



# UNECE-UN/CEFACT "Enhancing Transparency and Traceability for Sustainable Value Chains in Garment and Footwear"

## UNECE Policy Recommendation on Transparency and Traceability for Sustainable Garment and Footwear Value Chains

### *Annotated Outline*

Note

Acknowledgements

Foreword

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Annex

I. Existing policies, regulations and tools for traceability in other sectors... **Error! Bookmark not defined.**

**I. Recommendation n°: Enhanced transparency and traceability for sustainable Garment and Footwear value chains**

**A. Introduction**

*[A brief introduction will present summarize the purpose and benefits of this policy recommendation and describe the current transparency and traceability challenges in the Garment and Footwear industry and resulting social, health and environmental negative impacts. A brief introduction will be given to the concept of transparency and traceability of value chains and the components of traceability schemes with a focus on the garment and footwear industry. These components include the policy claim, traceable asset, entry and exit points, conditions, rules, incentive systems, cost allocation, certification and audits). The introduction will also briefly describe the overall aim and target audience of the policy recommendation, which among other aims to “provide Governments and decision makers with a framework for developing a high level plan for a traceability scheme” (UNECE Sustainable Trade Guide ref.). Benefits will include strengthening sustainable consumption and production patterns (SDG 12) in the industry, and supporting both government and industry partners to take risk-informed decisions, operate along a set of internationally agreed practices, and move toward a more circular-economy approach in the sector.*

*This section will also provide definitions for: traceability, transparency, traceable asset, and sustainability in the garment and footwear industry, for the purpose of this Recommendation, and based on definitions which are already widely accepted (ISO, GS1, OECD, Global Compact).*

*“Traceability is a method to substantiate a claim or statement relating to a product, service or business process based on available information”. (UNECE Sustainable Trade Guide ref.)*

*As there is much already developed in the field of standards and guidelines for due diligence in this sector, the introduction will emphasize the importance of ensuring that requirements refer to and use existing documentation which is recognized at an international level. In this connection the introduction will reference an annex listing relevant existing policies, regulations and tools for traceability in support of sustainable value chains, including in other sectors (e.g. in the timber, agrifood and fishery sectors).*

**B. Purpose and benefits**

*[This section will outline more in detail the main purpose of the policy recommendation and the benefits to be gained from its implementation. Among the purposes of the policy recommendation are: to establish an enabling environment for all actors in the Garment and Footwear industry, supporting their ability to develop, share, learn, and improve practices related to transparency and traceability in value chains; to improve the access to information on best practices; to enable governments to advance the necessary policy and regulatory frameworks; and to support brands, manufacturers and/or factories in their efforts to implement improvement plans and*

*to self-assess themselves against recognized international initiatives, standards, codes of conduct and audit protocols. A special focus will be given to the needs of developing countries, and groups at risk, including women and other local-level stakeholders, who are often affected by unfair practices in this sector.]*

*[Section 1 will present in more detail the benefits of following and/or implementing the policy recommendation.]*

### C. Scope

*[This section will clarify the extent and reach of the recommendation. More specifically, it will outline a global scope given that the primary and most direct beneficiaries will be countries and companies participating in global Garment and Footwear supply chains. This should be phrased in so as to emphasize the need to engage all key stakeholders. It may also be beneficial to clarify, in this section, what is out of scope.*

*The drafting of this policy recommendation should involve all of the key stakeholders, on a voluntary basis, including government institutions, the private sector, and other relevant stakeholders such as international and multilateral organizations, non-governmental organizations, standard setting and certification agencies and academia.*

*A special focus should be given to the needs of developing countries as well as other groups at risk such as women and local level stakeholders, often affected by unfair practices in this sector.*

*This section will also explain how this policy recommendation will be complementary to and support the efforts of other partners and agencies that focus on enhancing responsible production and consumption patterns in the Garment and Footwear sector.*

### D. Recommendation

*[This section contains the policy recommendation itself, highlighting key points. Typically, this should not be more than one page in length. It will include, for instance, a recommendation for a standardised mapping of value chains and sustainability requirements for the Garment and Footwear industry, so as to facilitate the development of traceability and the transparency of sustainability claims.]*

## II. Guidelines for Recommendation n°XX on enhancing transparency and traceability for sustainable Garment and Footwear value chains

### A. Introduction

*[A brief introduction to the guidelines and how they can be used to support implementation of the policy recommendation.]*

### B. Organization of a Traceability Framework

*This section provides a description of how a traceability framework can be developed and implemented, beginning at a national level. It should include basic principles to be followed and descriptions of organisational options, including examples of existing permanent bodies or ad hoc mechanisms already in use by different governments to comprehensively convene key actors involved throughout the Garment and Footwear value chains. Coordination and consultation approaches, which can be used within these organisations, should also be described here.]*

### C. The Architecture of a Traceability Framework

*This section will set out guidelines that can be used both for establishing a traceability mechanism for monitoring the implementation of the policy recommendation. The section has been structured according to the key components of a traceability system as explained in the publication, "Framework to Design Traceability Systems for Cross Border Trade".*

#### 1. Policy Claim

*This subsection will focus on defining regulatory objectives and needs and expectations of stakeholders.*

*"A policy claim is a high level statement, usually about an intangible feature or a process that is associated with a traceable asset that requires tracing of a supply chain and is supported by data collection." Ex. The claim that a product is "organic" or "sustainably produced". (UNECE Sustainable Trade Guide ref.)*

#### 2. Traceable Assets

*This subsection will address the definition of a Traceable Asset within the Garment and Footwear value chain "any item (for example an object, a product or other traded item or a service) that needs to be tracked along a supply chain." (UNECE Sustainable Trade Guide ref.) It will also attempt to define those characteristics that a product or process must have in order for it to be traceable at an acceptable cost.*

#### 3. Entry and Exit Points

*Recommendations on the Entry and Exit Points of Traceable Assets within the Garment and Footwear value chain will be discussed in this subsection, focusing on the complexities of cross-border trade in Garment and Footwear value chains.*

*"The Entry and Exit Points are the supply chain activities which mark the start and the end of the supply chain that the traceability system will trace." (Sustainable Trade Guide ref.)*

#### 4. Traceability Conditions and Rules

*This subsection will outline the process and criteria for determining the standards and defining the rules for the overall traceability process, including the Entry and Exit conditions of the Traceability System within the Garment and Footwear value chain, and the proof that the traceable assets have complied with the defined sustainability requirements and their performance indicators.*

*For the success of a traceability system it is important to have well-defined states at the entry point and the exit point which show that transformation*

*requirements have been met: “The Transformation Rules describe how the business processes between an Entry Point and an Exit Point need to be organized so that the Policy Claim is met.” (UNECE Sustainable Trade Guide ref.)*

5. Incentive systems and cost allocation

*This section discusses approaches for estimating the implementation costs of a traceability scheme and making decisions on cost allocation. It also addresses the following questions: when should incentives be used? and which incentives should be used?*

6. Certification and Audit: Governance of Entry/ Exit Criteria

*Recommendations on certification and audit process implementation will be briefly presented, taking into account the need, in many cases for a cross-country or a country-to-country traceability system. It will also suggest some criteria for selecting certification and audit schemes/processes.*

*“To confirm that the predefined rules have been met, an audit process needs to be implemented that creates confidence in the Policy Claim. The audit process will capture and analyse the traceability events and validate the information against the Entry, Exit and Transformation rules.” (UNECE Sustainable Trade Guide ref.)*

D. Indicators and data collection methodologies

*This section will reference existing guidelines and standards on indicators and data collection. In addition, it will develop proposals where these do not exist, for example, the identification of those indicators that could be used to support SDG-related policy claims.*

E. Data analysis

*This section will provide a structured framework for the analytical content and presentation of reports in order to support greater comparability between results.*

F. Policy formulation and action plans

1. Communicating the results and related recommendations

*This section will contain guidelines on: incorporating reporting requirements into a policy framework; establishment of a repository of commitments and a reporting mechanism to monitor progress; and the sharing of good practices and lessons learned across relevant stakeholders.]*

2. Policy formulation and action plans

*Guidelines will be provided here for reflecting report results in policy and developing further action plans for improving results.*

G. Considerations when implementing a Traceability Framework

1. Integrating Developing Countries and Small Stakeholders into the Traceability System

*[Development-related concerns should not be left behind, and due assistance should be provided to suppliers who lack the financial and human means to better communicate information on their sustainability performance. There is also a need to coordinate between downstream actors on procurement*

*requirements in order to reduce the complexity and cost of reporting requirements for upstream stakeholders.*

2. Gender considerations

*[Gender-related concerns should be taken into account “employing 60 to 75 million people with direct jobs worldwide, of which two thirds are women.” (TEXTILE4SDG12 ref.)*

*“The issue is not only limited to achieving a minimum wage, but also to gender equality issues, where women are paid less than men” (TEXTILE4SDG12 ref.) All concerns about equal opportunity for advancement and other related issues will be considered].*

3. Capacity development

*Size and economic and human capacity-related concerns should be taken into account since traceability can be a high cost activity, especially for SMEs. Consideration needs to be given to the availability of resources particularly in the context of when and how to give incentives.*

**Annex**

I. Existing policies, regulations and tools for traceability in other sectors

*[An annex will be listing relevant existing policies, regulations and tools for traceability in support of sustainable value chains, including in other sectors (e.g. in the timber, agrifood and fishery sectors)].*

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