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Executive Committee

Centre for Trade Facilitation and Electronic Business**Twenty-sixth session**

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Item 11 of the provisional agenda

Sixty-ninth session of the Economic Commission for Europe**Call to Action for Enhancing Transparency and Traceability
of Sustainable Value Chains in Garment and Footwear***Summary*

The sixty-ninth session of UNECE will take place on 20-21 April 2021 at the Palais des Nations, in Geneva. EXCOM decided that the theme of the coming Commission session will be: “Promoting circular economy and sustainable use of natural resources in the UNECE region” (EXCOM/CONCLU/109 and EXCOM Informal Document No. 2020/38). UN/CEFACT and its secretariat have been requested to consider how to contribute to the cross-cutting theme of the Commission session, within approved mandates, ongoing work and existing resources (ECE/TRADE/C/CEFACT/2020/INF.14 and ECE/TRADE/C/CEFACT/2020/INF.15).

In light of this, and in connection with the ongoing UN/CEFACT project on traceability and transparency of sustainable value chains in garment and footwear (ECE/TRADE/C/CEFACT/2020/INF.16), the Plenary is invited to support a “Call to Action” (ECE/TRADE/C/CEFACT/2020/6) to be launched at the sixty-ninth UNECE session.

This “Call to Action” would invite all actors in the garment and footwear industry to take action for traceability and transparency to accelerate sustainability and circularity of value chain in this industry, in line with the United Nations 2030 Agenda. The initiative aims to establish a mechanism for supporting the uptake of measures in the proposed UNECE Recommendation N°46 with its implementation guidelines, to be submitted for endorsement to the twenty-seventh session of the UN/CEFACT Plenary, as well as relevant UN/CEFACT standards, and the monitoring of their implementation.

Document ECE/TRADE/C/CEFACT/2020/6 is submitted by the UN/CEFACT Bureau and its secretariat to the twenty-sixth session of the UN/CEFACT Plenary to seek support to this initiative as a contribution of UN/CEFACT to the sixty-ninth session of UNECE.

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I. Introduction

1. To advance sustainability and circularity in value chains, transparency and traceability are key priorities. In line with the goals of the United Nations 2030 Agenda, they support industry efforts to effectively identify, prevent and mitigate actual and potential negative impacts, in terms of human rights violations, adverse environmental effects, and human health hazards.

2. What is more, transparency and traceability help companies to take risk-informed decisions, achieve accountability for sustainability claims and anchor business models to responsible business conduct. Currently, in the garment and footwear industry, many companies have a limited view of the network of business partners within their value chain and do not have access to the full story behind their products and the way they have been manufactured. Most can identify and track their immediate suppliers, but information is often lost about the suppliers of their suppliers, which prevents them from exercising due diligence along their value chain.

Traceability is understood as “the ability to trace the history, application or location of an object” in a value chain (ISO, 2015).¹ In this context, it is defined as the ability to “identify and trace the history, application, location and distribution of products, parts and materials, to ensure the reliability of sustainability claims, in the areas of human rights, labour (including health and safety), the environment and anti-corruption” (United Nations Global Compact Office, 2014);² and “the process by which enterprises track materials and products and the conditions in which they were produced through the supply chain” (OECD, 2018).³

Transparency relates directly to relevant information being made available to all elements of the value chain in a harmonized way, which allows common understanding, accessibility, clarity and comparison (European Commission, 2017).⁴

Sustainability, in this context, is understood as the manufacturing, marketing and use of garment, footwear and accessories, and their parts and components, taking into account the environmental, health, human rights and socio-economic impacts, and their continuous improvement through all stages of the product’s life cycle.

Due diligence is an ongoing, proactive and reactive process through which enterprises can prevent and mitigate adverse impacts related to human rights, labour rights, environmental protection, and bribery and corruption in their own operations and in their supply chains (OECD, 2018).⁵

Circularity of a production process refers to the ability of such process to retain the value of products, materials and resources in the economy for as long as possible and to minimise to the extent possible the generation of waste along all the steps of the value chain (European Commission, 2015).⁶

¹ ISO 9001:2015, Quality Management Systems - Requirements

² United Nations Global Compact Office (2014): A Guide to Traceability A Practical Approach to Advance Sustainability in Global Supply Chains

³ OECD (2018): OECD Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector

⁴ European Commission (2017): A Background Analysis on Transparency and Traceability in the Garment Value Chain

⁵ OECD (2018): OECD Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector

⁶ European Commission (2015): Closing the loop – An EU action plan for the Circular Economy

3. In addition, greater transparency empowers consumers to make better informed consumption choices, because they have more reliable information about the sustainability claims of products and processes. As a result, traceability and transparency have a strong potential to build trust among all industry actors, to maximise the positive impacts of this global industry for sustainable and inclusive development.

4. To achieve this requires the application of traceability and transparency along the entire value chain and all of its activities, from raw materials production and processing, through manufacturing to finished product branding and retailing, consumption and post-consumption. And most importantly, it involves the collaboration of all industry partners, together with the deployment of common approaches and reliable technical solutions in widely different environments. When leadership is there and collaboration is widespread, there is a greater incentive for actors to work together, which improves results and lowers overall costs, particularly for more vulnerable actors.

5. This Call to Action is open to all industry stakeholders and actors participating in international value chains and committed to embracing transformational change in order to create the responsible and sustainable garment and footwear industry of the future.

II. Submitting Actions

6. Countries and organizations, both public and private, are invited to respond to this UNECE-UN/CEFACT Call to Action for Traceability, Transparency, Sustainability and Circularity⁷ in Garment and Footwear, by submitting their commitments to action using the annexed template.

7. The Call to Action, with its annexed template, is linked to the UNECE Recommendation N°46, with its implementation guidelines, currently undergoing public review in accordance with the UN/CEFACT open development process (ODP), in order to be submitted for endorsement to the twenty-seventh session of the UN/CEFACT Plenary. Such deliverables have been developed as part of the UN/CEFACT project on traceability and transparency of sustainable value chains in garment and footwear (ECE/TRADE/C/CEFACT/2020/INF.16).

8. The submitted commitments to action(s)⁸ should concern the implementation of one or more of the following measures:

- (a) Development and application of supporting norms and standards;
- (b) Implementation of business management systems or instruments for traceability and transparency;
- (c) Establishment of supporting fiscal and economic incentives;
- (d) Support to research and development and the scaling-up of innovative solutions;
- (e) Increased consumer awareness and education;
- (f) Multi-stakeholder collaborative initiatives.

9. Regarding outcomes and impact, the commitments to action(s) should result in one or more of the following:

- (a) Enhanced visibility of compliance with sustainability and circularity requirements by industry actors/partners along the entire value chain;

⁷ Briefing Note on UN/CEFACT Contributions to Circular Economy (ECE/TRADE/C/CEFACT/2020/24)

⁸ Commitment to action(s) are to be submitted on the UNECE website

<https://www.unece.org/tradewelcome/traceability-for-sustainable-garment-and-footwear.html>

- (b) Enhanced traceability of the social/environmental/ethical attributes of product(s)/materials along the value chain, including origin, quality, sustainability and circularity performance, and compliance with health and safety requirements for consumers and workers;
 - (c) A measurable impact on sustainability in value chains over time, eventually verified through life-cycle assessments and/or sustainability certifications;
 - (d) Enhanced environmental and socially responsible consumption and production that may be relevant to and inspire other countries and industry actors/partners;
 - (e) Special attention to small and medium enterprises (SMEs), small producers, farmers, and other groups including, women, young workers, home-based workers and migrant workers, who are often affected by unfair practices in this sector.
10. The proposed action(s) can include both new and existing measures and initiatives.

III. Monitoring Implementation and Assessing Impacts

11. In order to monitor implementation, assess impacts, and facilitate experience sharing, industry actors are requested to report on the implementation of their commitments to the UNECE – UN/CEFACT secretariat starting from 2022 and, thereafter, every two years. Commitments are to be expressed in accordance with this Call to Action, which is open to all industry stakeholders and actors embracing transformational change in order to create the responsible and sustainable garment and footwear industry of the future.

ANNEX I: PROPOSED TEMPLATE FOR SUBMISSION OF ACTIONS

1. Submitting Country, Organization, Company	2. If Organization or Company, please indicate the approximate number of employees
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	
<p>5. Type of initiative (please check the applicable option):</p> <p><input type="checkbox"/> Private initiative</p> <p><input type="checkbox"/> Public initiative</p> <p><input type="checkbox"/> Public-private initiative</p> <p><input type="checkbox"/> Civil society initiative</p> <p><input type="checkbox"/> Foundation / association initiative</p>	
6. Description of action	<p>7. a. Type of action (please check all applicable)</p> <p><input type="checkbox"/> Traceability</p> <p><input type="checkbox"/> Transparency</p>
	<p>7. b. Please select the specific area/s of the action</p> <p><input type="checkbox"/> Norms and standards</p> <p><input type="checkbox"/> Incentives</p> <p><input type="checkbox"/> Research and Development of Innovative Solutions</p> <p><input type="checkbox"/> Awareness and Education</p> <p><input type="checkbox"/> Collaborative initiatives</p> <p><input type="checkbox"/> Other, please describe _____</p>
8. Scope of the action including a description of the value chain processes that are covered (please include the objective, commitments and value chain scope)	
9. Timeframe and/or milestones for the action (please include when it was launched)	

10. Reference instruments and sources used (including relevant standards and certification schemes)

11. Expected benefits and impact for the stakeholders involved (please check all applicable)

- Enhanced visibility of compliance with sustainability requirements by industry actors/partners along the entire value chain
- Enhanced traceability of the social/environmental/ethical attributes of product(s)/materials along the value chain; for example, for origin, quality, sustainability performance, and compliance with health and safety requirements for consumers and workers
- A measurable impact on sustainability in value chains over time, eventually verified through life-cycle assessments and/or sustainability certifications
- Enhanced environmental and socially responsible consumption and production, and circularity of the value chain, that may be relevant to and inspire other countries and industry actors/partners
- Management of reputational risk for manufacturers, brands and retailers who are selling the products concerned
- Improved working conditions for workers along the value chain and, particularly, those who work for “suppliers to suppliers” in parts of the value chain that today are often “hidden”
- Other, please describe _____

12. Stakeholders and key performance indicators

Stakeholders involved (please check all applicable):

- Business and industry associations
- Consumers and consumer associations
- Intergovernmental organizations
- Investors/shareholders
- Local authorities
- Non-governmental organizations (NGOs)
- Scientific and technological community
- Workers and trade unions
- Others, please describe _____

Key performance indicators for the action (if available):

13. Good practices (if applicable, please indicate how the action has been implemented and provide a relevant website link(s))

14. How has this UNECE-UN/CEFACT Call to Action contributed to strategic engagement and/or public awareness in support of your commitment?

15. Link to relevant goal(s) and specific target(s) of the United Nations 2030 Agenda⁹			
16. Contact point for this action	First and LAST name	Telephone	E-mail address
17. Other comments			

⁹ The United Nations 2030 Agenda for Sustainable Development. Available at:
<https://sustainabledevelopment.un.org/content/documents/21252030%20Agenda%20for%20Sustainable%20Development%20web.pdf>