Tracing Textiles: Advanced Technologies for Sustainable Value Chains

Unleashing the potential of blockchain for traceability, transparency and circularity in garment & footwear
Presenter & Moderator

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THE SUSTAINABILITY PLEDGE: UNVEILING THE “BEHIND-THE-SCENES” OF OUR CLOTHES

Maria Teresa Pisani
Economic Affairs Officer and Project Lead, UNECE
Drivers for Traceability and Transparency

### Behaviours Towards Sustainability

**Consumers**
- 54% consumers wanted to make more sustainable choices
- 40-60% consumers would pay more for products with better environmental performance
- 61% consumers do not understand environmental claims
- 54% consumers do not trust environmental claims

**Investors**
- 20% of managed capital is currently invested in ESG assets
- 37% of global assets are expected to be invested sustainably

Source: European Commission 2020

### Actors for Traceability & Transparency

- Social forces
- Civil Society
- Market forces
- Consumers
- Industry
- Regulatory forces
- Investors
- Law makers
- Technological forces
- Technology
The UNECE Framework Initiative
Enhancing Traceability and Transparency of Sustainable Value Chains in the Garment and Footwear Industry

Toolbox – Timeframe 2019-2022

01. **Policy** Dialogue Platform & **Recommendation**
   - Adopted in April 2021

02. Traceability **Standard & Implementation Guidelines**
   - Adopted in April 2021

03. **Blockchain** Pilots & Capacity Building
   - Ongoing

04. **Call to Action** & Sustainability Pledge
   - Ongoing

Government
Will be having the information they need to better regulate the sector

Producers & Workers
Will protect producers from false claims of provenance and expose companies that exploit workers

Consumers
Will have access to information for informed purchases

Business
Will be able to market and verify their sustainability claims

Blockchain pilots +60 partners (brands-manufacturers, IGOs, standard setters, academia/start-ups)

The UNECE Sustainability Pledge

- **PLEDGES**: 73
- **PARTNERS**: 259
- **PLEDGING ACTORS**: 64
- **COUNTRIES**: 22

### Actors Breakdown

- Suppliers/Producers/Retailers: 18
- Service & Support: 17
- Academia, Civil Society Organizations, Platforms: 27
- International Governmental, Governmental Organizations: 1
- N/A/Other: 1
- **Total**: 64

Pledges’ Geographical Coverage by Actor:

- 1
- 11
The Impact of UNECE Blockchain Pilots

**Blockchain Pilot Actors**

- **Cotton Pilot**
  - Cotton cooperatives/farms, 2
  - DNA solution provider, 1
  - Academia-think thanks, 4
  - Standard-setting bodies, 2
  - Brands, 5

- **Leather Pilot**
  - Raw Material providers, 2
  - IO, 1
  - NGO, 1
  - R&D and testing centre, 1
  - Industry Associations, 4
  - Certification bodies, 4
  - Brands/Retailers, 4

**UNECE Pilot Leadership**

- **Blockchain potential:**
  - Trust for sustainability claims
  - B2B and B2C communication
  - Access to reliable information
  - Transparency and traceability

- **18 Countries** in Africa, Asia, Europe, North and South America

- **> 60 Pilot partners**
  - End-to-end VC traceability

**Our Impact**

- Information and awareness for sustainable development
- Support for developing countries through visibility & connectivity
- Decent Work and economic growth
- Partnerships among value chain actors
- Sustainable consumption and production patterns
- Ensure correct recyclability, reusability and waste production
- Responsible business models
- Capacity building efforts through regional workshops
Join The Change

DIGITAL TECHNOLOGY FOR SUPPLY CHAIN
TRANSPARENCY & TRACEABILITY

Need for a Global Standard for Transparency and Traceability enabling interoperability

Advanced technologies to boost information exchange
  e.g. Blockchain for immutable data storage, DNA tracers, IoT

Data Protection as a Legal & Business requirements
  i.e. GDPR

Trustworthy Claims
  NGO/NPO requirements & communication regulations
  e.g. EU New Consumer Agenda

#TheSustainabilityPledge
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#eddf22
THE PERSPECTIVE OF BRANDS IN GLOBAL TEXTILE VALUE CHAINS

Giorgio Ravasio
Country Manager Italy
Vivienne Westwood
Tracing textiles: Advanced technologies for sustainable value chains

Harnessing the potential of innovation for due diligence and reduced environmental impact

European Development Days 22/06/2022
Collaboration across the Value Chain

- Trust
- Cooperation
- Level Playing Field
- Brand as facilitator, not just the leader
- Support to SMEs
Opportunities & Challenges on the Cotton Value Chain Pilot

**OPPORTUNITIES**

- Prompt traceability information exchange
- Supply Chain visualization
- Standardized Data Collection
- Substantiation of Product Claims

**CHALLENGES**

- Managing the process is costly
- Lack of alignment of partners at upstream level
- Manual input of data on the platform
- Additional effort from SMEs
How to improve scalability?

- Decreasing full dedication of multiple teams to achieve the traceability result
- Providing an integrated solution with automated processes
- Avoiding manual effort in data collection and data
- Offering a “quick start guide” (short and straightforward user manual) and digital capacity
- Offering a platform suitable for all supply chains
THANK YOU

Buy Less, Choose Well, Make it Last
THE PERSPECTIVE OF AN EGYPTIAN SUPPLIER AND MANUFACTURER IN GLOBAL VALUE CHAINS

Nancy Salam
Export Manager
Salamtex Lace Egypt
SUPPLY CHAIN TRACEABILITY AND TRANSPARENCY TOOLS

Gediminas Mikutis
Chief Technology Officer
Haelixa
Traceability components

**Physical Traceability**
- (DNA markers, RFIDs, ...)
- connects information to the product itself

**Digital Traceability**
- enables easy collection and secure storage of information

(backend diagram showing a shirt and a mobile app with a DNA marker)
Traceability components

Supply chain journey:

- **Cotton Harvest (BCSS compliant) & ginning**
  - 2021 Sep-Oct
  - Indorama Agro LLC, Kashkadarya region, UZ

- **Spinning**
  - 2022 Mar
  - Indorama Kokand Textile, Kokand City, UZ

- **Weaving/dyeing**
  - 2022 Mar
  - Nil Granit (Samo), Andijan, UZ

- **Garmenting**
  - 2022 May
  - Nil Granit (Samo), Andijan, UZ