



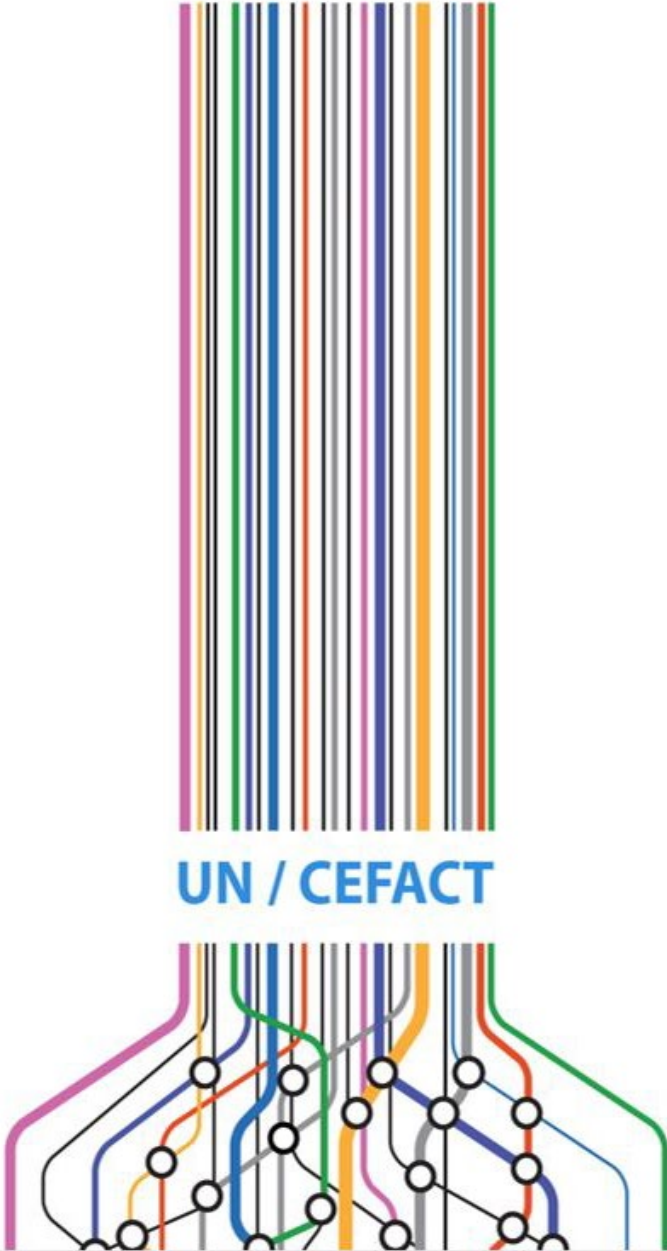
Conference Call #5

26 June 2020

Sub-group 1

Policy recommendation

Secretariat & project team
26 | 06 | 2020, WebEx teleconference



- 1. Progress - Draft Policy Recommendation (Part I)**
 - Highlights from experts' consultation, *Maria Teresa Pisani*
 - Deep-dive on section E – Recommendation, *Virginia Cram-Martos*
- 2. Update - draft Annex 4 Call for Action - highlights from experts' consultation** *Francesca Romana Rinaldi*
- 3. Stakeholders' ecosystem mapping - highlights from experts' consultation** *Olga Kharitonova*
- 4. Next steps and experts' subgroup input on the draft Guidelines (Part II)**

Background documents

Draft Policy Recommendation (Part I)
Draft stakeholders' ecosystem mapping and Annex 1
Draft mapping of existing policies, legislation and legislations Report of Virtual
Minutes of the 4th conference call 3rd June 2020
Report of the Virtual Policy Dialogue (27-28 April 2020)

Highlights from experts' consultation Overview

1. Progress - Draft Policy Recommendation (Part I)

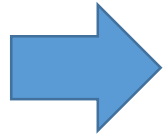
Maria Teresa Pisani, Project manager

26 | 06 | 2020, WebEx-call



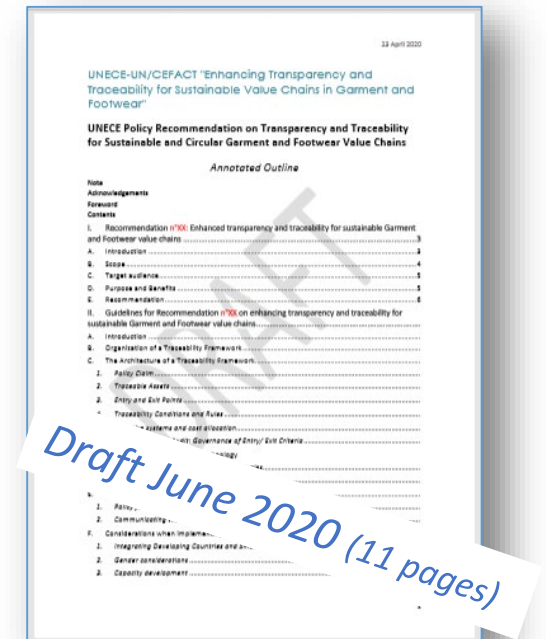
Highlights from experts' consultation – Overview

1. Progress - Draft Policy Recommendation (Part I)



Doc 01 Policy Recommendation - Part I

1. **Reference Instruments for the Policy Recommendation**
2. **Target audience** – Which ones? Public-sector/policy makers (Governments) and private-sector decision makers (companies)?
3. **Business case** – look into challenges and costs
4. **Governance aspect** – issue of trust into a system of sharing data
5. **"Black Mirror" test** – suggest a risk-analysis of possible unintended consequences of "too much traceability and transparency" (home-based workers, migrants)
6. **Risk Map** – need to identify what the problems are and which areas they affect. A thorough risk management would allow us to work better and save time, effort, and money
7. **Scope** – whole value chain, key information entities to be covered by a traceability and transparency approach – need to include targeted recommendation
8. **Consumers awareness and education** – need to include targeted recommendation

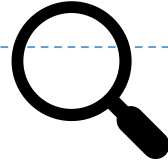


Policy Recommendation - Timeline

1. Progress - Draft Policy Recommendation (Part I) + Guidelines (PartII) +CallforAction

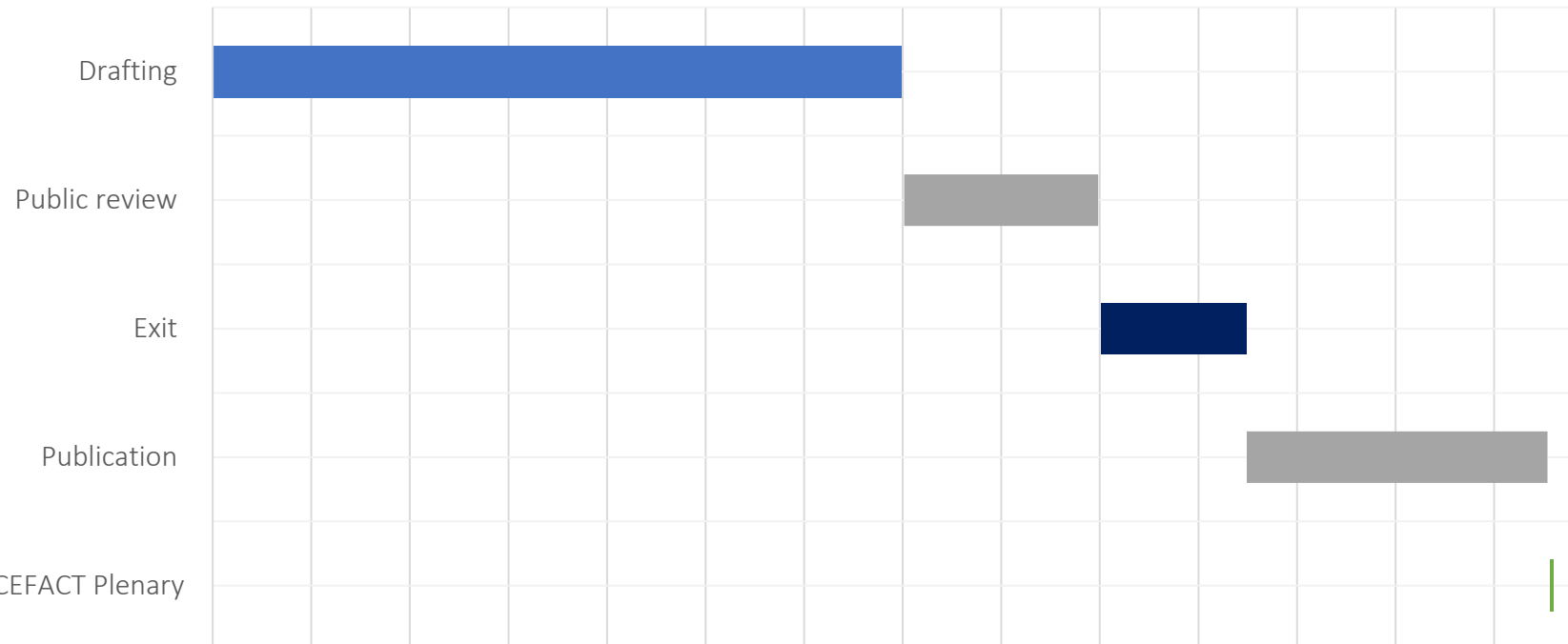
Close up at 2020 timeframe

- June-Sept. 2020 - Informal review with subgroup 1
- Oct 2020 - Final Draft for Public Review (intergovernmental review)
- Jan 2021 - Publication
- 19-20 April 2021: Discussion and Adoption by the UN/CEFACT plenary



Policy Recommendation, Implementation Guidelines and Call for Action - Timeline

01/03 31/03 01/05 31/05 01/07 31/07 31/08 30/09 31/10 30/11 31/12 30/01 02/03 01/04



I. Introduction
Box. Definitions

II. Scope

III. Target Audience

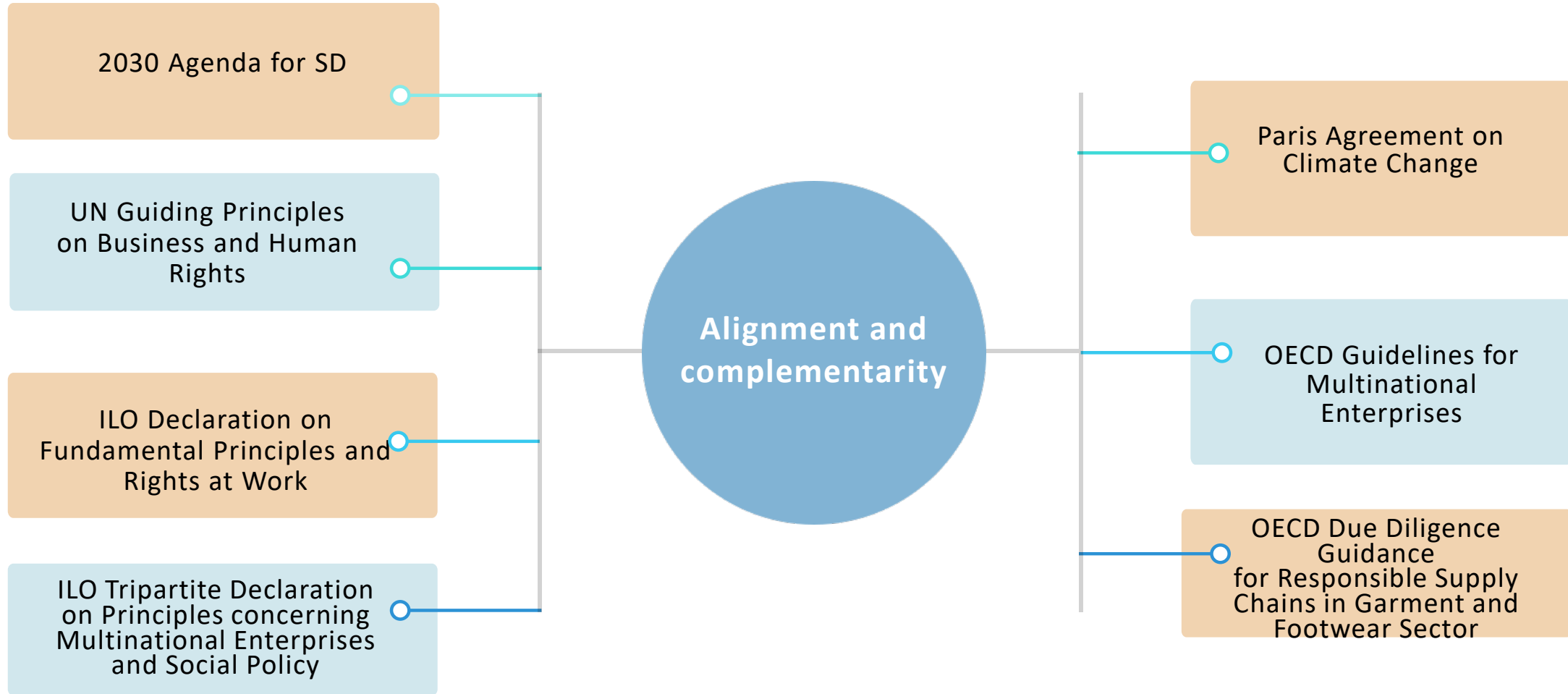
**IV. Purpose and
Benefits**

V. Recommendation

VI. Conclusion



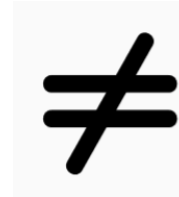
Instruments the project is aligned with



1. Progress - Draft Policy Recommendation (Part I)

Traceability

- “the ability to trace the **history, application** or **location** of an object” in a supply chain (*ISO, 2015*).
- “..... to ensure the **reliability of sustainability claims**, in the areas of human rights, labour (including health and safety), the environment and anti-corruption” (*UN Global Compact 2014*).
- “the process by which enterprises track **materials and products** and the **conditions** in which they were produced through the supply chain” (*OECD, 2017*).



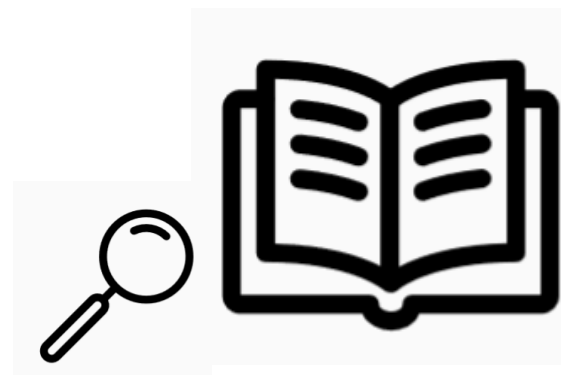
Transparency

- “relates directly to relevant **information been made available** to all elements of the value chain” (*EC, 2017*)
- **disclosure of aggregate information**, e.g. on **supplier assessments, corrective action taken** and **measured improvements** and therefore increase the transparency of the sector broadly, while enabling individual enterprises to communicate on site-level information as they are ready (*OECD 2017*)

1. Progress - Draft Policy Recommendation (Part I)

Sustainability, is understood as **all of the value-chain and end-of-life activities** for garment and footwear, as well as their parts and components, which **take into account the environmental, health, human rights and socio-economic impacts, and their continuous improvement** through all stages of the product's life cycle (UNECE, 2018).

Due diligence is understood as “the process through which enterprises can **identify, prevent, mitigate and account for** how they address their **actual and potential adverse impacts**” (OECD 2017) as an integral part of business decision-making and risk management systems (OECD, 2011).



1. Progress - Draft Policy Recommendation (Part I)

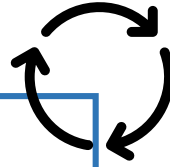
Circularity, refers to Circular Economy products [which] maintain their potential to create value for as long as possible.

European Commission (2019)

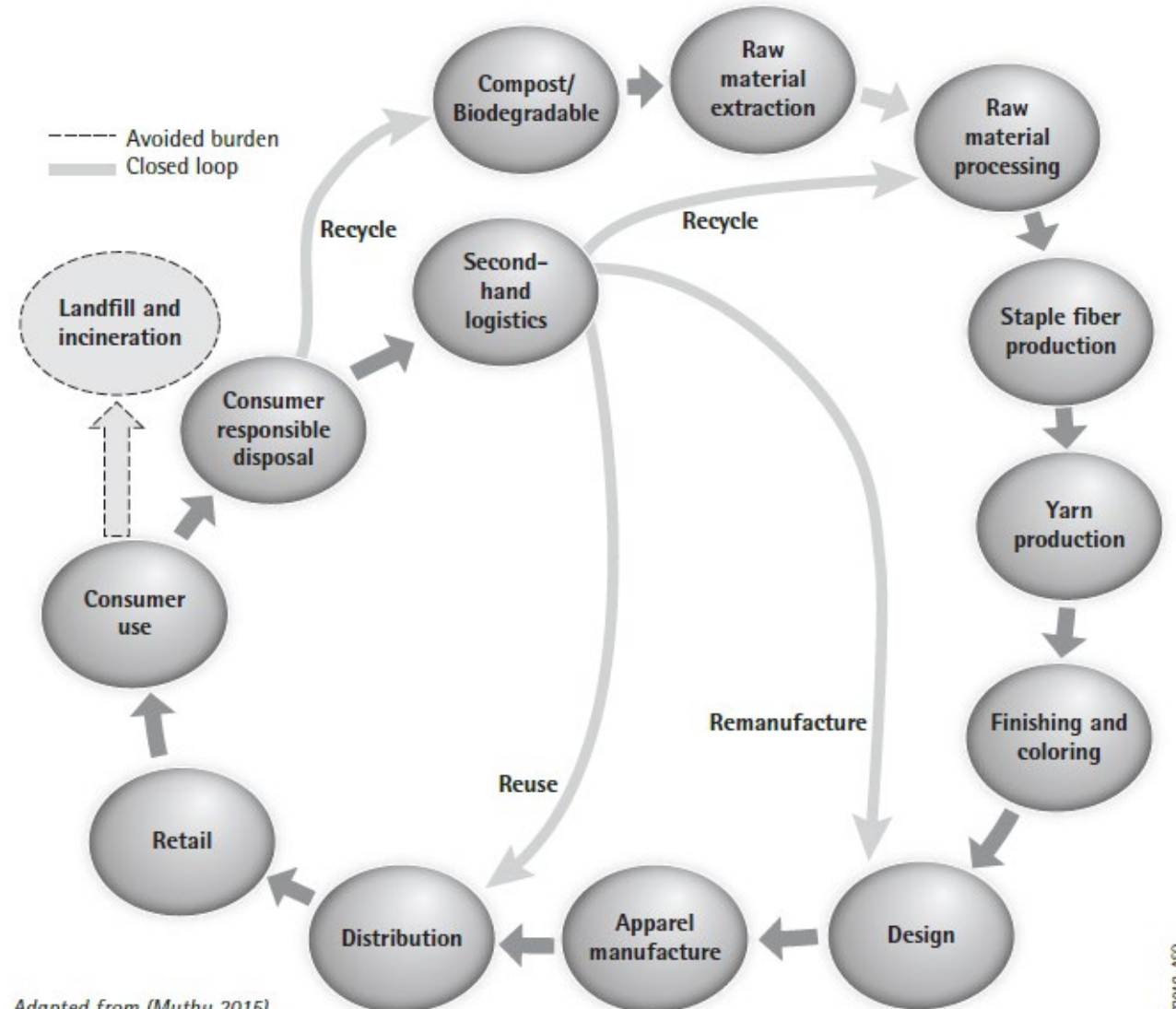
Reuse, Repair, Recycle

Experts – feedback:

Suggestions of a definition of circularity applying specifically to garment and footwear?



Circularity in textile and footwear value chains



Adapted from (Muthu 2015)

Source: Rusinek, M. et al., 2018

International value chain for garment

and footwear +

Parts and components, from raw materials extraction and processing, to consumption and end-of-life activities



Advance Transparency and Traceability of Value Chains through :



Government policy and legislation



Sustainability, due diligence, circularity



Risk-based management



Adverse impacts



Sustainable consumption and transparency information



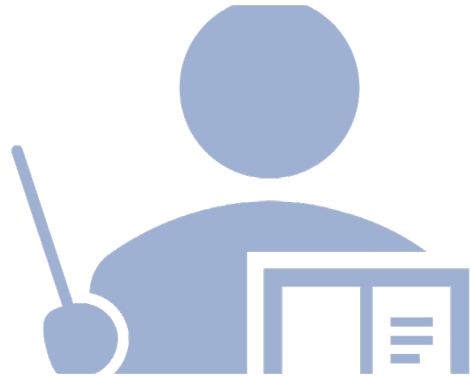
Transparency information into purchasing practices



Advance Transparency and Traceability of Value Chains in Targeted Areas :



**Long-term relationships
mutual adherence to
SDGs**



**Development of
educational materials
for enterprises**



**Proactive vision by
value chain leaders and
incentives**



**Development and
promotion of
supporting frameworks**

Scope - update

1. Progress - Draft Policy Recommendation (Part I)

NEED: Traceability & Transparency systems for rapid and effective information exchange allowing actors to take **targeted actions** based on **goals for supporting sustainable development and risk-based priorities.**

Considerations :

- **A set of common agreed rules** considering all actors' capacities building the trust needed to share data
- **Practicality and feasibility:** appropriate technologies for facilities of varying sizes and capabilities
e.g. farmers and small businesses



1. Progress - Draft Policy Recommendation (Part I)

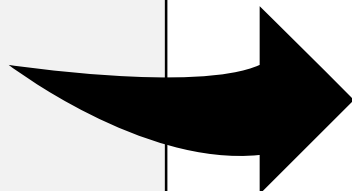
A **basis for action** by

- **public-sector policy makers**
- **private-sector decision makers**

A **reference** for

- **other industry stakeholders**

to support the uptake and implementation of the recommended measures



- **Communities** across levels
- **Workers representatives** and **trade unions**
- **Consumers** and **end-users**
- **NGOs**, and local **Civil Society Organizations**
- **Community-based org.**, local human rights defenders
- **Industry peers** and **business associations**
- **Intergovernmental Organizations**
- **Investors/shareholders**

Special attention:

- **SMEs, small producers and farmers**
- **Disadvantaged groups** (women, home-based, migrant workers)

Via **multi-stakeholders consultation** and targeted support



**Greater awareness
of the benefits of
Traceability &
Transparency**

**A common
understanding of
Sustainability**

**A level playing field
Competitive
advantage**

**Information for
better access to
remedies**

**A globally
harmonized
approach for
exchanging
information**

**Semantic
interoperability
between IT systems**

**Fight against
product
counterfeiting,
fraud, illegal trade**

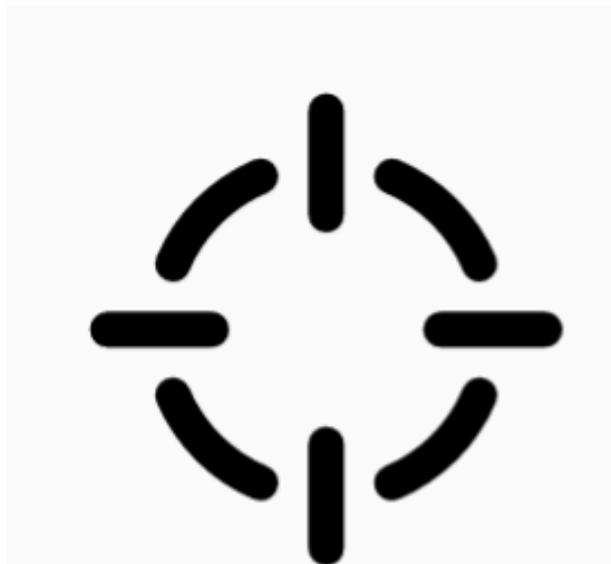
Purpose and Benefits

1. Progress - Draft Policy Recommendation (Part I)



OVERARCHING OBJECTIVE

- Anchor business models to **responsible business conduct**
- Communicate and achieve **accountability** via sustainability claims
- Take **risk informed decisions**
- Overcome **information asymmetry**





Organizational and technological complexities of the business networks

Data privacy & security
Data systems security

Reliability of data shared
Stringency of controls around certification
Proofs of compliance with sustainability requirements

Costs
Technological barriers
Actors coordination: time and willingness

ADDRESS THE CHALLENGES

- **Leadership and widespread collaboration**
- **Alignment around tools to reduce costs to individual actors**



Deep dive on section E – Recommendation

1. Progress - Draft Policy Recommendation (Part I)

Virginia Cram-Martos, Triangularity
26 | 06 | 2020, WebEx-call



Deep dive on section E – Recommendation

1. Progress - Draft Policy Recommendation (Part I)

*A set of **9 Recommendations***

to scale up change for:

Traceability and Transparency goals

- ❖ Norms and standards
- ❖ Incentives
- ❖ R&D for technology
- ❖ Consumer awareness and education
- ❖ Multi-stakeholder initiatives



Recommendation-a)

Establish harmonized policies and regulations by:

- i. Encouraging **responsible business conduct**
- ii. Better ensuring the **reliability of non financial reporting** and **sustainability claims**
- iii. Contributing to **international policy coherence** and establishing a more **level playing**



Recommendation-b)

Define **minimum levels of traceability** and the **minimum data...**

...that needs to be collected to show due diligence and transparency in support of **claims**



Recommendation-c)

Reduce the implementation burden by promoting the use of standards such as the relevant **UN/CEFACT e-business standards**, and encouraging the **use of existing data**.



Recommendation-d)

Encourage companies' efforts to **embrace higher transparency**

e.g.

- **disclosing the names and addresses of suppliers' factories**
- **sharing relevant information with stakeholders who are impacted by enterprise decisions.**



Recommendation-e)

Provide **economic and fiscal incentives** (positive and negative)

- In particular for SMEs, small farmers and producers, and other disadvantaged groups (women, home-based and migrant workers)



Recommendation-f)

Provide **non-financial incentives**, including:

- **market access**
- **fast-track** processes
- **public procurement criteria** (green and socially responsible)
- specialized **managerial** and **workforce training**
- public **visibility**
- **non-financial reporting requirements**



Recommendation-g)

Support **research and development**, and scale-up innovative solutions for:

- Tracing and verifying **products' authenticity and provenance**
- Advancing the **sustainability and circularity** of production processes
- Increasing the **lifespan of products**
- Creating more **sustainable materials**
- **Recycling**



Recommendation-h)

Provide and support **consumer education** in order to:

- i) Allow consumers to make **informed choices**
- ii) Create an **awareness** of the **shared responsibility** of all stakeholders in preserving our planet
- iii) **Increase the demand** for **more responsible and sustainable** materials, products and processes

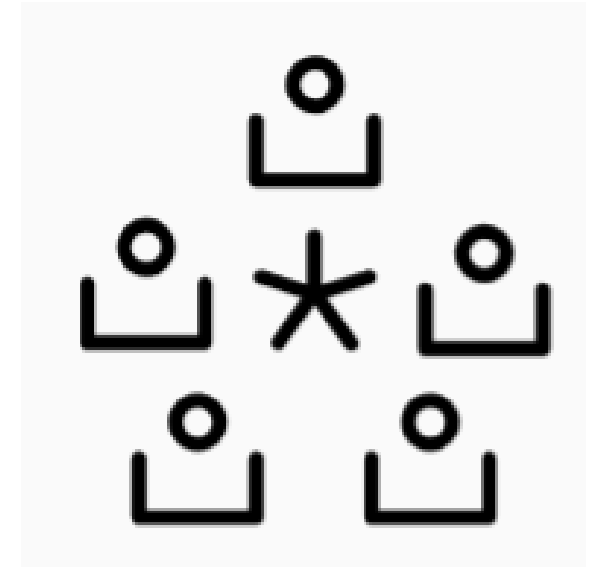


Recommendation-i)

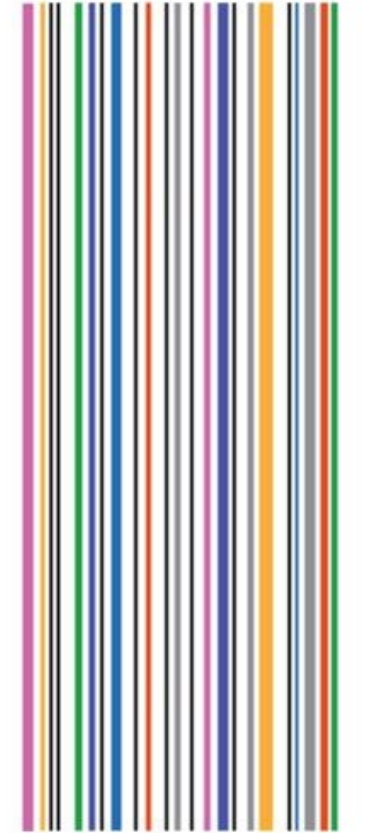
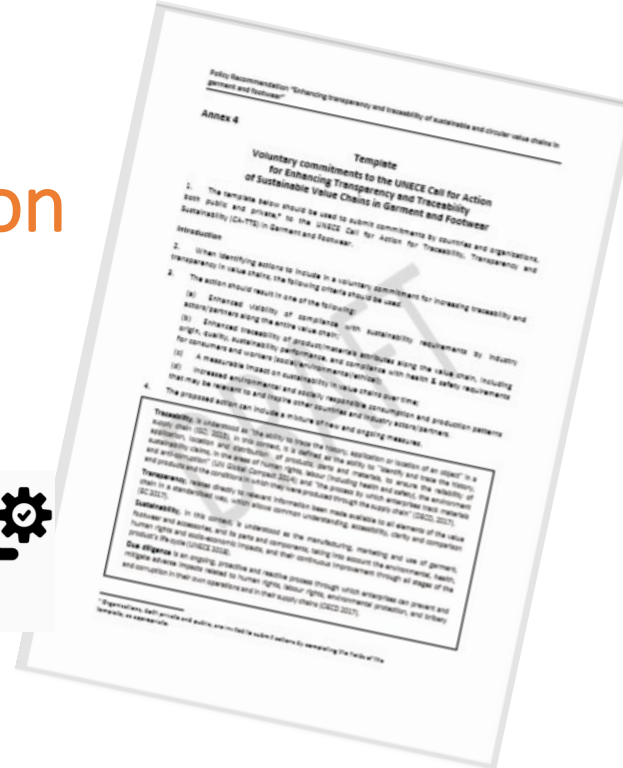
Stimulate and support **multi-stakeholder, collaborative initiatives** to create **shared value** for all industry actors

Such initiative could include:

- A **global, open-source knowledge platform**
- **Policy dialogues** for sharing good practices and **lessons learned** across levels
- **Pilot projects** to experiment innovative approaches and advanced technologies

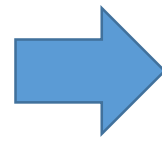


2. Update - draft Annex 4 Call for Action Highlights from experts' consultation



UN / CEFAC





We have included experts' suggestions in the text **in red**, making the template easier to complete

Policy Recommendation "Enhancing transparency and traceability of sustainable and circular value chains in garment and footwear"

Annex 4

Template

Voluntary commitments to the UNECE Call for Action for Enhancing Transparency and Traceability of Sustainable Value Chains in Garment and Footwear

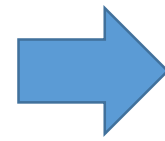
1. The template below should be used to submit commitments by countries and organizations, both public and private,^a to the UNECE Call for Action for Traceability, Transparency and Sustainability (CA-TTS) in Garment and Footwear.

Introduction

2. When identifying actions to include in a voluntary commitment for increasing traceability and transparency in value chains, the following criteria should be used.

3. The action ~~–ongoing or planned–~~ should result in one of the following:

- (a) Enhanced visibility of compliance with sustainability requirements by industry actors/partners along the entire value chain;
- (b) Enhanced traceability of product/materials attributes along ~~the~~ value chain, including origin, quality, sustainability performance, and compliance with health & safety requirements for consumers and workers (social/environmental/ethical);
- (c) A measurable impact on sustainability in value chains over time, **eventually verified through Life Cycle Assessments and/or sustainability certifications**;
- (d) Increased environmental and socially responsible consumption and production patterns that may be relevant to and inspire other countries and industry actors/partners.



We have included experts' suggestions in the text **in red**, making the template easier to complete

Country/Countries, Organization/Company

(Please indicate if it is a public initiative, public-private initiative, Civil Society collaboration initiative or launched by foundations/associations)

Type of Initiative:

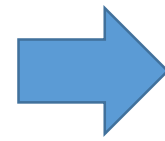
private initiative

public initiative

public-private initiative

Civil Society collaboration initiative

launched by foundations/associations

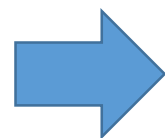


We have included experts' suggestions in the text **in red**, making the template easier to complete

Expected benefits and impact for the stakeholders involved

—(check all applicable)

- Enhanced visibility of compliance with sustainability requirements by industry actors/partners along the entire value chain;
- Enhanced traceability of product/materials attributes along the value chain, including origin, quality, sustainability performance, and compliance with health & safety requirements for consumers and workers (social/environmental/ethical);
- A measurable impact on sustainability in value chains over time, eventually verified through Life Cycle Assessments and/or sustainability certifications;
- Increased environmental and socially responsible consumption and production patterns that may be relevant to and inspire other countries and industry actors/partners.
- Management of reputational risk
- Improved working conditions
- Other, describe _____



We are still evaluating the opportunity to have some common Key performance indicators (KPIs) for the Actions:

PROS → ability to compare the Actions

CONS → different stakeholders involved and different objectives may guide to different KPIs

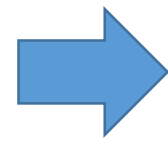
Stakeholders and Key performance indicators

Stakeholders involved (check all applicable):

- Companies
- Governments
- NGOs
- Other, describe _____

Key performance indicators for the Action:





Doc 02 Annex 4 Call for Action

How to contribute?

Give availability for bilateral meetings to fine-tune the Call for Action and complete it with examples

Thank you for your kind contribution

Francesca Romana Rinaldi

francesca.rinaldi@unibocconi.it

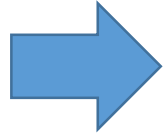


3. Stakeholders' ecosystem mapping report and Annex

Highlights from experts' consultation

Olga Kharitonova, UNECE Secretariat
26 | 06 | 2020, WebEx-call





Docs 03 and 04

Stakeholders Ecosystem Report and its Annex 1

1. Adjusted terminology (e.g. value chain vs supply chain)
2. Decided to keep chemical suppliers in Extended Enterprise; also moved technology providers to Extended Enterprise.
3. Added consumer associations as a subgroup under the Wider business ecosystem
4. Added several new stakeholders (the Annex)

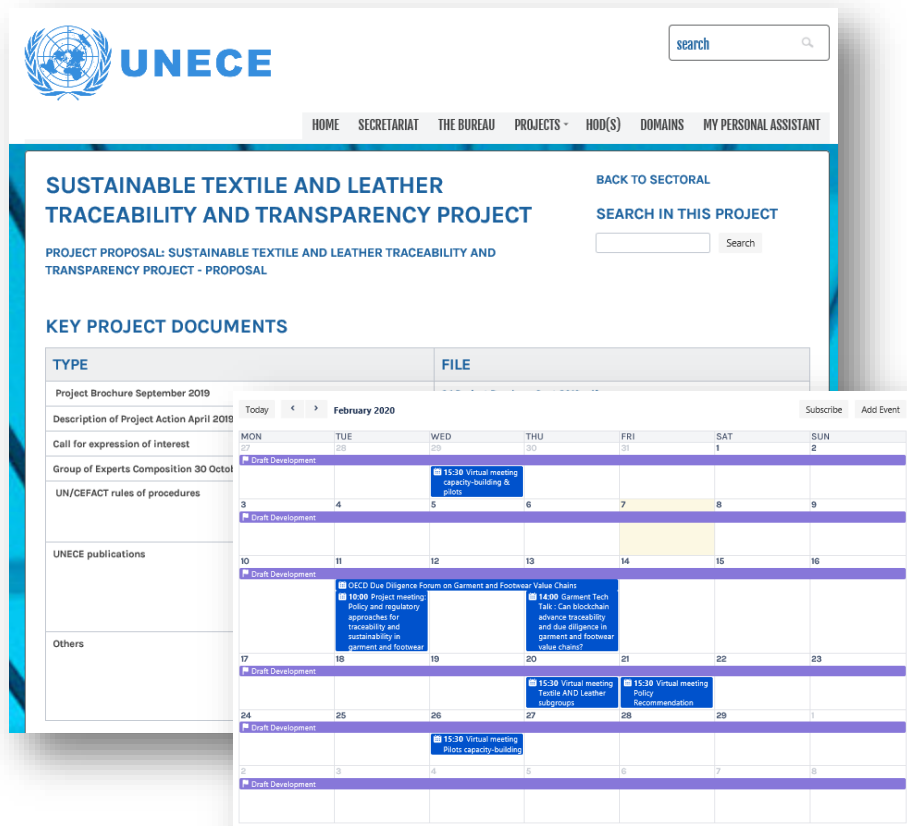
Further work:

1. Identify stakeholders in focus countries added at a later stage – desk study and expert advice
2. Reach out to the identified but not yet engaged stakeholders
3. Ensure representation in certain subgroups identified by experts (Product Manufacturers (CMT & Assembly); Label, accessory, trim, packaging suppliers; road and airfreight transport)
4. Update of the annex by adding links
5. Revision of the Ecosystem report



COLLABORATIVE UN/CEFACT ENVIRONMENT SPACE

Where to find the project and meeting materials ?



The screenshot displays the UNECE project website for the 'Sustainable Textile and Leather Traceability and Transparency Project'. The page features a search bar, navigation links (HOME, SECRETARIAT, THE BUREAU, PROJECTS, HOD(S), DOMAINS, MY PERSONAL ASSISTANT), and a 'KEY PROJECT DOCUMENTS' section. A calendar for February 2020 is overlaid on the page, showing various events such as '15:30 Virtual meeting capacity-building & pilots', '10:00 Project meeting Policy and regulatory approaches for traceability and sustainability in garment and footwear', and '15:30 Virtual meeting Textile AND Leather subgroups'.

Ongoing consultations:

- **Policy Recommendation, Part 1** (June 2020)
 - > 2nd consultation with experts (informal) – feedback addressed
- **Implementation Guidelines, Part 2** (May 2020)
 - > 1st consultation - feedbacks to be addressed by Sept-20



Deadline for next round of comments

31 July COB



Next virtual conference call

September 2020 (TBC)

November Virtual policy dialogue (TBC)