

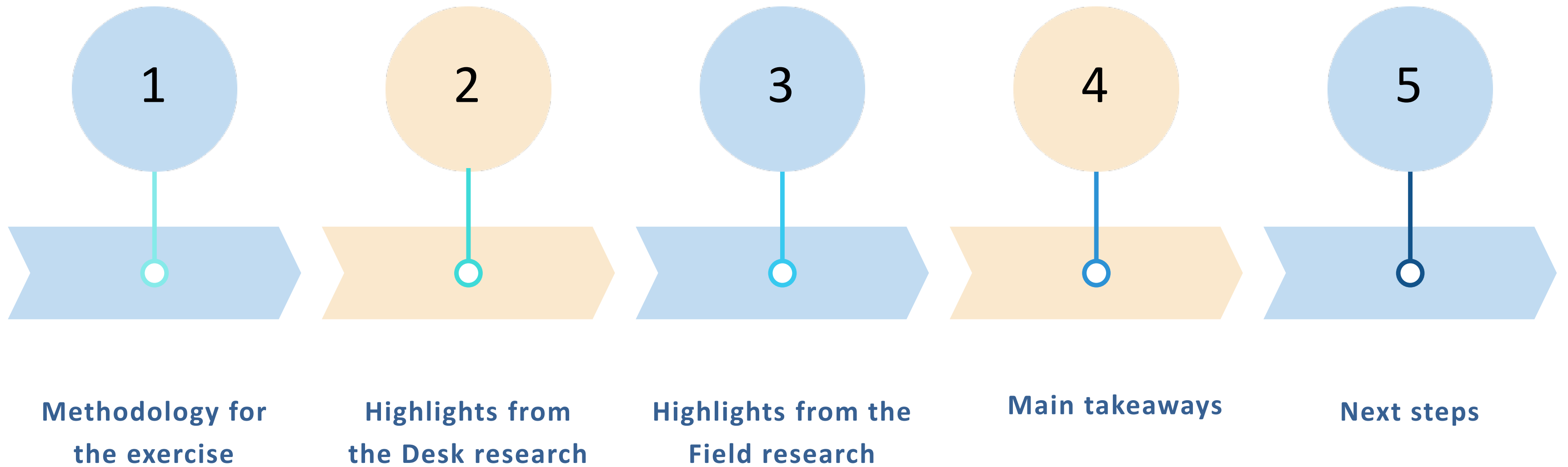
Transparency, traceability and sustainability in the garment and footwear industry and beyond:

# Takeaways from relevant policies legislation, regulations and experts' interviews<sup>1</sup>



UN / CEFACT

# INDEX



# 1. Methodology for the exercise

## a) Desk research: mapping of the policies, regulations and guidelines for transparency and traceability

Activity	Status
Mapping of policies, regulations and global guidelines for transparency and traceability	<i>Ongoing</i>
Drafting of the <i>complete Report</i>	<i>Ongoing</i>

## b) Field research: in-depth interviews with experts

Activity	Status
Defining key questions for the interviews with experts	<i>Completed</i> , thank you for your support
Carrying out interviews with governments	To be completed by the end of March
Drafting of the <i>complete Report</i>	<i>Ongoing</i>

# 1. Methodology for the exercise

Desk research: mapping of the policies, regulations, guidelines for transparency and traceability

1

## POLICIES AND REGULATIONS AND GUIDELINES MAPPED

31

2

## GEOGRAPHICAL AREAS CONSIDERED

Policies and Regulations:  
EUROPE (20), USA (3), CHINA (1), TAIPEI (1),  
JAPAN (2)  
Guidelines:  
GLOBAL (4)

3

## INDUSTRIES CONSIDERED

Cross-industries (8)  
Garment and Footwear (8)  
Agri-food (7)  
Fishery products (2)  
Timber (3)  
Minerals (3)

# 1. Methodology for the exercise

Desk research: mapping of the policies, regulations, guidelines for transparency and traceability

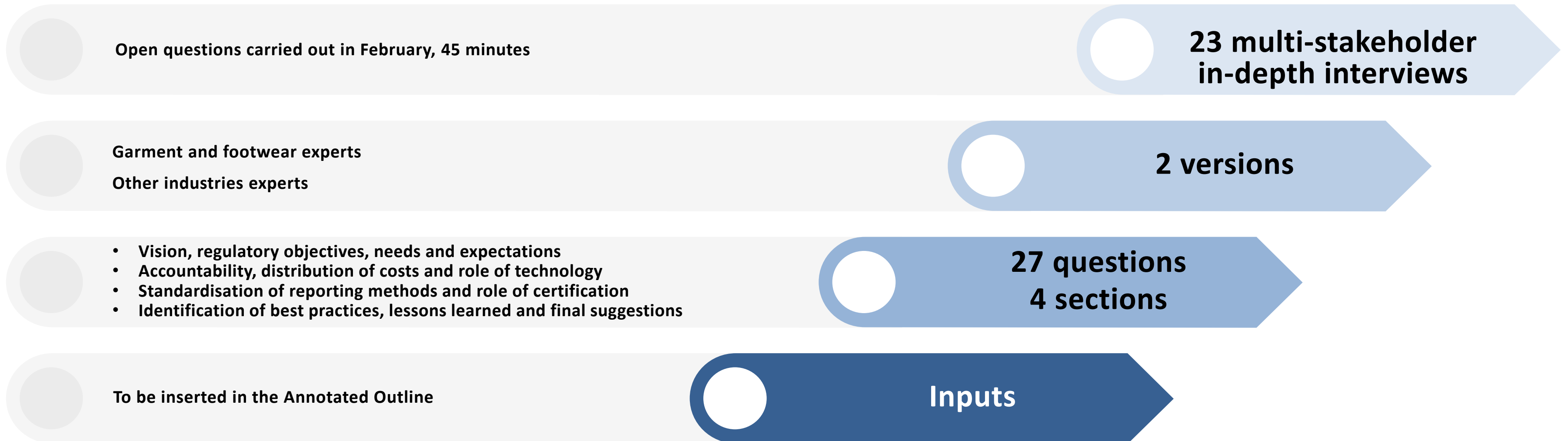
## EUROPE

1	CROSS-INDUSTRIES	GARMENT AND FOOTWEAR	AGRI-FOOD	FISHERY PRODUCTS	TIMBER	MINERALS
2	UK MODERN SLAVERY ACT 2015	REGULATION (EU) 907/2006 REACH	REGULATION (EC) 178/2002	REGULATION EU 1224/2009	REGULATION (EU) 995/2010 EU	REGULATION (EU) 2017/821
3						
4						
5						

- 1. Industry
- 2. Name
- 3. Section related to transparency/traceability
- 4. Source
- 5. Notes

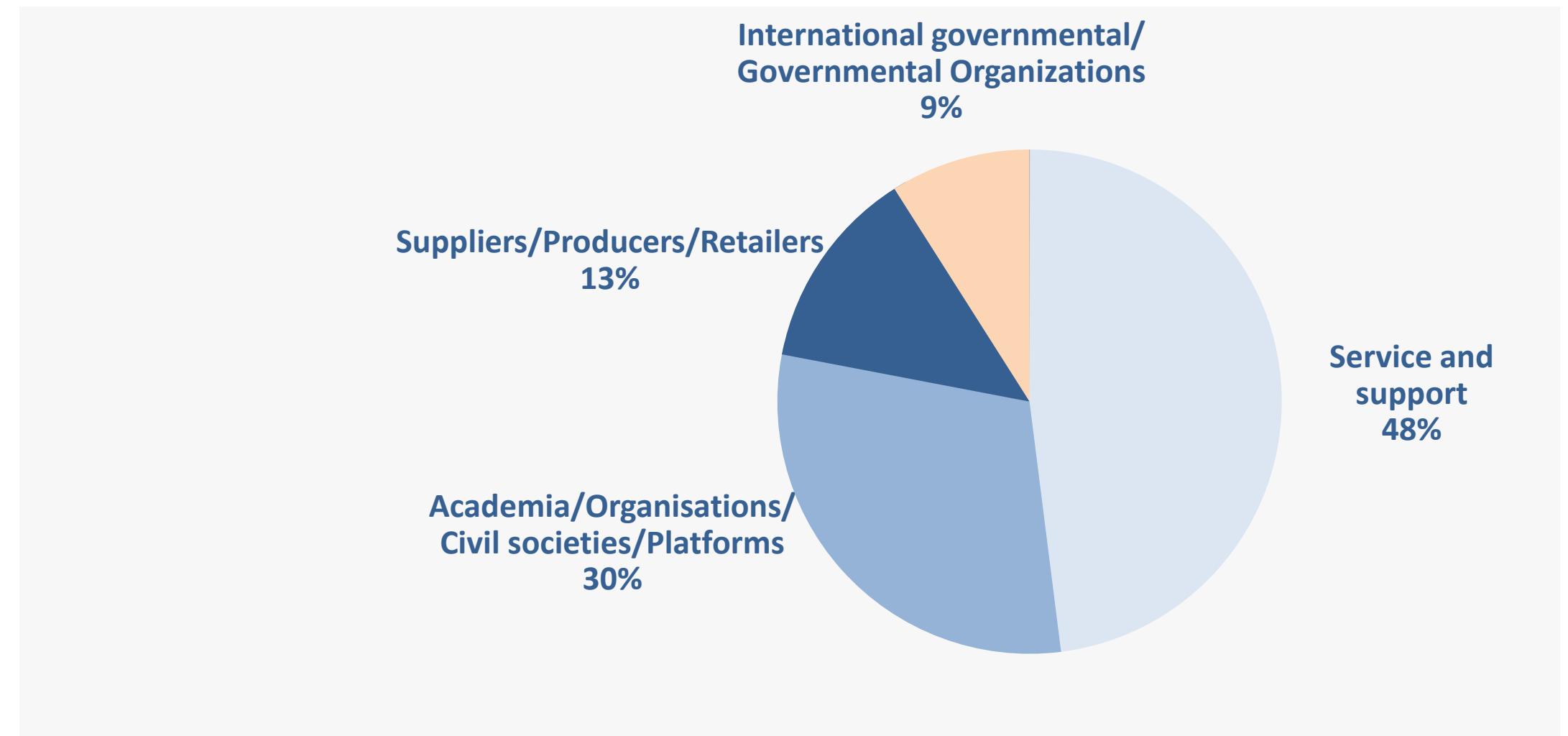
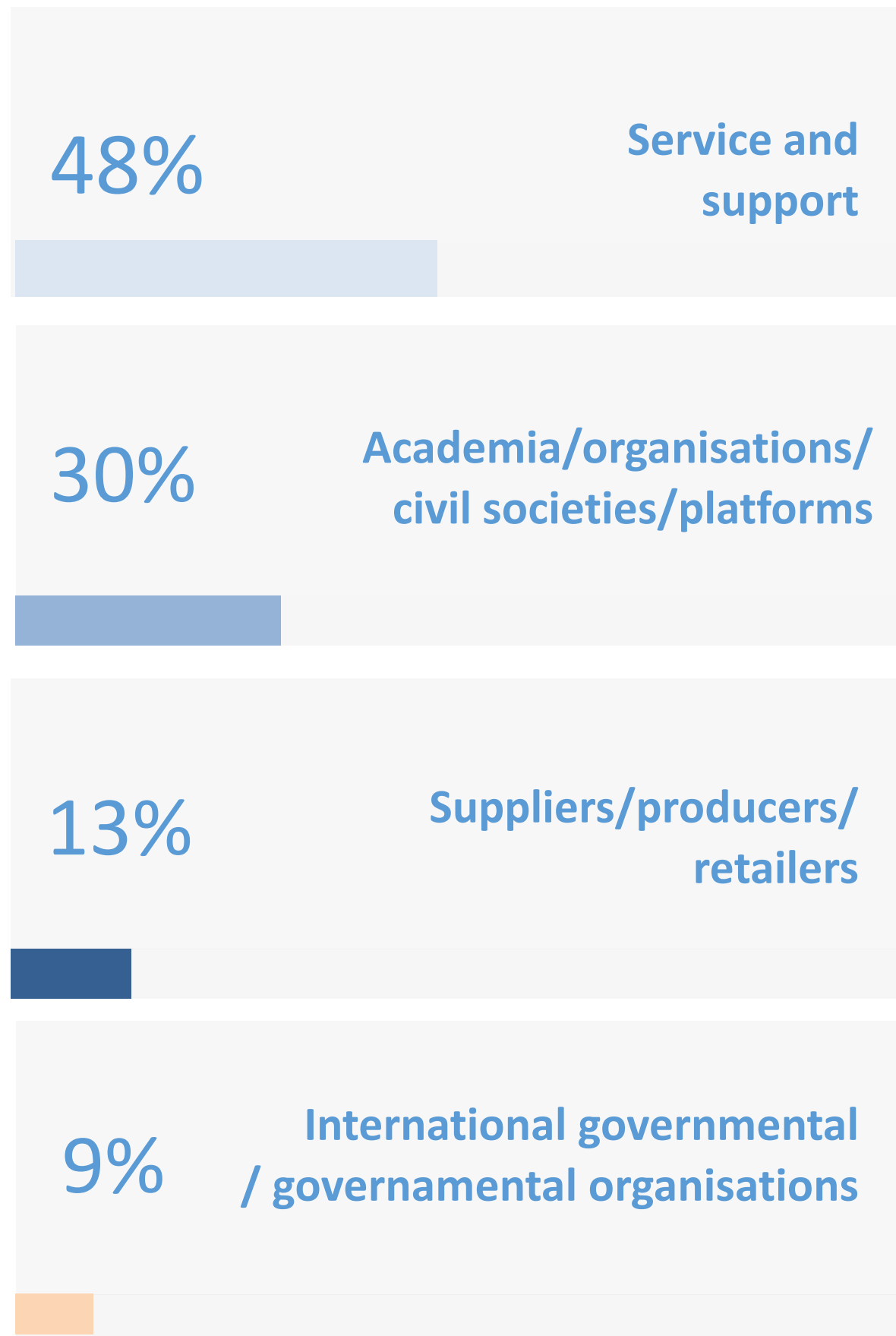
# 1. Methodology for the exercise

Field research: in-depth interviews with experts



# 1. Methodology for the exercise

Field research: in-depth interviews with experts



**Draft Annotated  
Policy  
Recommendation**

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

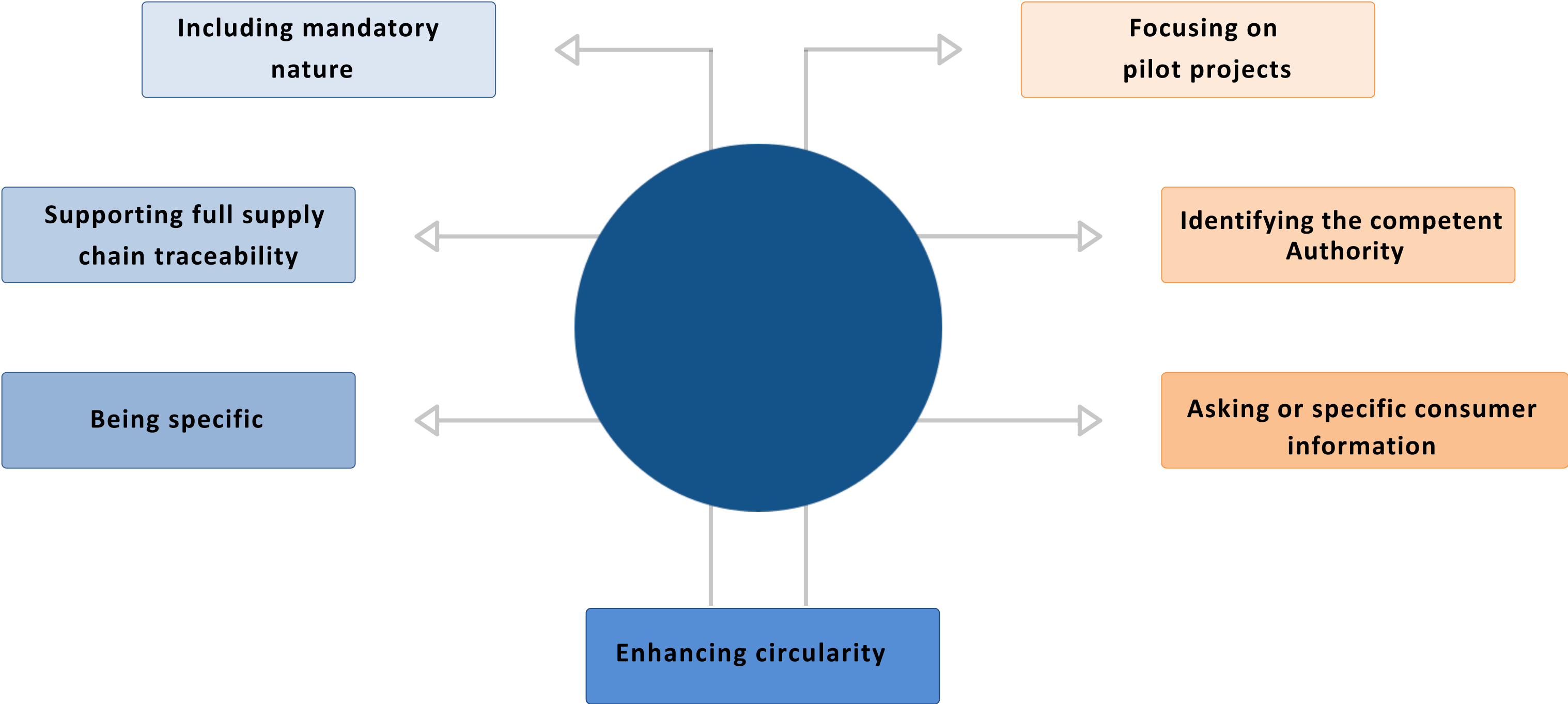
**UNECE Policy Recommendation on Transparency and Traceability for Sustainable Garment and Footwear Value Chains**

*Annotated Outline*

Note  
Acknowledgements  
Foreword  
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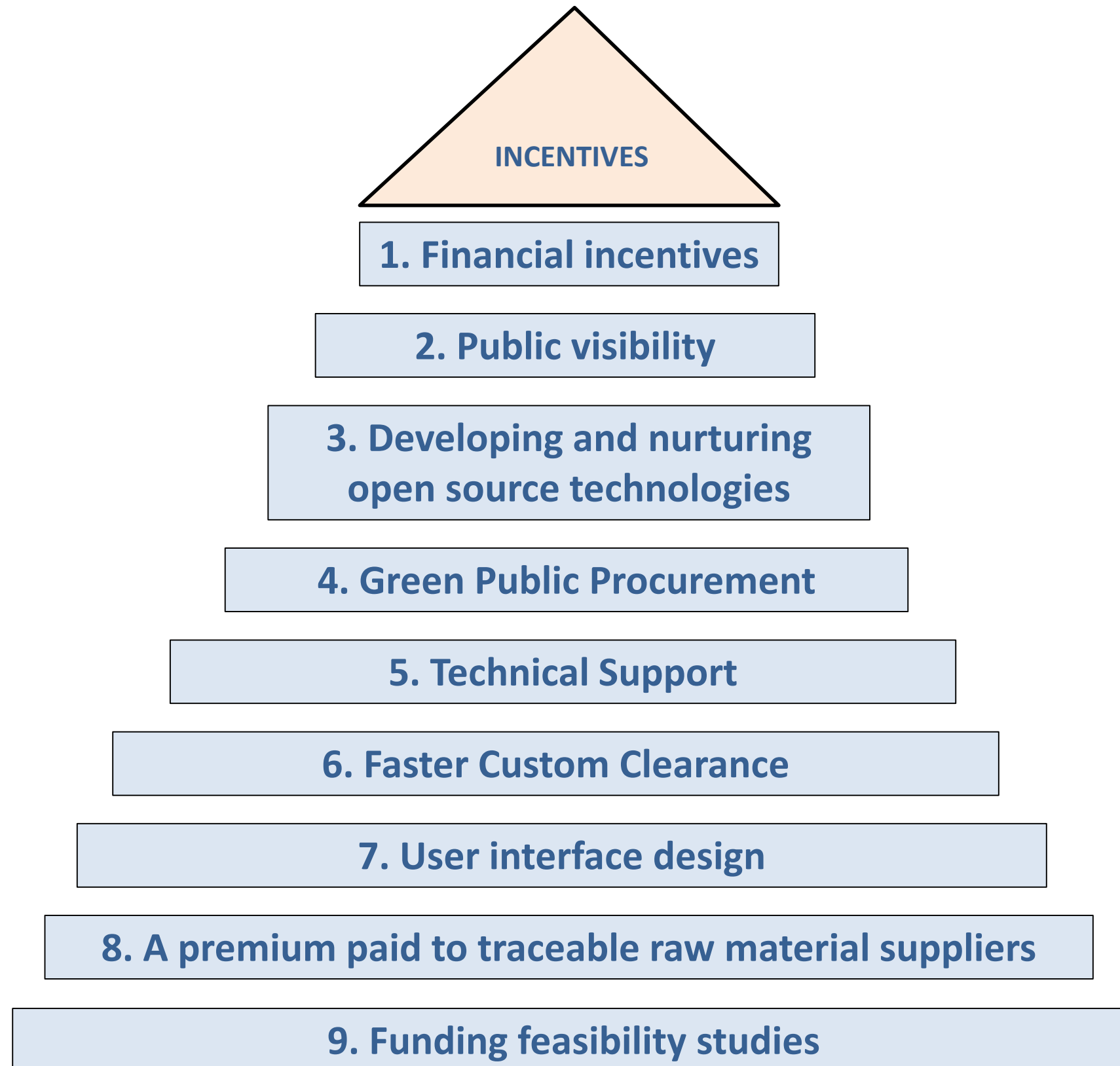
# 2. Highlights from the Desk research





### 3. Highlights from the Field research

Q5 Which incentives should be put in place in order to implement a traceability system?



**RELEVANT QUOTES**  
*"Financial incentives are the most relevant. These incentives should guarantee **benefits for the consumers**, avoiding the price increase of sustainable products for consumers."*

*"It depends where the companies would fit on in terms of **size and maturity**."*

*"**Long term incentives** could be more effective."*

*"It depends on the **size and role of stakeholders**."*

### 3. Highlights from the Field research

Public visibility: examples tools

**Transparency Pledge**

**ACCORD**  
on Fire and Building Safety in Bangladesh

 **OPEN  
APPAREL  
REGISTRY**

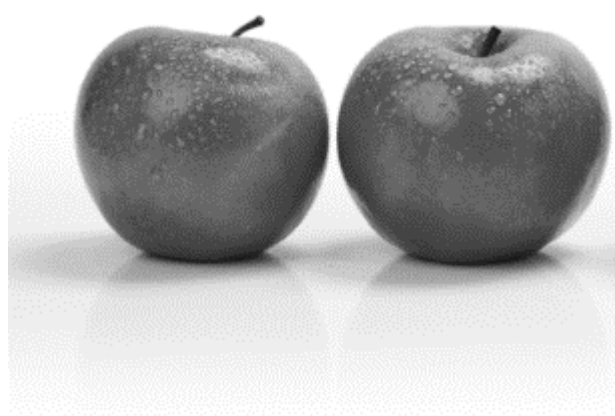
**SUSTAINABLE COTTON RANKING**

  
**WikiRate**

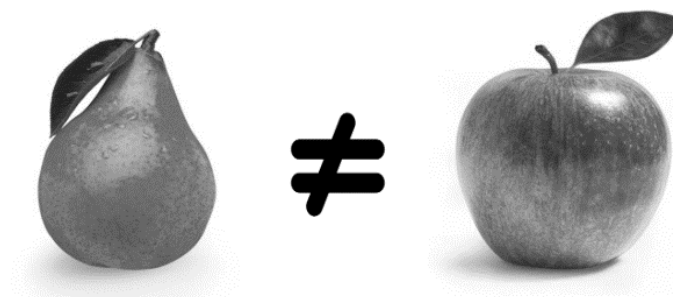
### 3. Highlights from the Field research

Q6. Which incentives should be put in place for different stakeholders in order to implement a transparency system? Please consider both government financial incentives and government nonfinancial incentives.

#### Different point of views



**«For transparency and traceability we need the SAME incentives»**



**«For transparency and traceability we need SPECIFIC incentives»**

public visibility

support to education, especially in developing countries

support for certifications, especially for SMEs and micro companies

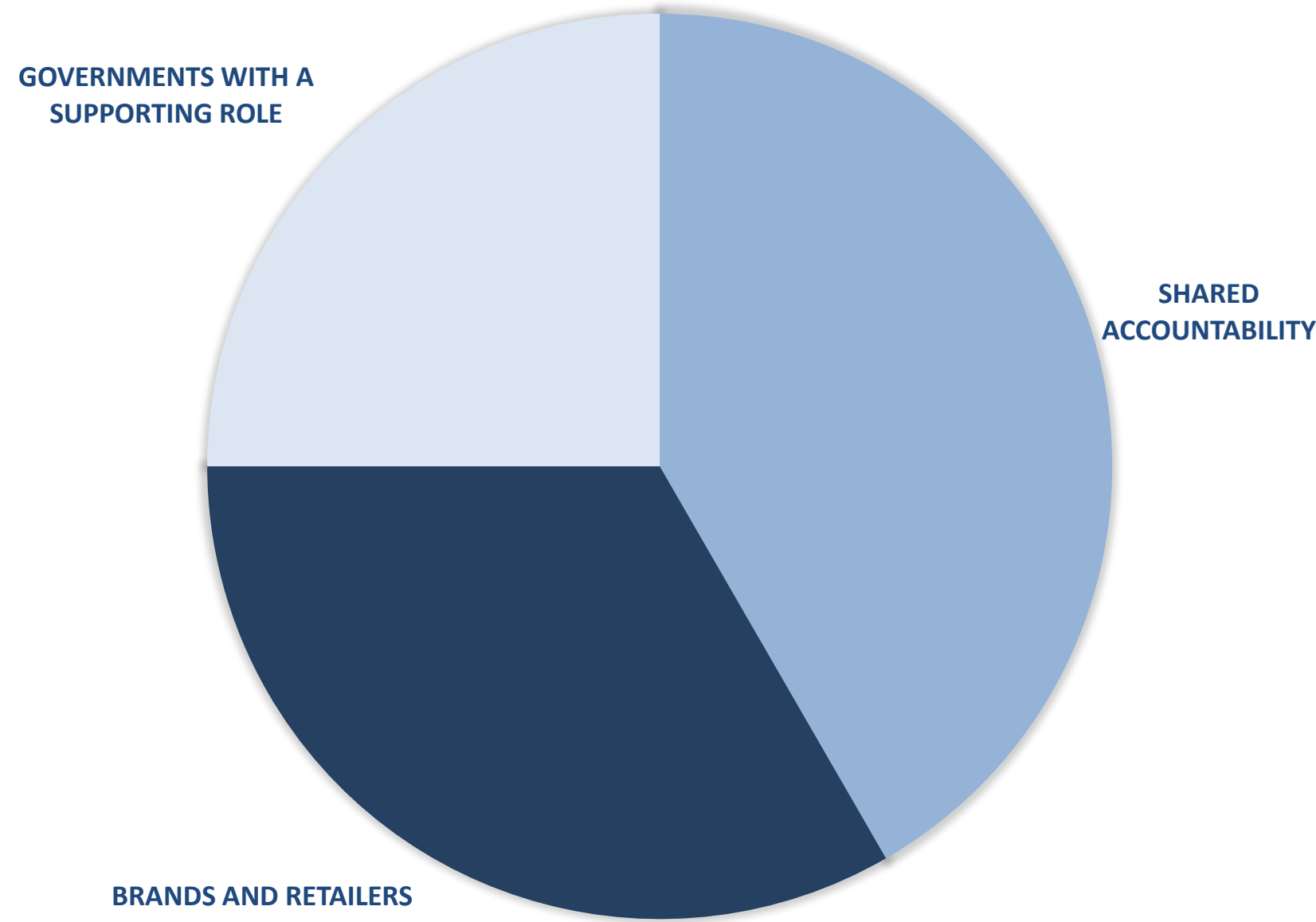
### 3. Highlights from the Field research

#### Q8 Who should be held accountable when there is a lack of traceability and transparency?

Enforce regulatory systems to create a level playing field

Supra-national level / IGOs / IOs: align efforts and schemes around a regulation for traceability and transparency

Legislation should enable accountability and put in place remedy mechanisms / mediation actors e.g. NCPs



The final product manufacturer and seller / final supplier / importer

Blockchain to ensure shared accountability

Minimum requirements monitored & scoring systems

Brands and retailers bear a greater responsibility (most power, influence and resources to manage the risks)

### 3. Highlights from the Field research

Q9 Who should absorb the costs/how should costs be distributed along the value chain for traceability and transparency?

#### WHICH COSTS?

Development of the traceability, disclosure and monitoring systems

#### WHO ?

Costs for traceability and transparency should be distributed along the value chain depending on the business model

Brands and private entities should bear the cost for implementing traceability and transparency to reflect

- the profit margin
- the price/volume proportionally
- their need

Importers, suppliers and consumers

#### RELEVANT QUOTES

*"Example: **Bangladesh Accord database**' cost was about 6 millions (development cost): the 200 brands are continuing to enjoy it because the database is continuously refined and tailored to suit their needs."*

*"**The costs for non-transparency are high.** There should be a **reward** for companies that are transparent."*

*"**Benefit/revenue sharing schemes** could be useful: **-profit margins -token-based system** There should be a Intergovernmental Authority/Body for taking decisions."*

*"**Each stakeholder in the supply chain should made accountable for its costs"***

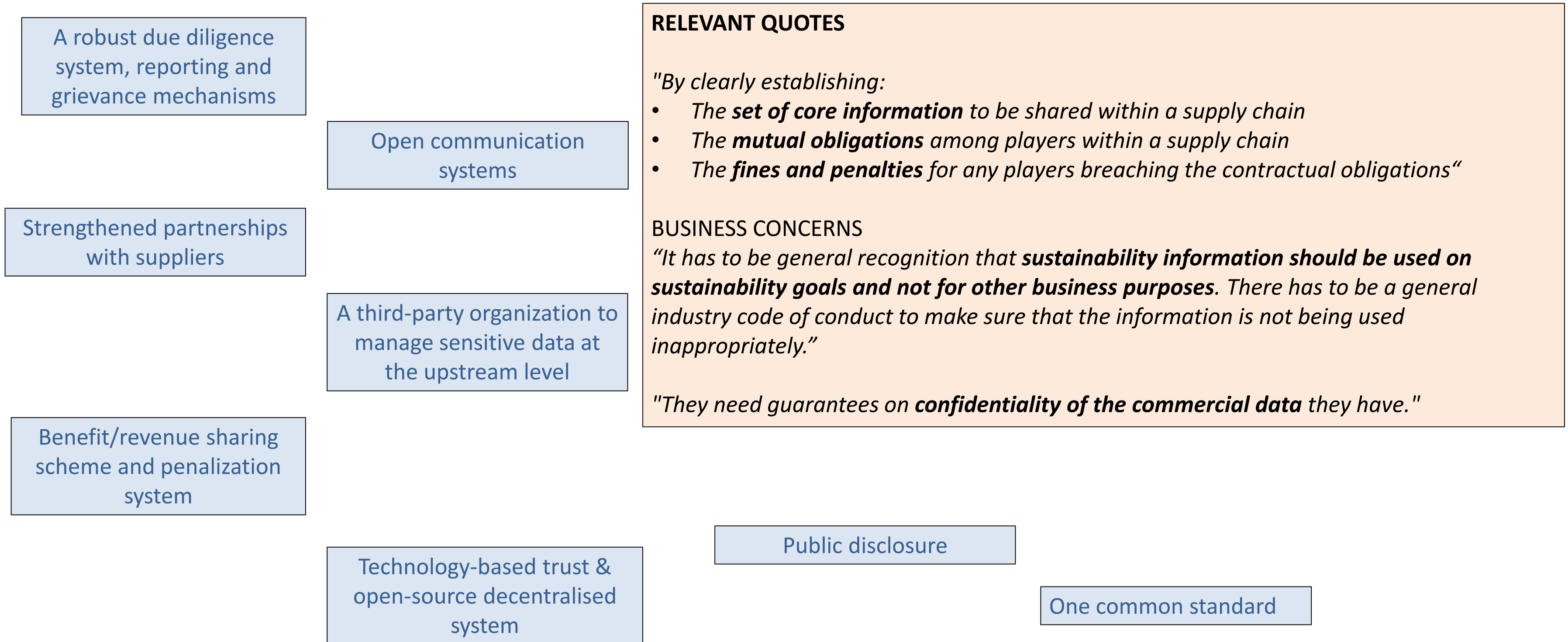
#### HOW DISTRIBUTING THE COSTS?



BUSINESS  
OPPORTUNITY  
& GAINS  
EFFICIENCY

### 3. Highlights from the Field research

Q10 How do we enhance the level of trust among supply chain actors so that they are prepared to share information and build relationships?



### 3. Highlights from the Field research

Q14. Do you know of any already existing efforts in your industry to harmonize terminology and/or data descriptions?

EON
Swedish institute of standard + RI.SE
Fashion Transparency Index
Circular fashion
Social Labour Convergence project
Delta framework
Cotton 2040
Welfur program
Open Apparel Registry
Open Data Standard for the Apparel Sector – ODSAS
The Transparency Pledge
eBiz

UNECE core components library
Higg index
ZDHC
Textile Exchange
GS1 standards
ICEC Traceability Certifications (TS410/412)
UNIC Sustainability Reports
PEF
ERC-721 – standard for tokens
ERC-20 – standard for tokens
ERC-725 – combination of standards for Blockchain profiles and identities
(GCS) Data Port



### 3. Highlights from the Field research

Q16. Please share any existing call for Action to be set out for the standard's implementation and/or for reporting mechanisms to monitor progress

Dutch agreement on garment and textile

Council recommendations by OECD

Tamil Nadu Declaration

Chestny Znak

eBiz

The Transparency Pledge

Fairwear Foundation

Fairlabour Association

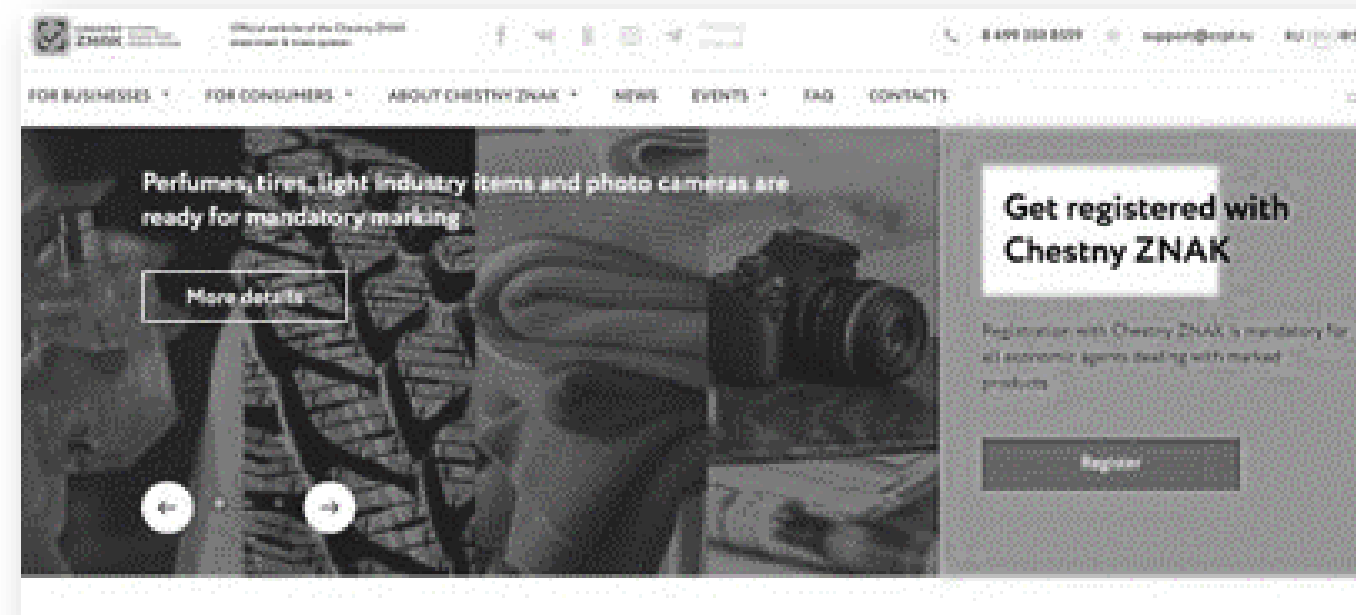
EU directives

Fashion Transparency Index

Industrial collaboration – Ellen MacArthur Foundation

Fashion Pact

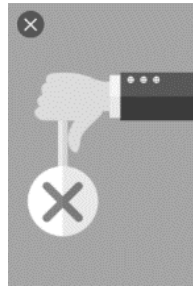
Due Diligence programs



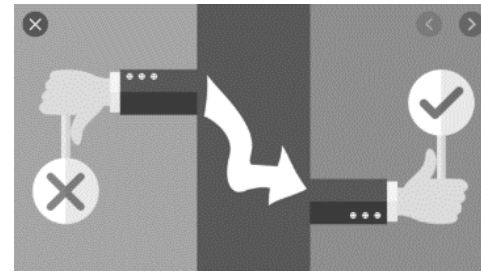


### 3. Highlights from the Field research

Q17. What role should certification play in traceability and transparency?



“It is an incentive to relax”



“Certification can provide trust and facilitate the collaboration process, however the process by itself should be designed so that certification is limited to a minimum as imposes administration and organization”



“Third parties should be involved”

Q18. Does certification need to be a requirement?

#### RELEVANT QUOTES

*“Not mandatory. Human capacity could be missing.”*

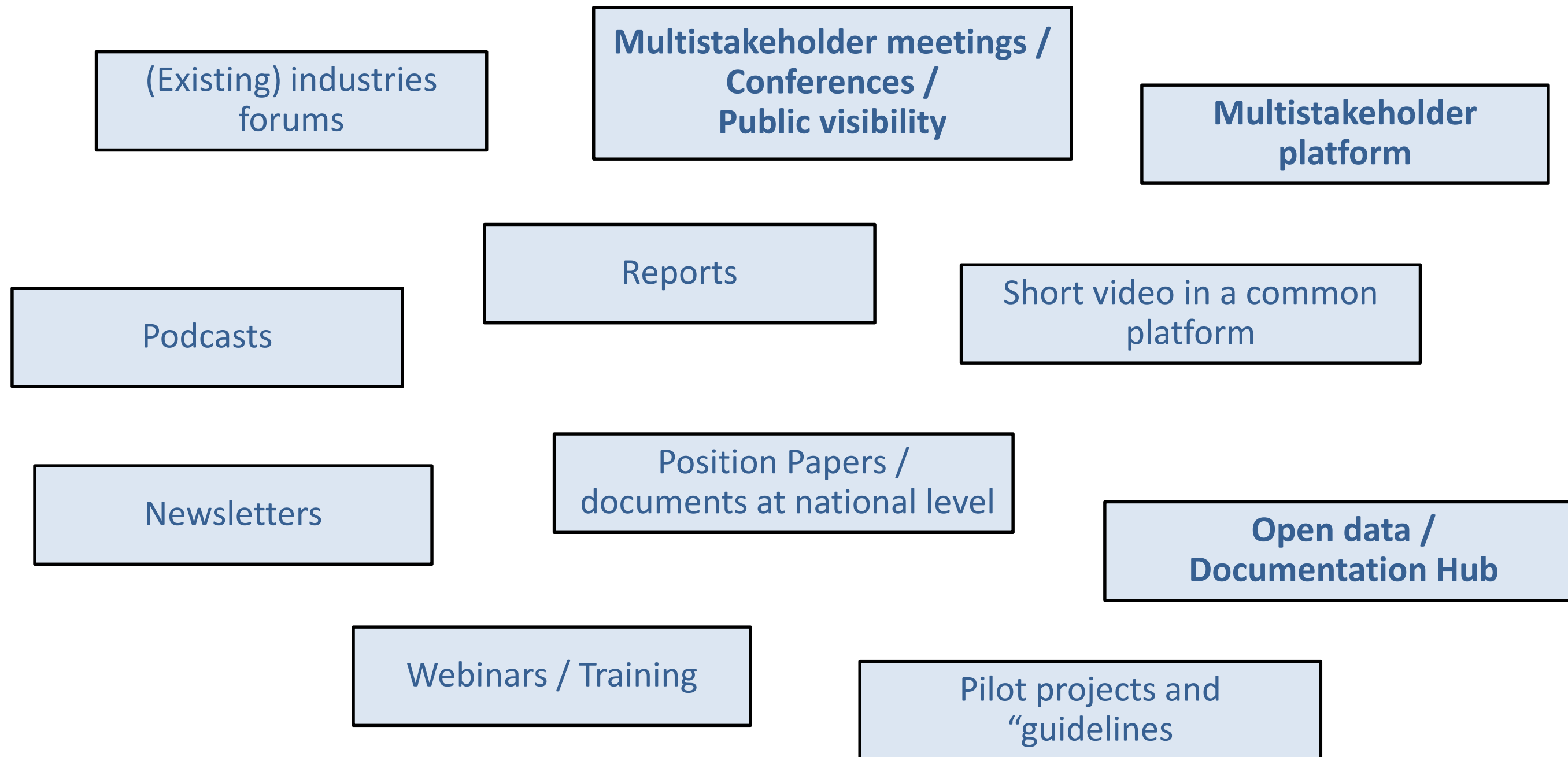
*“No, since it is risk driven. It should be done when it is **relevant**.”*

*“It could be mandatory in **some cases**. For product claims there should be a certification.”*

*“It should be mandatory in **certain points**, where there is **risk** (risk assessment).”*

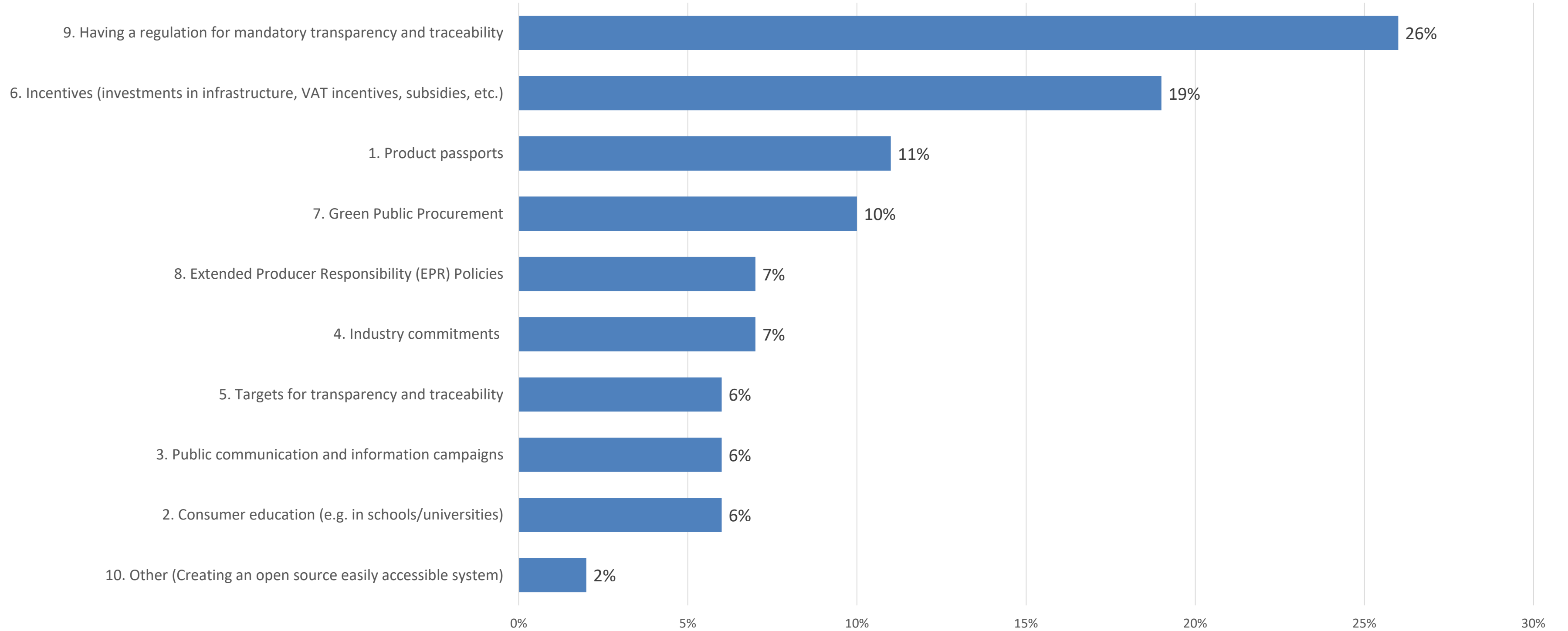
### 3. Highlights from the Field research

Q20. What, in your view, would be the best way to share good practices and lessons learned across relevant stakeholders?



### 3. Highlights from the Field research

Q27. Among the following, which do you believe are the 3 most relevant tools you would like to suggest to enhance transparency and traceability towards a circular economy in garment and footwear?



## 4. Main takeaways

7 Key takeaways for the Policy Recommendation Document

1	INCLUDING MANDATORY NATURE	mandatory minimum set of traceability information
2	SUPPORTING FULL SUPPLY CHAIN TRACEABILITY	list of global sustainable suppliers for full supply chain traceability specific for each industry
3	BEING SPECIFIC	characteristics or performance parameters document accompanying the goods
4	ENHANCING CIRCULARITY	circular information included in controlled and auditable statements
5	FOCUSING ON PILOT PROJECTS	EU Community control system and pilot projects on traceability tools
6	IDENTIFYING THE COMPETENT AUTHORITY	publication of the relevant information on the competent authority website
7	ASKING FOR SPECIFIC CONSUMER INFORMATION	open and transparent public consultation

## 5. Next steps

- **Desk Research**

Activity	Status	How to contribute?
Mapping of policies, regulations and global guidelines for transparency and traceability	In progress	Double-check the complete mapping and suggest additional policies, regulations and global guidelines

- **Field research**

Activity	Status	How to contribute?
Carrying out interviews with governments	To be completed by the end of March	Share availabilities