system?

Which claims & principles will support our corporate objectives?

How can we collect/trace data across a value chain?

How should costs and incentives be distributed?

Which standards & new technologies could we use?

How do we define a traceable asset?

How can we verify data across a value chain?
From raw material production, through manufacturing and branding, to consumption and post-consumption.

Guidelines - Part II

Traceability Information Collection

What we need to trace and assess

For Each Activity/Event

- Who
- What
- Why
- When
- Where

Environment
- Input (Chemical/Pesticides)
  - Water
  - Energy
  - CO2
  - Soil
  - Air
  - Thermic
  - Noise
  - Biodiversity
  - Deforestation
  - Habitat
  - Waste/End-of-life
  - Animal Welfare

Social
- Child labour
- Forced Labour
- Land Use
- Work & Social protection
- Trade Unions & Collective bargaining
- Sexual harassment
- Gender inequality
- Discrimination
- Homeworkers
- Permits
- Contracts
- Compliance to legislation/regulations
- Management/Administration
- Quality
- Inspections/Certificates

Health
- Health
- Safety

Data component

- Requirement
- Value
- Observation
- Actual Value
- Evaluation Criteria
- Degree of fulfilment

Sustainability Data

Data component

Characteristic

Requirement
- Value

Observation
- Actual Value

Evaluation Criteria
- Degree of fulfilment
# Policy Recommendation Enhancing Transparency and Traceability of Sustainable Value Chains in Garment and Footwear

**TT Framework**
- Provides the basis for increased collaboration across value chains
- Supports your journey to a more sustainable future

**TT Principles**

<table>
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<th>9 Principles</th>
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<td>Key TT system concept</td>
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<td>8 Components</td>
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<tr>
<td>Processes, procedures &amp; technology</td>
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**TT Action Plan**
- Step by step implementation approach
- Governance structure
Where do we stand with the Call to Action?

Francesca Romana Rinaldi
Coordinator of SDA Bocconi Sustainability Lab Community for Circular Fashion
UN/CEFACT project expert
The Call to Action invites all actors in the garment and footwear industry to take action for traceability and transparency with the goal of accelerating sustainability and circularity of value chains establishing a mechanism for supporting the implementation of the measures proposed in the Recommendation.
POSSIBLE OUTCOMES

**Enhanced visibility of compliance** with sustainability and circularity requirements

**Enhanced traceability** of the social/environmental/ethical attributes of product(s)/materials, processes and organizations along the value chain

**Measurable impact on sustainability** in value chains over time

Increased environmental and socially **responsible consumption and production patterns**

**Special attention to SMEs, small producers, farmers, and other groups** including, women, young workers, home-based, informal/invisible and migrant workers
"As there is no universally applied methodology for the sustainability impact valuation and measurement, some reference scheme could be added."

"It is important that companies carry out a due diligence exercise on human rights to identify which specific vulnerable groups they should consider."

How can we make the Call to Action effective? Monitoring Implementation and Assessing Impact
MONITORING, IMPLEMENTATION AND ASSESSING IMPACTS

1. Refer to relevant goal(s) and specific target(s) of the UN 2030 Agenda

2. Establishing KPIs for the Actions (specific for each stakeholder)

3. Asking about good practices

4. Asking about strategic/public awareness activities

5. Establishing a Platform for sharing experiences and lessons learned

6. Reaching out to parties in the Call to Action to receive updates on progress

7. Preparing a Report to be presented to Member States and the General Public

8. Inviting Member States to formally disseminate information about the Call to Action
ON GOING

Summary

The Call to Action is a UN-led initiative that aims to promote transparency and traceability in the supply chain of sustainable value chains. The initiative encourages stakeholders to take action by committing to transparency and traceability in their supply chains. The initiative will be launched on 26/11/2020, and stakeholders are invited to commit to action by 20/12/2020.

Upcoming

Launch of the Call to Action
26/11/2020 (UN/CEFACT Plenary endorsement)
Send commitment(s) to action(s) to UNECE secretariat

Open for comments to UNECE secretariat by 20/12/2020
See item 11 - ECE/TRADE/C/CEFACT/2020/6

UN/CEFACT Plenary endorsement
Send commitment(s) to action(s) to UNECE secretariat

Launch of the Call to Action
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ANNEX I: PROPOSED TEMPLATE FOR SUBMISSION OF ACTIONS

1. Submitting Country, Organization, Company

2. If Organization or Company, please indicate the approximate number of commitments

ACTION 1 (Note: the entire table should be repeated for each additional action)

3. Title of action (please also indicate the website, if available)

4. Partners

5. Type of initiative (please check the applicable option):
   - Private initiative
   - Public initiative
   - Public-private initiative
   - Civil society initiative
   - Foundation / association initiative

6. Description of action

7. a. Type of action (please check all applicable)
   - Traceability
   - Transparency

7. b. Please select the specific areas of the action
   - Norms and standards
   - Innovations
   - Research and Development of Innovative Solutions
   - Awareness and Education
   - Collaborative initiatives
   - Other, please describe

5. Scope of the action including a description of the value chain processes that are covered (please include the objective, milestones and value chain scope)

9. Timeline and/or milestones for the action (please include when it was launched)
EXAMPLE: PRIVATE INITIATIVE (REAL CASE)

Who: SDA Bocconi Sustainability Lab Community for Circular Fashion (5 Members: 2 Ingredients, 2 brands, 1 Platform/ERP - November 2020 update)

Where: Italy

What: Launching a Circular Fashion Manifesto highlighting the importance of Transparency and Traceability as enablers of Sustainability and Circularity

How: Through the identification of KPIs and requirements to scale-up circular pilot projects in garment value chains
EXAMPLE: PUBLIC INITIATIVE (SIMULATED)

**Who:** Blockchain for Made in Bangladesh

**Where:** Bangladesh

**What:** Traceability and transparency to validate sustainability claims and promote fair practices in garment manufacturing

**How:** Through the conception and implementation of a Blockchain pilot project
Where do we stand with the Mapping of supporting policies, regulations and guidelines?

Claudia di Bernardino
Lawyer
UN/CEFACT project legal expert
What is the Mapping Document

**Tool**

For monitoring the **changing policy and regulatory framework** and checking business compliance with regulations and policies.

**Asset**

For **connecting different stakeholders** and fostering the implementation of sustainable development measures.
Objectives from the Policy Recommendation to its application

**Stakeholders**

- **BUSINESS AND INDUSTRY ASSOCIATIONS**
  - Monitoring & Assessment
  - Compliance & Risks

- **CONSUMERS, WORKERS and NGOs**
  - Rights & Protection

- **SCIENTIFIC AND TECHNOLOGICAL COMMUNITY**
  - State of the Art
  - Research & Development

**Policy Recommendation**

- Identification of National, European or International Frameworks on Transparency and Traceability

**POLICY MAKERS**

- Fill the gaps through new Legislations and Guidelines
430 million employees working in textile production

World Bank (2017) Total Labor Force
Key Topics

- Due Diligence
- Circularity
- Sustainability claims
- Consumers’ rights and protection
- Human rights
- Environment
- Animal Welfare
- Labelling
- Non-financial Reporting
A Traceability and Transparency Knowledge Platform on Regulations, Policies and Guidelines

Moving towards an Integrated and Collaborative Approach

- Advanced Monitoring of Policy and Regulatory Framework on Transparency and Traceability
- Continuous Inputs from UNECE Experts
- Digital Mapping Update
- Open Stakeholders Forum
- Interactive Platform
- Reports
Thank you!