

TRANSPARENCY & TRACEABILITY IN THE GARMENT SECTOR: EMERGING STRONGER FROM THE COVID-19 CRISIS

1 February 2021, from 15h30-16h45

Zoom – report from chat – exchanges between participants & speakers

Organizing partners: ITC & UNECE

Participants are invited to learn about the progress made under the multi-year programme funded by European Union DEVCO that builds on the collective expertise of partner organizations, namely the International Trade Centre (ITC), the United Nations Economic Commission for Europe (UNECE), the Social and Labour Convergence Programme (SLCP), the initiative for Compliance and Sustainability (ICS) to promote decent work and advance transparency of sustainable value chains in the garment and footwear sector.

This session will highlight the progress made to date and the practical tools and methodologies that are leveraged in the programme, and will invite all interested stakeholders to join an active debate on the best way to enhance transparency and traceability in the garment sector.

PROGRAMME AT A GLANCE

OPENING REMARKS

Speaker **Cecile Billaux**, Head of Unit C4, European Commission, DG DEVCO

PANEL DISCUSSION AND PUBLIC DEBATE

Building on the expertise of various partner institutions, the ITC is implementing a new multi-year programme to promote decent work and improve transparency and traceability in the garment sector.

- How to leverage opportunities and overcome challenges to scale existing initiatives?
- What can be achieved through cooperation between all stakeholders involved?

Moderator **Cyril Sayag**, Programme manager, European Commission, DG DEVCO

Speakers **Joseph Wozniak**, Head, Trade for Sustainable Development – T4SD, ITC

Maria Teresa Pisani, Economic Cooperation and Trade Division, UNECE

Carole Hommey, General Manager, Initiative for Compliance and Sustainability, ICS

Janet Mensink, Director, Social Labour Convergence Project, SLCP

Heinz Zeller, Head of Sustainability & Logistics, Hugo Boss

Paul Roeland, Transparency Lead, Clean Clothes Campaign

ZOOM Chat – Questions & Answers (no editing: these messages are just copy paste from Zoom chat box and shared with all participants as requested)

From Me to Everyone (in Waiting Room): 03:26 PM

Dear all - thanks for joining - the meeting will start in 5 minutes

From Me to Everyone: 03:34 PM

Dear all, thanks again for joining our session - please use the chat to ask your questions!

From Me to Everyone: 03:50 PM

Dear all, please do not hesitate to send your questions in the chat box: with more than 250 attendees we will monitor the questions here and the speakers will address them at the end. If your question is specific to one speaker, please indicate his/her name. Thank you!

From hughhalford-thompson to Everyone: 03:52 PM

Do you already have anything built for your blockchain platform?

From Keren Pybus to Everyone: 03:52 PM

Is the traceability system aimed only at brands and retailers to map their tier 1 and tier 2 supply chain? Or are there suppliers/manufacturers involved also in their supply chains?

From Maria Teresa Pisani (UNECE) to Everyone: 03:53 PM

Yes, we have it in place and are running the pilot. Heinz Zeller will say more about that

From Charis (she/her) to Everyone: 03:53 PM

Will there be a recording of the event available afterwards?

From Donna Marshall to Everyone: 03:54 PM

My question is how do we ensure that the marginalised communities who have no agency and no voice in the design of these initiatives, which are imposed upon, them are included and listened to in all stages of creating standards and systems? Research has shown that initiatives fail time and time again because these key actors are missing.

From Me to Everyone: 03:54 PM

There will not be a recording available, but we will circulate the slides to everyone who has registered to the event.

From Cyril Sayag to Everyone: 03:55 PM

Dear Donna, which marginalised communities do you have specifically in mind in the context of this discussion ?

From Yingdra Chen to Everyone: 03:56 PM

Will the slides send after this event?

From Phalguni Sundaram Biswal (INDIA) to Everyone: 03:57 PM

How to deal with the next crisis. If a pronounced economic crisis were to materialize, with sharp declines in growth and employment, the scope for effective further monetary easing would be increasingly constrained .?.

Regards:- Phalguni Sundaram Biswal(India)

From Stuart Cranfield to Everyone: 03:57 PM

While we need to get more brands & retailers talking openly about tier 1 and then tier 2 suppliers meaningful traceability and transparency has to cover the entire value chain. How do we get from raw material to consumer in a credible and meaningful way across the plethora of materials? One brand, or even a group of brands / retailers cannot do this in isolation.

From Me to Everyone: 03:58 PM

Dear Yingdra and everyone, the slides will be shared with everyone who has registered to this event, however this session is not recorded.

From Annekatrin to Everyone: 03:59 PM

Can you please explain all the abbreviations?

From Phalguni Sundaram Biswal (INDIA) to Everyone: 03:59 PM

The Impacts Of Covid-19 On-Field Operations And What Must Be done to Mitigate The Pandemic.?.

Regards:- Phalguni Sundaram Biswal(India)

From Bruno VS Stanley/Stella (brand) to Everyone: 03:59 PM

My brand is producing 15 million pieces of basic garments in Bangladesh. Our ambition is to pay Living wage to all workers in our supply chain, starting with Tier1. We DO NOT find any factory in Bangladesh paying all workers at living wage (16.000 takas = 170 USD/month!!!). Could we consider implementing import taxes for production countries that do not comply with ILO standards (including wage)? This could balance the extra-cost faced by countries paying Living wage and keep their competitiveness intact....

From Phalguni Sundaram Biswal (INDIA) to Me: (Privately) 03:59 PM

How to deal with the next crisis. If a pronounced economic crisis were to materialize, with sharp declines in growth and employment, the scope for effective further monetary easing would be increasingly constrained .?.

Regards:- Phalguni Sundaram Biswal(India)

From Me to Everyone: 04:00 PM

Dear Annekatrin, the abbreviations used by Mr Wozniak are ICS (Initiative for complicate and sustainability) and SLCP (Solical and Labour Convergence Programme)

From Annekatrin to Everyone: 04:00 PM

Thank you Mathieu

From Bruno VS Stanley/Stella (brand) to Everyone: 04:00 PM

If you share our ambition, do not hesitate to contact me: bruno.vansielegghem@stanleystella.com :-)

From Me to Phalguni Sundaram Biswal (INDIA): (Privately) 04:00 PM

We are bringing your question to the speakers. Thank you!

From Phalguni Sundaram Biswal (INDIA) to Me: (Privately) 04:01 PM

I will ask this Question please

From Christophe Margot to Everyone: 04:01 PM

Would the full audit report be uploaded in the ITC platform or only main point of the audit report?

From Donna Marshall to Everyone: 04:01 PM

I'm talking about workers across the supply chain - farm workers, workers in mills, factories, particularly women workers across the supply chain.

From Keren Pybus to Everyone: 04:02 PM

How do all these initiatives, which are excellent, ensure the burden for paying for them doesn't fall solely on the manufacturers. Sometimes an audit even a verified one can cost in Total \$3-\$4k after the auditors travel etc has been paid for and this money could be used instead on making improvements

From Andreas Fransson to Everyone: 04:03 PM

What is the relationship between the HIGG Index and the SLCP? Do they "compete" with each other as both want to standardize sustainability audit and compliance practice?

From Annekatriin to Everyone: 04:06 PM

Question for the ICS- are you also cooperating with the open apparel registry? Might be worth looking into that!

From Claire Blenkinsop to Everyone: 04:07 PM

Question re collaboration how does ITO collaborate with other standards across the sector (including Sustainable Apparel Coalition's Higg index)?
ITC :)

From George Williams to Everyone: 04:08 PM

@Donna - and I would add that vulnerable workers below tier 1 are critical here. E.g. women homeworkers who provide a flexible workforce across South Asia used by many supplier factory, often out of sight of Brands and their social compliance teams/consultants. We know many textiles chains are dependent on their skills, yet they remain largely invisible and/or ignored.

From Me to Everyone: 04:09 PM

@ Claire Blenkinsop, ITC works with the standards across the sector to enter their information in Standards Map database, such information is quality checked by independent experts and then published on the web application. It is maintained and updated on a yearly basis or every 2 years if the standard hasn't changed much.

From Andreas Fransson to Everyone: 04:10 PM

Just saw now that the SLCP informed the HIGG Index, that's great.

From Natalie Grillon to Everyone: 04:10 PM

The Open Apparel Registry (openapparel.org) is an open, neutral and free platform with over 50,000 apparel facilities spanning tiers 1 - 4 of the supply chain. It enables interoperability between systems through its unique universal IDs (Higg and ZDHC have already connected, with more MSIs scheduled to connect soon) and has already resulted in practical supply chain improvements benefitting all actors in the sector. Could you share an update with attendees on your plans to connect and collaborate with the OAR?

From Donna Marshall to Everyone: 04:11 PM

Couldn't agree more, George

From Emanuele Bertoli to Everyone: 04:11 PM

how to audit in COVID times it is a very good question ... :)

From Donna Marshall to Everyone: 04:11 PM

Another key question is how do we change the financial markets to ensure that all the good work on social and environmental sustainability is not swept aside by the continued focus on profit and economic growth?

From Elle Sommers - Labor Solutions to Everyone: 04:13 PM

How is ICS and SLCP compatible/ collaborating? Or are they competing for the same harmonization?

From Maria Teresa Pisani (UNECE) to Everyone: 04:13 PM

@ Natalie UNECE traceability standard is fully aligned with key industry standards for data exchange and sustainability requirements, including OAR/GS1, and HiggIndex/SAC, as these actors have been engaged throughout the entire development process

From piera solinas to Everyone: 04:16 PM

Is SLCP competing with ICS or are they integrating each other or??

From Stuart Cranfield to Everyone: 04:16 PM

Do we really mean fewer audits or do we need better audits? At present audits are (badly) filling a gap created by a lack of regulatory enforcement by authorities in many supplier geographies. How do we better engage country authorities to enforce their own laws and regulations? To get "better" audits we also need realistic expectations by brands & retailers on actual working conditions in factories - wanting / expecting a report that states maximum working hours in a factory in China are less than 60 hours per week just perpetuates negative behaviours by factories and auditors.

From Francis to Everyone: 04:17 PM

Do the shared data platform solutions you are referring to include Raw Material Traceability up to the Raw Material Origin (Example: Forest Plantation) ? If Yes what is the exact name of the platform ? If No, is there a project with this aim ?

From Elle Sommers - Labor Solutions to Everyone: 04:17 PM

100% agree @Stuart Cranfield and @Donna Marshalls - we need to engage with governments and workers more and more.

From Gustavo Gonzalez-Quijano to Everyone: 04:18 PM

I see the same brands and retailers appearing in a number of initiatives and audit schemes. Isn't this not a contradiction to convergence? Can't they not concentrate on one and avoid this proliferation that causes unnecessary costs and audit fatigue?

From Joseph Wozniak to Everyone: 04:19 PM

@ Natalie Grillon - Thanks for your question. Our IT teams are in contact but I believe the data model is different as in our system it is the company/SME that decides to share their data, whereas in OAR some facilities are listed without even knowing that they are listed there. In addition, we are

a global public good - completely free to users where we do not sell the data. Our understanding is that OAR is moving to a fee based system for certain users and/or data requests.

From Adolfo Pastorelli to Everyone: 04:19 PM

Which is the visualization of Global Scenario of ITC Sustainability Map with the relationships with ICS and SCLP ? thank You for the answer

From Gerhard Heemskerk to Everyone: 04:20 PM

@Mathieu ITC: In addition to slides, will the Q&A be shared too after this call?

From Me to jean-marie coant: (Privately) 04:21 PM

@ Gerhard: indeed we will be happy to save the Q&A and share it together with the slides after the meeting.

From Me to Everyone: 04:22 PM

@ Gerhard: indeed we will be happy to save the Q&A and share it together with the slides after the meeting.

From Anne-Gaelle to Everyone: 04:23 PM

Great idea thanks Mathieu

From Natalie Grillon to Everyone: 04:23 PM

Thank you, Joseph and Maria Theresa. Great to hear. Just to clarify though - OAR is free for anyone to use and open source and will always remain so. All data is under an open data license. Facilities have the ability to add their data to the database.

From Joseph Wozniak to Everyone: 04:23 PM

@Adolfo - Thanks for your message. Our vision is to work with any organisation or standard that wants to put their suppliers on our system if these suppliers are in agreement. This means we can also reference companies in other sectors besides garments and footwear for example. We have developed APIs that can be used by brands, standards, etc. to place the supplier data on the Sustainability Network. We are in the process of launching a new version of the Network later this year.

From ICS-Carole Hommey to Everyone: 04:23 PM

To find how ICS factories are identified in the ITC Sustainability Map please go through the Network and select Data Source ICS

From Janet Mensink to Everyone: 04:23 PM

From SLCP to address some of the questions on the chat: We need better and fewer audits. Credible comparable data will provide options for data insights and drive transparency. All with the view to reallocate resources to capacity building/remedy.

From Donna Marshall to Everyone: 04:25 PM

We're seeing time and time again that audits get you resistance and minimal compliance with the results that audits are routinely misleading and is used - we need to move towards collaboration with suppliers and workers to ensure human rights and decent working conditions - we need to understand how we do this.

Couldn't agree more, Paul

From ICS-Carole Hommey to Everyone: 04:26 PM

Through Standard Map you may compare the schemes and in addition ICS and SLCP are working to compare their processes and methodology.

From George Williams to Everyone: 04:26 PM

@Paul Roeland - I fully agree with

From Alexandra Pelka (Litehide) to Everyone: 04:26 PM

@Gustavo I totally agree with you and see the same problem, but I think the brands try to find the best solution for their needs so they compare the data and outcomes. If they only try one after the other they would lose time and it wouldn't be that easy to compare. Still you are correct that this is a huge investment.

From Liz Muller to Everyone: 04:26 PM

we need to pivot to capacity building. we should look to the Responsible Minerals Initiative's training and technical advisory mode as a start. they do assessments but RMI helps supply chain actor succeed.

From Clinton Liu to Everyone: 04:27 PM

Couldn't agree more, Paul

From George Williams to Everyone: 04:27 PM

@Paul Roeland - I fully agree with you that audits are flawed and that living wages (or lack of it) are a key driver of other poor conditions (including child labour in some contexts). But we have been talking 'living wages' for a couple of decades now. What is your suggestion in terms of moving from rhetoric to action?

From ICS-Carole Hommey to Everyone: 04:27 PM

Sustainability Map allows to compare reliable data coming from different schemes and it's an important step to reduce duplicated efforts.

From Gustavo Gonzalez-Quijano to Everyone: 04:27 PM

@P Roeland: What means progress towards a living wage? Shouldn't those companies not paying a living wage to workers be excluded from a supply chain? How long do you deem acceptable that a **non-living wage can be paid?**

From Janet Mensink to Everyone: 04:27 PM

From SLCP in relation to Higg: The Higg Index Social and Labor Facility Module (FSLM) is using SLCP's Converged Assessment Framework as the backbone. SAC has built a scoring system on top of it. The Higg platform is part of the SLCP data hosting & sharing system. So no competition, but collaboration.

From Donna Marshall to Everyone: 04:27 PM

Great talk @Paul Roeland

From Liz Muller to Everyone: 04:28 PM

YESS: Yarn ethically and sustainably sourced will take the capacity building approach to helping spinners and textile mills succeed.

From Phalguni Sundaram Biswal (INDIA) to Me: (Privately) 04:28 PM

hey when I will ask questions.

From David - Public Eye, Switzerland to Everyone: 04:29 PM

The current audit system is fundamentally broken, it fails to detect, show and remediate systematic Rights violations, especially prevailing violations. Together with radical transparency, we need also another approach to verification.

From Me to Phalguni Sundaram Biswal (INDIA): (Privately) 04:29 PM

Hi - we said that with 250 attendees we cannot give the floor to everyone, we have only limited number of speakers, all questions need to be asked in the chat box and they will be responded here and at the end by the speakers - thanks for your understanding!

From Paul Roeland -CCC to Everyone: 04:30 PM

@gustavo, in our latest check, 93% of brands didn't pay a living wage... so while it would be great to exclude non-living-wage paying suppliers, that would mean no garment industry at all so we have to be realistic (but not TOO realistic) and get a roadmap in place that reaches a living wage in a few years.

From Phalguni Sundaram Biswal (INDIA) to Me: (Privately) 04:30 PM

okay plz say my name . yes I understand.

From Matthias Knappe (ITC) to Everyone: 04:31 PM

We are talking about traceability and transparency in one dimension only. It is necessary to have a transparent and traceable supply chain, including social and environmental performance of factories and indeed all parts of the chain. But it is not sufficient. It also needs to address transparency of brands/retailers on how they economically "deal" with their factories and how the created value along the value chain is being distributed. The C19 pandemic highlighted the missing transparency in this regard. The same with regard to factories and their relationship with workers even though the present due diligence approach should cover this aspect.

From Me to Phalguni Sundaram Biswal (INDIA): (Privately) 04:31 PM

Thanks! I will ask the moderator. Please already post your question in the chat box and select to send it to "everyone"

From Gustavo Gonzalez-Quijano to Everyone: 04:31 PM

@P Roeland: This perpetuates unsustainable situations. What are a few years? And what if the buyer changes afterwards to another unsustainable supplier?

Regards:- Phalguni Sundaram Biswal(India)

From Phalguni Sundaram Biswal (INDIA) to Everyone: 04:32 PM

How to deal with the next crisis. If a pronounced economic crisis were to materialize, with sharp declines in growth and employment, the scope for effective further monetary easing would be increasingly constrained .?.

Regards:- Phalguni Sundaram Biswal(India)

From Adolfo Pastorelli to Everyone: 04:32 PM

Which kind of the Blockchain Did you use in Blockchain project ? Public or Private ? And in case of Public Blockchain which Cryptocurrency did you adopt?

From hughhalford-thompson to Everyone: 04:32 PM

What are the incentives for a factory with a mediocre to low record to join this network and start sharing more? Will this be pushed upon them or is there a way you are going to make their life easier?

From Elle Sommers - Labor Solutions to Everyone: 04:33 PM

I agree @Matthias ITC, transparency keeps going down in tiers of suppliers but meanwhile so many brands continue to use unethical/ unfair policies/ processes with their suppliers. This should be monitored and shared.

From Francis to Everyone: 04:33 PM

Question for Heinz Zeller: do you use one single Blockchain solution for all your Raw Materials or different ones / Raw Material value Chain with data consolidation ?

From Paul Roeland -CCC to Everyone: 04:35 PM

If I can dream even more: we would also need more transparency on *purchasing practices*. If brands stick to purchasing practices that all but force suppliers to cut corners, we're getting nowhere so: publish how you ring-fence labor costs, so that wages for workers are safeguarded from price negotiations

From Elle Sommers - Labor Solutions to Everyone: 04:35 PM

Exactly @Paul

From Elle Sommers - Labor Solutions to Everyone: 04:36 PM

And quality, delivery claims/ deductions

From Gustavo Gonzalez-Quijano to Everyone: 04:36 PM

@P Roeland: Thanks! Indeed, we need to be ambitious and set limits and rules for avoiding that buyers get around essential values. CCC does quite good things but it can do even better.

From George Williams to Everyone: 04:37 PM

I think we should be considering a broader notion of 'transparency'. Currently it tends to get thought/spoken about in terms of brands at the top of chains and their risk management needs. What does supply chain transparency look like for those working at the bottom of chains - what are their priority needs and issues? Can transparency systems be developed/adapted so that vulnerable workers (who in most cases are not paid living wages) can see/understand and hold to account those making key decisions at the top? Perhaps this is idealistic.

From Bruno VS Stanley/Stella (brand) to Everyone: 04:37 PM

How do you see implementation of blockchain in the Indian cotton supply chain? Smallholders farmers are harvesting small quantities per year and are probably not all computer literate...

From Paul Roeland -CCC to Everyone: 04:38 PM

@George, workers and trade unions are already using current transparency data

From Liz Muller to Everyone: 04:38 PM

likewise, Heinz, we need to get suppliers in these conversations. (and workers)

From Donna Marshall to Everyone: 04:39 PM

@George, absolutely!

From George Williams to Everyone: 04:39 PM

Good to hear! Thanks Paul.

From Elle Sommers - Labor Solutions to Everyone: 04:39 PM

These are all admirable initiatives, with goals that aim to help us all achieve sustainability, but are we engaging with workers sufficiently? We are in this for the people, and we invest in systems and infrastructure, which is needed but are we stuck in a comfort zone and endless pursue of the perfect 'system' while we forgo the humans we need to connect with?

From Paul Roeland -CCC to Everyone: 04:39 PM

there will be practical examples in a session on Thursday by the OAR and CCC - with trade unionist from Indonesia explaining how they use data in their concrete work

From George Williams to Everyone: 04:39 PM

@Elle - I agree. Where are the voices of workers in these forums? The global textile industry employs millions of workers - where are their voices in these discussions?

From Stuart Cranfield to Everyone: 04:43 PM

@ George Williams - it needs all stakeholders around the same table - governments, brands, suppliers, material suppliers, workers etc to cover the entire value chain as we all act upon each other.

From George Williams to Everyone: 04:43 PM

@Paul - sounds good. You mentioned homeworkers in your talk. That is appreciated because their contribution in this industry is overlooked and ignored. Thank you. But a lot of work is needed to help homeworkers organise in order to use these sources of available data/info - that is a long-term labour intensive work in contexts where homeworkers tend to be hidden, drawn from marginalised/excluded communities, and in contexts where labour organising is already challenging (and becoming increasingly challenging).

From René Kouwenhoven to Everyone: 04:44 PM

Transparency and validation can be reached by involving trade unions on grass root level to be involved and observe audits. They understand and are experiencing the real situation at the local situation. Would be great if that would be made mandatory in all parts of the audit process.

From George Williams to Everyone: 04:45 PM

@ Stuart. Agreed!

From Gerwin Leppink to Everyone: 04:45 PM

Janet, which standard holders are currently involved in SLCP? Thanks Gerwin

From zuzana.mocilenkova to Everyone: 04:45 PM

Another vote for an industry standard (or more centralised pressure on brands) on being more transparent and improve their purchasing practices

From Anne Kullman, Sida to Everyone: 04:46 PM

Could you pl share the presentation?

From Me to Everyone: 04:47 PM

@Anne Kullman sure, we will share the presentation and Q&A with all registered participants

From Phalguni Sundaram Biswal (INDIA) to Everyone: 04:50 PM

How to deal with the next crisis. If a pronounced economic crisis were to materialize, with sharp declines in growth and employment, the scope for effective further monetary easing would be increasingly constrained .?.

Regards:- Phalguni Sundaram Biswal(India)

From Donna Marshall to Everyone: 04:51 PM

There are lots of examples of workers designing, monitoring and managing - this is imperative for all these initiatives! Being in at the design stage is absolutely imperative otherwise these programmes are imposed upon them.

From Danielle to Everyone: 04:52 PM

Totally agree @Donna

From Gustavo Gonzalez-Quijano to Everyone: 04:55 PM

@H Zeller: Well said, Heinz!

From George Williams to Everyone: 04:56 PM

Convergence and reducing audit fatigue are critical issues for this sector, that is true. But brands have been making multiple commitments to codes of conduct and MSIs for decades now. Perhaps the industry has improved over the years, but Rana Plaza collapsed in weeks following the building being visited by social compliance consultants. At what point do we stop tinkering around the edges of these agreements and start actually using them to hold brands to account?

From stefano albini to Everyone: 04:57 PM

thanks Heinz. the brands have to listen and consider very carefully the complexity of the tier 2 - 3- 4 to reach the real sustainability . this means work together in a partnership way.

From George Williams to Everyone: 04:59 PM

We've heard about the need for collaboration and inclusion for years now. Of course it's true, but how do we move beyond rhetoric. I fundamentally believe that the voices of workers are needed - and they are missing from this forum.

From Paul Roeland -CCC to Everyone: 05:00 PM

@George, that is why the "third pillar", access to remedy, needs to get more teeth. from another sector: the courtcase from Nigerian farmers that they won against Shell this week, will wake an entire sector up...

From Elle Sommers - Labor Solutions to Everyone: 05:00 PM

Agree @George - Cyril's closing comments are accurate, AND we urgently need to engage with workers!

From Donna Marshall to Everyone: 05:00 PM

We need strong government legislation who are prepared to take a stand on sustainability, we need the strength and expertise of trade unions, we need workers fully involved in designing and managing initiatives, we need a cultural change in companies and systemic change in our financial markets. We cannot go on for more decades talking. It is time for action.

From René Kouwenhoven to Everyone: 05:00 PM

@George I second your remark

From Paul Roeland -CCC to Everyone: 05:02 PM

"engaging workers" will only work if they are entitled with power - and that includes legislative redress, before EU courts