Enhancing Transparency and Traceability for Sustainable in the Garment and Footwear

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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)

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 obligation**s across multiple jurisdiction

THE AVERAGE PAIR OF JEANS **USES 42 LITERS OF** WATER IN THE FINISHING PROCESS. A PAIR OF RIGID **WATER<LESS 501'S** USES LESS THAN 1 LITER.

A shirt that is **95%** more eco-friendly.

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

Rapidly developing policy solutions

Global level

- **UN** 2030 Agena 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 Textileand
- **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

Pulic Review Nov Dec 20!

O1. POLICY DIALOGUE PLATFORM, POLICY RECOMMENDATION & CALL TO ACTION
Why and how to enable and scale-up traceability systems?

O2. TRACEABILITY STANDARD & IMPLEMENTATION GUIDELINES
What to trace and how to trace it in value chains?

O3. BLOCKCHAIN PILOT SOLUTIONS FOR SPECIFIC FIBERS AND MATERIALS
How to anchor claims to products? For Cotton/Leather/Synthetic/Wool&Cashmere

More details: Project's webpage

In partnership with

Multi-stakeholder Policy Platform

UNECE UN/CEFACT

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

Sub-group 1
Policy recommendation
100 experts

Sub-group 2
Textile Traceability Standard
93 experts

Sub-group 3
Leather Traceability Standard
65 experts

Sub-group 4
Pilots & capacity-building
123 experts

As of Sept 2020,
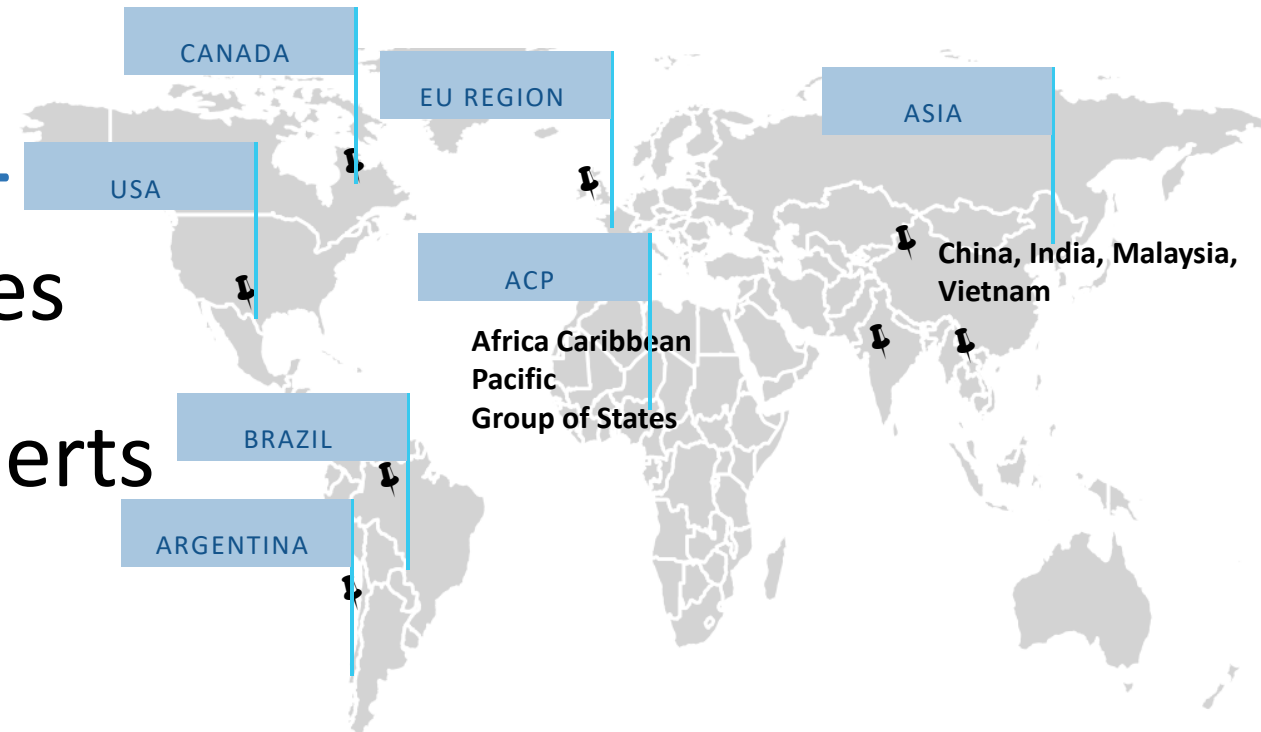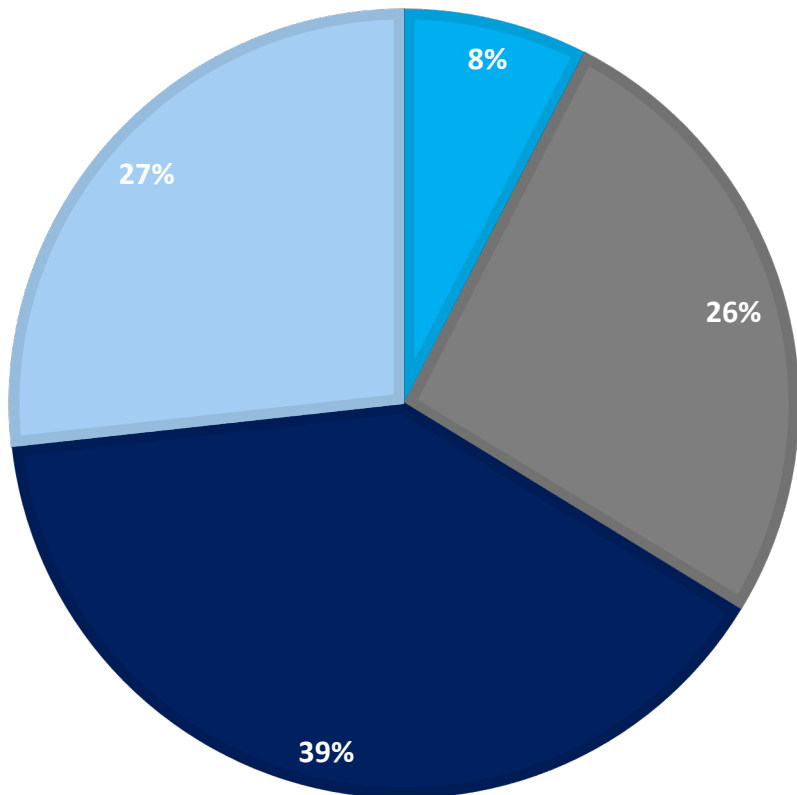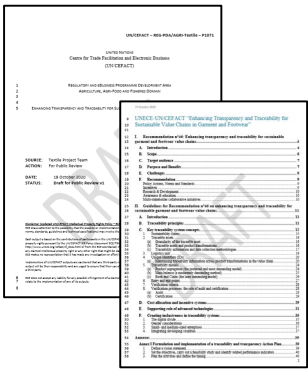
170+ Experts
joined the project

190,000 +
Companies
represented

340 + Experts
in the wider network

CANADA

EU REGION

ASIA

USA

ACP

China, India, Malaysia, Vietnam

Africa Caribbean Pacific Group of States

BRAZIL

ARGENTINA

8%

27%

26%

39%

Sustainability Information Collection
Sustainability related information

From raw material production…

…through manufacturing and branding…

…to consumption and post-consumption.

Origin/Location | Economic Operator | Composition/Specification | Input/Output

Process | Product | Facility

Environment | Social | Health

Environment:
- Input (Chemical/Pesticides)
- Water
- Energy
- CO_2
- 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

Enabler

Data component

Characteristic

Requirement
Value

Observation
Actual Value

Evaluation Criteria
Degree of fulfilment

PROVE ORIGIN .

TRACE BLENDING

COLLECT SUPPLY CHAIN DATA

ANCHOR CLAIMS TO PRODUCTs

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;

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

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

Benefits of Transparent and Traceable Value Chains

- **Coordinated action** to combat the negative impacts on workers stemming from COVID-19

- Due diligence, responsible business conduct, and accountability for sustainability claims

- **Risk-informed decisions** for businesses to carry-out best practices

- **Level playing field** - providing incentives to improve and removing cost savings of bad practices

- **Facilitated information exchange** through standardized data collection

Our Approach
- ➤ **Demand-driven and inclusive**
- ➤ **Effective and innovative solutions**

Thank you!

Upcoming meeting

23-24 November 2020
3rd Multi-stakeholder Policy Dialogue
13:00-17:00 CET via WebEx videoconference

back-to-back with the 26th UN/CEFACT Plenary

Get in touch

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