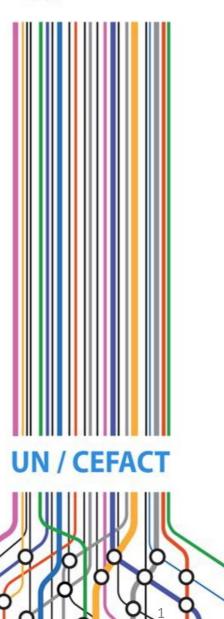
Enhancing Transparency and Traceability for Sustainable Value Chains in Garment and Footwear

Conference Call #6

Sub-group 1 Policy Recommendation

Progress on key deliverables

Maria Teresa Pisani and project team 25 | 09 | 2020, WebEx Meeting







- 1. Progress Draft Policy Recommendation, Part I (September 2020)
- Reminder: timeline and key milestones
- Highlights from experts' consultation
 Maria Teresa Pisani

2. - Progress – Draft Guidelines, Policy Recommendation, Part II (September 2020) Virginia Cram-Martos

3. - Progress - Draft Annex 4 Call to Action (September 2020) Highlights from experts' consultation

Francesca Romana Rinaldi

4. - Next steps, experts' sub-group input, Q&A *Maria Teresa Pisani*

Background	-	Draft Policy Recommendation
documents	-	Draft Implementation Guidelines
CUE SPACE	-	Draft Call to Action



1. Progress - Draft Policy Recommendation, Part I

Key milestones

UNECE-UN/CEFACT INTERNATIONAL FRAMEWORK INITIATIVE

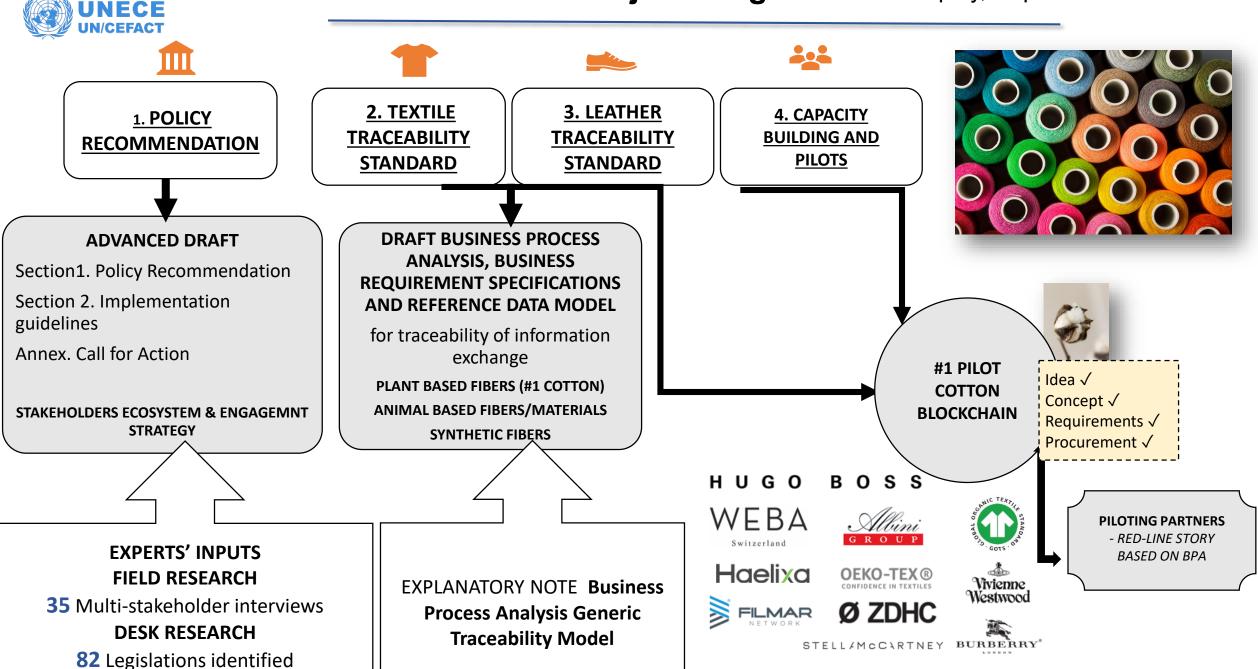
Enhancing Transparency and Traceability of Sustainable Value Chains in the Garment and Footwear Industry



KEY PROJECT OUTPUTS – TIMEFRAME 2019-2022

O1. POLICY RECOMME	NDATION & DIALOGUE PL	ATFORM 2	019-2022
02. TRACEABILITY STANDARI	O AND IMPLEMENTATION G		019-2021
05. PILOTING AND CAPACITY E	BUILDING	20	021-2022 As of Sept 2020,
8 DECENT WORK AND ECONOMIC GROWTH ECONOMIC CONOMIC GROWTH ECONOMIC GROWTH ECONOMIC GROWTH ECONOMIC CROWTH ECON			170+ Experts joined the project 190,000 + USA Companies represented 340 + Experts in the wider network
More details: Project's webpage	In partnership with	International Trade Centre	

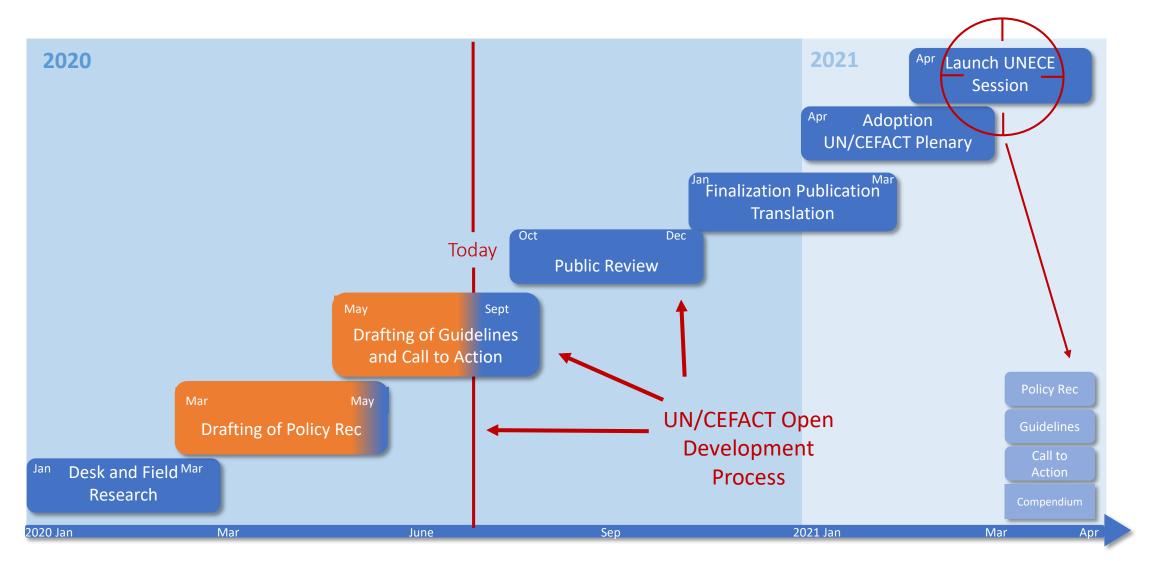
Project Progress: state of play, September 2020



Focus on timeframe

Policy Rec-Timeline

#Policy Recommendation Enhancing Transparency and Traceability of Sustainable Value Chains in Garment and Footwear





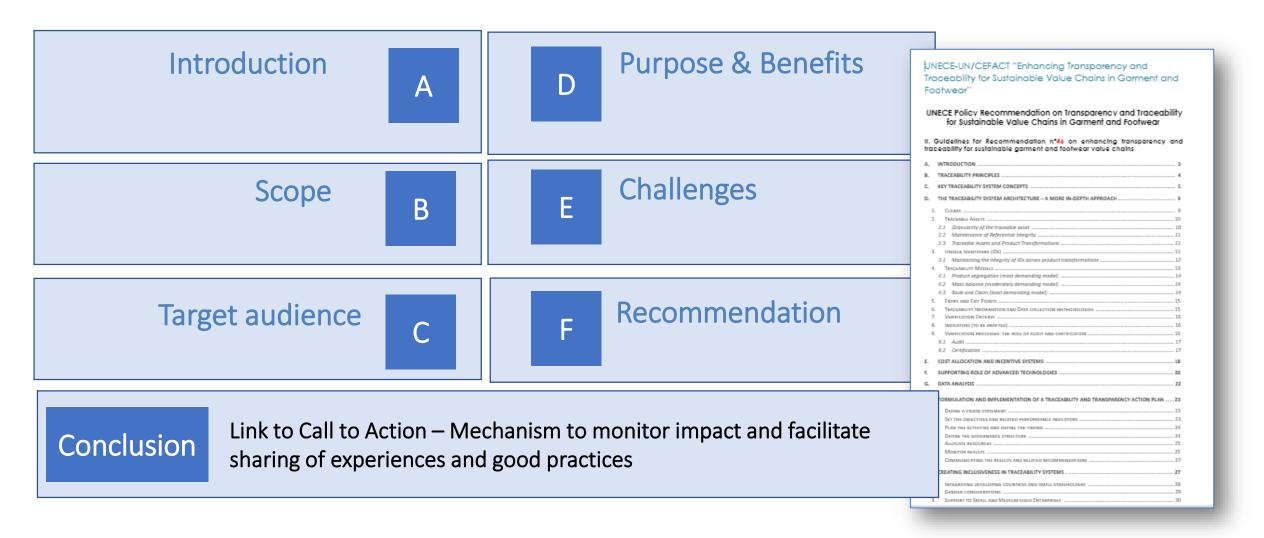
UN / CEFACT

1. Progress Draft Policy Recommendation, Part I (September 2020)

Maria Teresa Pisani



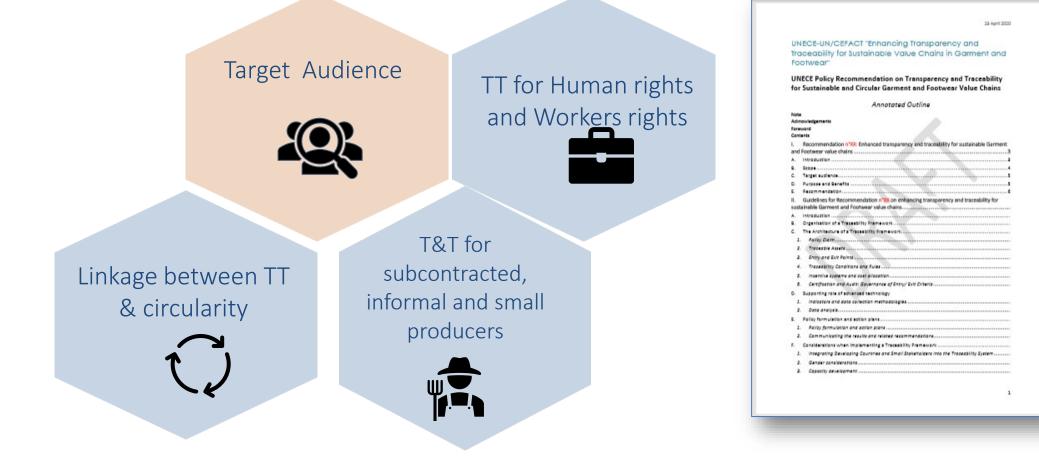
Contents





Highlights from experts' consultation

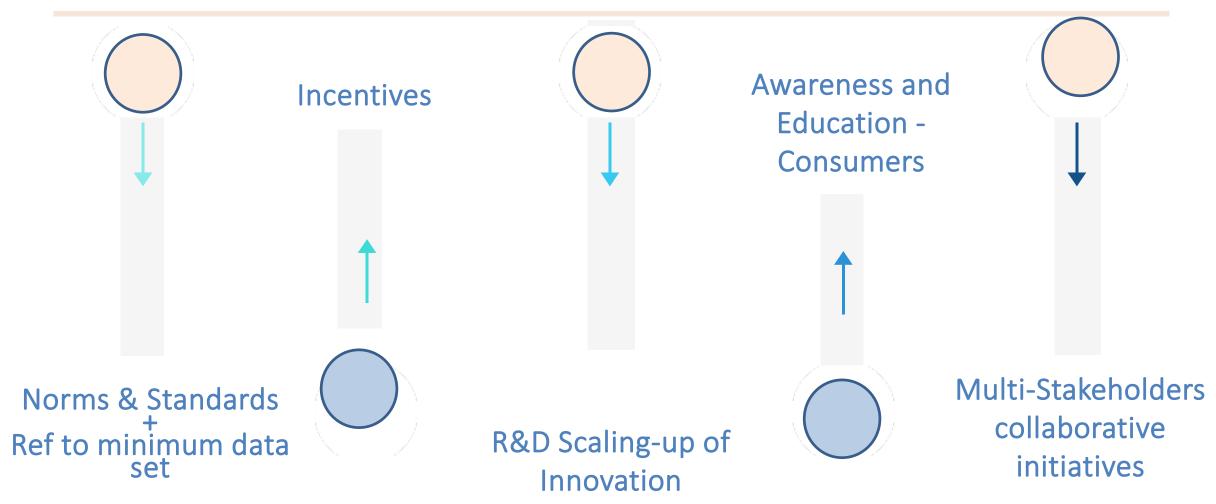
A. Introduction, C. Target audience, D. Purpose and Benefits, E. Challenges





#Policy Recommendation Enhancing Transparency and Traceability of Sustainable Value Chains in Garment and Footwear

F. RECOMMENDATION 5 cluster areas





UN / CEFACT

2. Progress Draft Implementation Guidelines Part II (Sept 2020) Highlights from experts' consultation

Virginia Cram-Martos



Draft Guidelines Policy Recommendation, Part II (Sept 2020)

```
UNECE-UN/CEFACT "Enhancing Transparency and
 Traceability for Sustainable Value Chains in Garment and
 Footwear'
 UNECE Policy Recommendation on Transparency and Traceability
      for Sustainable Value Chains in Garment and Footwear
 I. Guidelines for Recommendation nº46 on enhancing transparency and
 traceability for sustainable garment and footwear value chains
A. INTRODUCTION
8. TRACEABILITY PRINCIPLES
C. KEY TRACEABILITY SYSTEM CONCEPTS
D. THE TRACEABILITY SYSTEM ARCHITECTURE - A MORE IN-DEPTH APPROAC
        Maintenance of Referential Intentity
    2.3 Traceable Assets and Product Transfo
        DICRTORS (10 BE DRAFTED
    9.7 Certificatio
 COST ALLOCATION AND INCENTIVE SYSTEMS
        TING INCLUSIVENESS IN TRACEABILITY SYSTEM
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Target audience?

High Level Government and Private Sector Managers With Implementation Responsibility

What?

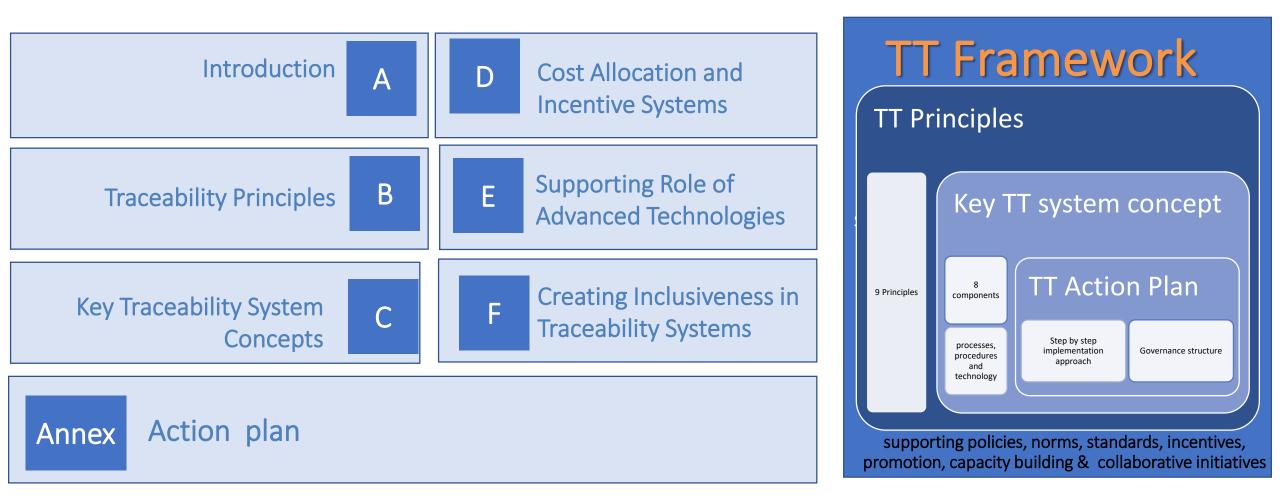
Practical Guidance on the Development of Traceability Systems To Support Claims and Regulatory Compliance For Sustainable and Circular Garment and Footwear Value Chains

Why?

Make a positive contribution to the UN SDGs, their owners and stakeholders

UNECE Draft Implementation Guidelines, Part II (Sept 2020)

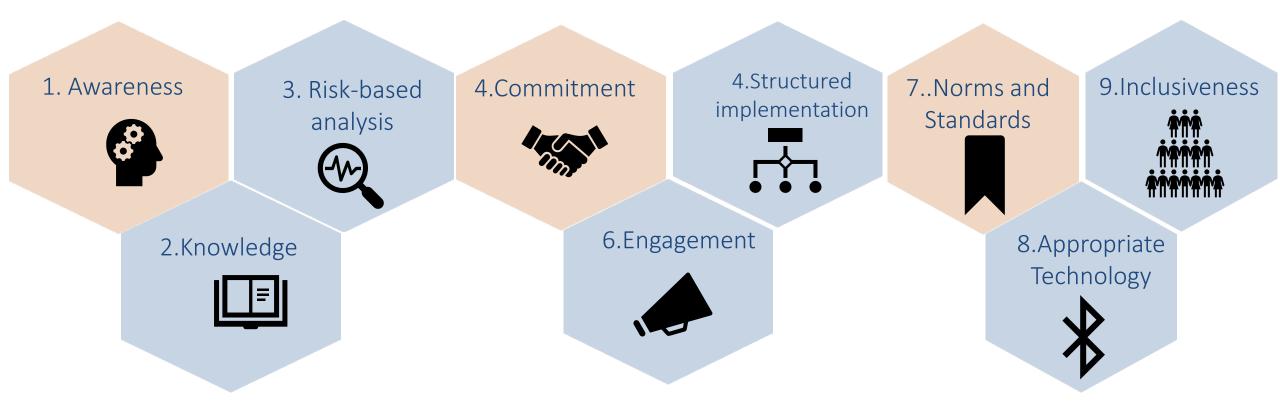
Contents





Draft Implementation Guidelines, Part II (Sept 2020)

B. Traceability Principles







1.Claim Why traceability? What is its objective?

2.Traceable Asset What is being traced?

3.Logistics Unit How are traceable assets transported?

4.Identifiers (IDs) How to follow the path of a traceable asset?

5.Entry and Exit points When does traceability take place?

6.Traceability models How is the flow of traceable assets organized?

Fibers

Leather

7.Verification Criteria What is the info to be collected to verify the claim?

8.Verification Process

How do you prove that the traceability process is working?



Technology



Business



Fintech Organisations



Sustainability Supply Chain Associations

Traceability

Retail/Brand



Key Traceability System Concepts 1. Claim

Why traceability? What is its objective?

A claim is a high-level statement about a characteristic of a product, or about a process or an organization associated with that product (traceable asset).

In order to show that the characteristic is true, it is necessary to trace the asset as it moves through the value chain.

#1 Example of sustainability Claim

(From Brand Y) Imported knitwear contains ethically grown and traded cotton from Country A and is obtained in compliance with the XYZ standard for ensuring responsible business conduct.

#2 Example of sustainability Claim

(From Brand X) Imported Ready-made-garments from suppliers in Country B have been manufactured using good labour practices in accordance with the ILO fundamental labour standards, which supports sustainable sourcing.



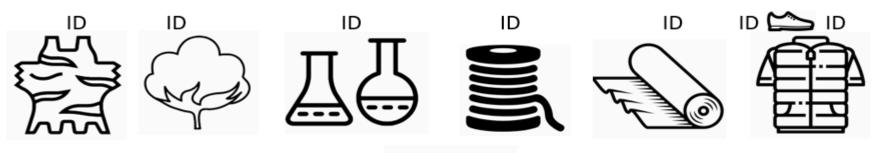
Key Traceability System Concepts 2. Traceable Asset

What is being traced?

The claim should be linked to a traceable asset, which is the material or product to be traced. It can be defined at different levels:

- Individually (for example a single garment)
- In **batches** from raw material production or manufacturing processes (for example a bale of cotton or one machine load of dyed fabric or all of the thread or all of the products produced by one machine during a specified period such as a work shift or a day)
- In trade units, which are quantities used for buying and selling (for example a package of shirts or a container-load of thread).

Depend upon the objective(s), the selected traceability model, processes in the value chain, and the capabilities





Key Traceability System Concepts 3. Logistics Unit

Which package(s), pallet(s), container(s) are my traceable assets being transported in?

- Logistics units contain traceable assets for transport and/or storage.
- Most often they contain **aggregated traceable assets** (for example, multiple fabric rolls in a container), but logistic units may also contain **disaggregated traceable assets**.
- Logistics units are given IDs in order to follow the traceable assets they contain. This is done by recording the IDs
 of the traceable asset(s) and linking them to the ID of their logistics unit. As a result, if a logistics unit is lost, the sender
 or receiver will be able to immediately identify the traceable assets it contained.
- Chain of IDs can also be used for **detecting fraud**.
- If there is a need to calculate **CO2 emissions**, then the information from the logistics provider about transportation routes and modes for a logistics unit needs to be linked to the traceable assets contained in the logistics units.

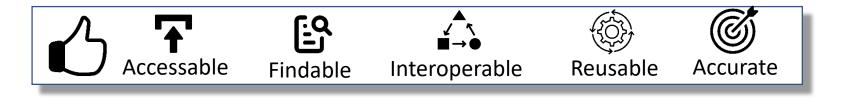




Key Traceability System Concepts 4. Identifiers (IDs)

How do you know what happens to what is being traced?

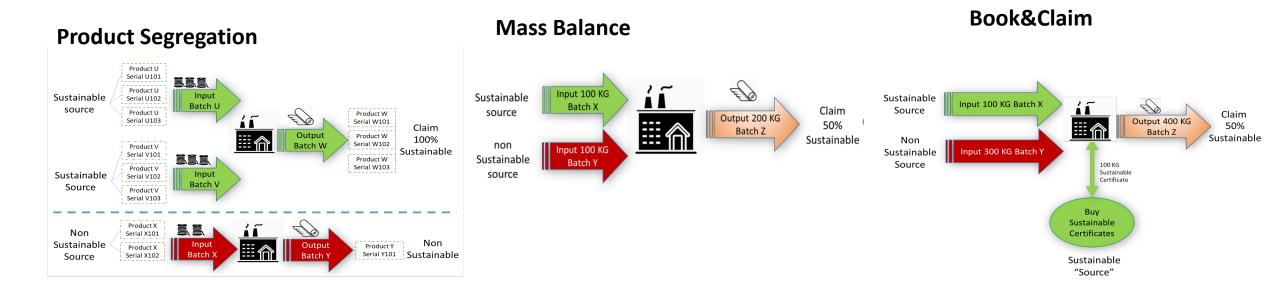
- To follow the path of a traceable asset, you need to collect information linked to it and to do that, the traceable asset must have a **unique Identifier (ID)**.
- IDs are also required for all of the traceability/transparency components that information is collected about; e.g. enterprises, locations, processes and transportation units.
- Whenever possible, IDs should be based on **open non-proprietary standards** in order to support **interoperability** (for example, ISO/IEC 15459).
- Many IDs are attached directly to **individual traceable assets** (products, batches or trade units) or a logistics unit. This is best practice, but is not always possible, especially during transformation processes.
- For transformations, the IDs and quantities of inputs are recorded, the quantity of output is measured and a new ID is given to the output which is linked to its input IDs.





Key Traceability System Concepts 5. Traceability Models

- There are three basic models for organizing the flow of traceable assets within a value chain to support a claim:
 - 1. Product segregation
 - 2. Mass balance
 - 3. Book and claim.
- These are applicable across a value chain

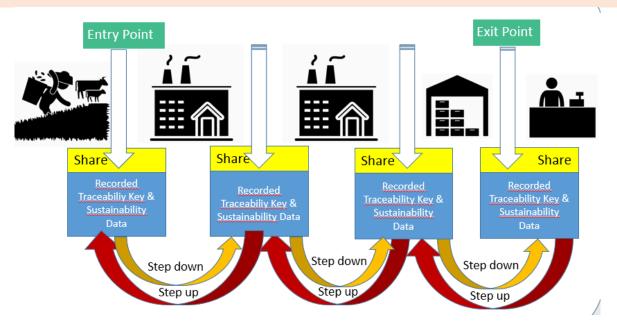




Key Traceability System Concepts 6. Entry and Exit Points

When does traceability take place?

- Entry and exit points are **the events (activities)** at the start and the end of the traceability process within the value chain. At each of these points the traceable asset needs to meet specified criteria.
- For example, if the entry point is "harvesting cotton," the entry point criteria could be "that the cotton must have been raised according to an organic standard".





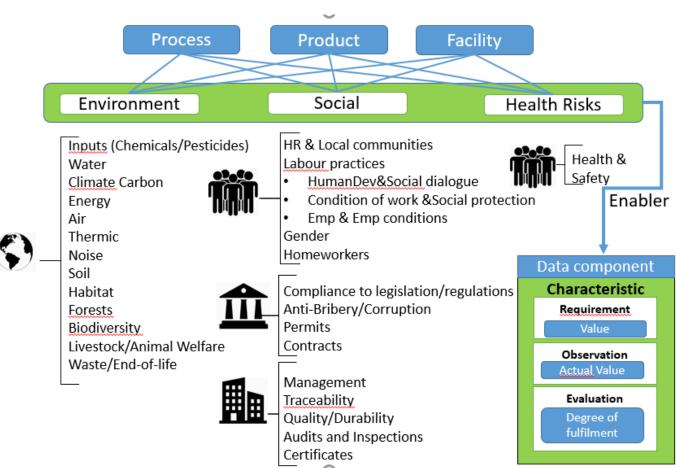
Key Traceability System Concepts 7. Verification Criteria

Why should anyone believe the claim? What is the information that needs to be collected in order to verify the claim?

Verification criteria define the **information to be collected** about the traceable asset, and the **scope of the verification process**.

They should be objective.

These criteria are set by the verification requestor.





Key Traceability System Concepts 8. Verification Process

How do you prove that your traceability process is working? Who is checking to be sure that the data is accurate and that no one is cheating?

Verification is "confirmation of a claim, through the provision of objective evidence, that specified requirements have been fulfilled".⁵ It is carried out by a verification (audit) body that analyses traceability events and validates the information about them against the verification criteria and any other transparency system rules.

Based upon risk analysis, independent verification may only be needed for selected stages of the value chain. An independent verification agency could be from:

(i) The **public sector**, such as a ministry; (ii) The **private sector**, such as an inspection service or industry association, or (iii) A **public private sector partnership** (PPP), such as an inspection agency appointed by the government.

The role of the verification process is to:

- Request from stakeholders selected traceability data from the relevant Entry/Exit Points and from business processes between the Entry and Exit Points (i.e. traceability events)
- Ensure that the data recorded for traceability purposes reflects what is actually happening in the supply chain (for example through field inspections)
- Monitor and safeguard traceability by ensuring that assets meet entry/exit conditions and verification criteria (rules) are applied correctly



E. Supporting Role of Advanced Technologies

Artificial Intelligence (AI) and machine learning systems

Blockchain

Advanced product labelling Advanced technologies that can support traceability and transparency

Internet Cloud Services

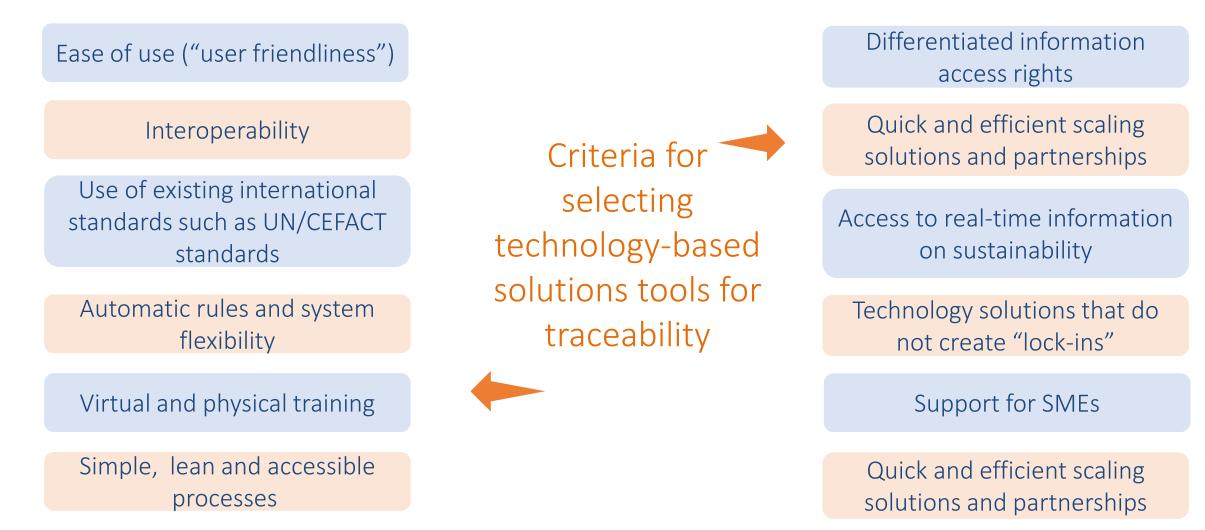
- Quick Response (QR) codes
- Product DNA labelling
- Radio Frequency IDs (RFID)
- Near-Field Communications (NFC) labels

Internet of Things

Distributed databases and data pipelines

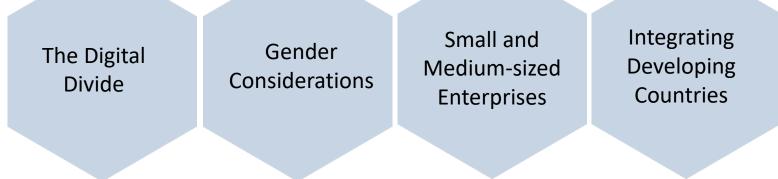


F. Supporting Role of Advanced Technologies





F. Creating Inclusiveness in Traceability Systems



Samples of gender-related Claims

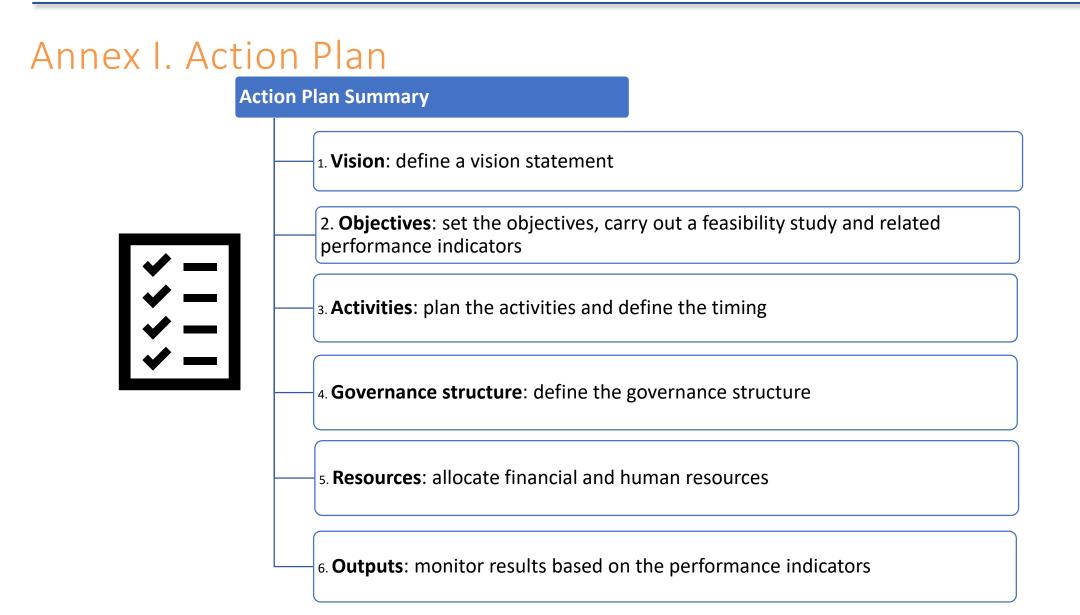
The apparel item (product/part/component) from *X suppliers* in *Y country* was manufactured in a factory which provides job opportunities for women in working conditions which comply with the standard Z.

The apparel item from *X* suppliers in *Y* country was manufactured in a factory which has women in leadership and management positions based upon policies which comply with the standard Z.

The apparel item (product/part/component) from X suppliers was manufactured in Y factory which endorses the standard Z promoting equal remuneration for women and men workers for work of equal value

The imported apparel item (product/part/component) from X suppliers was manufactured in Y factory which endorses the standard Z complying with a due diligence exercise carried out on gender-based discrimination and violence in the workplace.



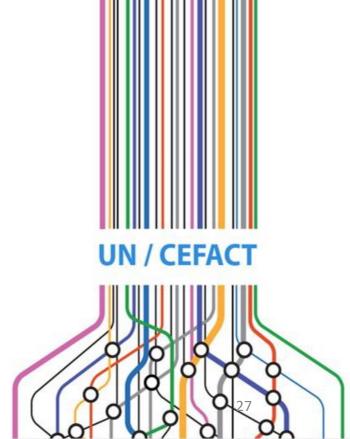




3. Progress Draft Annex 4 Call to Action (September 2020)

Highlights from experts' consultation

Francesca Romana Rinaldi





Self-standing document

Establish a mechanism for supporting the uptake of measures

Call to Action for all actors in the industry

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

United Nations Economic and Social Council	ECE/TRADE/CCEFACT/2020/6 Disk:: General 15 September 2020 Original: English
Economic Commission for Europe Executive Committee	
Centre for Trade Facilitation and Electronic Business Twenty-sixth senion Genera 4 and 25-27 November 2020 Item 11 of the provisional agends Sixty-ninth senion of the Economic Commission for Europe	

Call to Action for Enhancing Transparency and Traceability of Sustainable Value Chains in Garment and Footwear

Summary

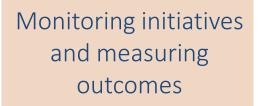
The sixty-ninth session of UNECE will take place on 20-21 April 2021 at the Palais des Nations, in Geneva. EXCOM decided that the theme of the coming Commission session will be: "Promotine circular economy and sustainable use of natural resources in the UNECE region" (EXCOM/CONCLU/109 and EXCOM Informal Document No. 2020/38). UNCEFACT and its secretariat have been requested to consider how to contribute to the cross-cutting theme of the Commission session, within approved mandates, orugoing 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 transmarency of sustainable value chains in numerit and footwear (ECE/TRADE/C/CEFACD/2020/INF.16), the Plenary is invited to support a "Call to Action" (ECE/TRADE/C/CEFACT/2020%) to be launched at the sisty-ninth UNECE Commission session

This "Call to Action" would invite all actors in the sament and footwear industry to take. action for traceshility 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 supeorting the untake of measures in the proposed UNECE Recommendation Nº46, 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 supporting standards, and the monitoring of their implementation.

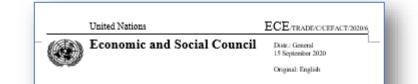
Document ECE/TRADE/C/CEFACT/2020/6 is submitted by the UN/CEFACT Bareau and its secretariat to the twenty-sixth session of the UN/CEFACT Plenary to seek support to this initiative as a contribution of UNCEFACT to the sixty-ninth session of UNECE.





Commitment: new and existing measures and initiatives

Highlights from experts' consultation



Economic Commission for Europe

Executive Committee

Centre for Trade Facilitation and Electronic Business

Twenty-aixth sension Generas 4 and 26-27 November 2020 Jam 11 of the provisional agench Sixty-minth sension of the Economic Commission for Europe

Call to Action for Enhancing Transparency and Traceability of Sustainable Value Chains in Garment and Footwear

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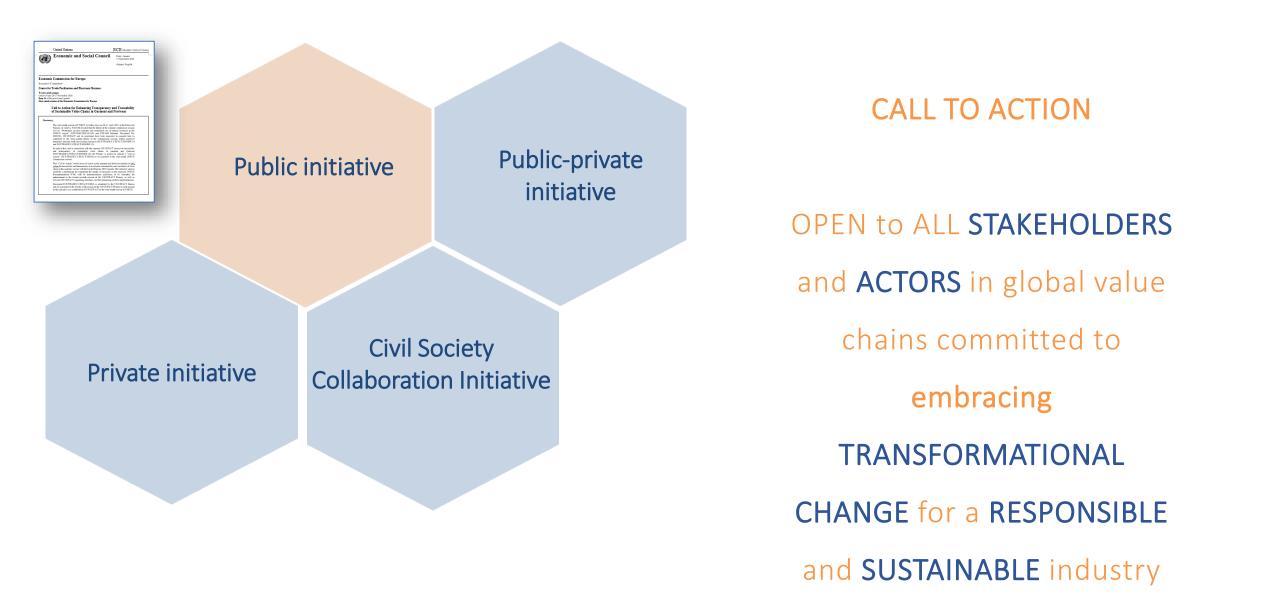
The sixty-sinth sension of UINEEE will take phase on 20-21 April 2021 at the Pohisi des Nations, in Geneva, EXCOM decided that the three of the coming Commission session will be: "Provening circular concenty and sustainable use of national exotures in the UNEEE region" (EXCOM/CONCLUMO and EXCOM Informal Document No. 200338), UNCEFACT and its screttraint have been required to consider how to contribute to the cross-cutting theme of the Commission session, within approved mandates, organize work and existing resources (ECE/TRADE/CCEFACT/2020/INF.14 and ECE/TRADE/CCEFACT2020/INF.15).

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Document ECE/TRADE/CCEFACT/2020/6 is submitted by the UN/CEFACT Bareau and its scentariat 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-arith session of UNECE.







Multi-stakeholder

collaborative

initiatives

Submitting Actions

Development and application of supporting norms and standards Establishment of supporting fiscal and economic incentives

Implementation of Business management systems or instruments for T&T Scope of the actions

Support to Research and Development and the scaling-up of innovative solutions

Increased consumer awareness and education United Nations ECC TRATECOTRATIONS Economic and Social Council U September 2000 Creanil English Economic Commission for Europe

Executive Committee Centre for Trade Facilitation and Electronic Business Twenty-sind Serial Networks 2005 Izen 14 of Exprovisional acesis Subvision strained of the Committee Commission for Europe

> Call to Action for Enhancing Transparency and Traceability of Sustainable Value Chains in Garment and Footwear

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In light of this, and in connection with the capasite LINUEFACT project on transchilery and managements of canonically value chains in a generate and footware (ECETRADECCETACT202001NL).66, the Plenary is anvited to support a "Call to Aniso" (ECETRADECCETACT202006) to be lumbed at the starty-starth UNEEE Commission session. This "Call to Action" would invite all action in the summer and features to take.

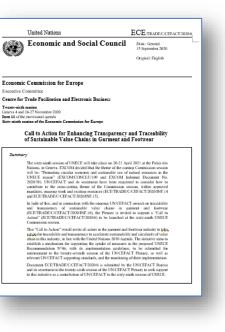
these calls to Achieve would reveal at dates in the generation and backware ministry to QUE and the achieve of the achieve of

Document ECE/TRADE/CCEFACT/2020% is submitted by the UNCEFACT Bareau and its scentariat to the trendy-sixth session of the UNCEFACT Plenary to seek support to this initiative as a contribution of UNCEFACT to the sixty-ninth session of UNECE.



Possible Outcomes of the action/s

- Enhanced visibility of compliance with sustainability and circularity requirements
- Enhanced traceability of the social/environmental/ethical attributes of product(s)/materials, processes and organizations along the value chain,
- 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
- Special attention to 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





Monitoring Implementation and Assessing Impacts

Monitoring initiatives and measuring the results (KPIs for the Action) Asking about the link with relevant goal(s) and specific target(s) of the UN 2030 Agenda

Asking about "good practices" and strategic/public awareness activities in support of the action

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.



Please go through the Call to Action Document and Template for Submission of Actions:

Please send your feedback by <u>15/10</u>

ANNEX I: PROPOSED TEMPLATE FOR SUBMISSION OF ACTIONS	
1. Submitting Country, Organization, Company	2. If Organization or Company, indicate the approximate number of employees
ACTION 1 (Note: the entire table should be repeated for each additional a	ction)
3. Title of action (please also indicate the website, if available)	
4. Partners	
5. Type of Initiative (please check the applicable option):	
Private initiative Public initiative Public-private initiative Civil society collaboration initiative	
6. Description of action	7. Type of action (please check all applicable) □ Traceability □ Transparency
	 Norms and standards Incentives Research and Development of Innovative Solutions A wareness and Education Collaborative initiatives Other, describe
8. Scope of the action including a description of the value-chain processes that are covered	l (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 certificatio	n schemes)



Next steps, experts' sub-group input, Q&A

COLLABORATIVE UN/CEFACT ENVIRONMENT SPACE

Where to find the project and meeting materials ?

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ROJECT PROPOSAL: SUSTAINAB		ND LEATHER TRACE	ABILITY AND			Search	
RANSPARENCY PROJECT - PROP	OSAL						
KEY PROJECT DOCUM	1ENTS						
TYPE			FILE				
			FILE				
Project Brochure September 2019	Today <	> February 2020					Subscribe Add E
Description of Project Action April 2019	MON	TUE	WED	THU	FRI	SAT	SUN
Call for expression of interest	27	28	29	30	31	1	2
Group of Experts Composition 30 Octob	P- brait bevelopme	***	15:30 Virtual meeting capacity-building &				
UN/CEFACT rules of procedures	3	4	pilots 5	6	7	8	9
	P Draft Developme	et.	5	0	,	0	5
UNECE publications	10	11	12	13	14	15	16
	P Draft Developme	nt	rum on Garment and Foot	ear Value Chains			
		 10:00 Project meeting: Policy and regulatory approaches for 		14:00 Garment Tech Talk : Can blockchain			
		approaches for traceability and sustainability in		advance traceability and due diligence in garment and footwear			
Others	17	garment and footwear	19	value chains?	21	22	23
	Draft Developme		13				20
				15:30 Virtual meeting Textile AND Leather subgroups	Policy		
	24	25	26	27	28	29	1
	P Draft Developme	nt	15:30 Virtual meeting				
			Pilots capacity-buildin	3			
			4		6	7	8
	2 P Draft Developme	3 nt					

Ongoing consultations before public review

- Policy Recommentation, Part I
- Guidelines, Part II
- Annex 4 Call to Action

Deadline for next round of comments
15 October



SUB-GROUPS 2 & 3

TECHNICAL STANDARD

FOR TRACEABILITY

TEXTILE & LEATHER

Tuesday 29/09 AT 15:30 CET link to the WebEx call



Upcoming

Virtual conference meeting #7 – Policy Recommendation

Monthly conference call

SAVE THE DATE 29 October 2020

UNECE Multi-stakeholder Policy Dialogue III

Virtual and on-site

SAVE THE DATE 23-24 November 2020

back to back with the UN/CEFACT Plenary

Accelerating action for Sustainable and Circular Value Chains in Garment & Footwear

Join us 23 & 24 November 2020

^{in person or online for the} **3rd Multi-stakeholder Policy Dialogue**

in conjunction with UN/CEFACT 36th Plenary



To discuss progress on policy recommendations, technical standards, the enabling role of blockchain, and the call to action to key industry actors

23 and 24 November 2020, 10:00–13:00 and 15:00–18:00 Palais des Nations, Geneva, Room XXVI and via WebEx Videoconference

Registration by 30 October 2020 at Maria Teresa Pisani, Olivia Chassot, Olga Kharitonova UNECE Secretariat

Under the UNECE project "Enhancing Transparency and Traceability of Sustainable Value Chains in the Garment and Footwear Sector"

Find out more: Project's page

