

Minutes

**Virtual conference meeting #3 – Textile and Leather Traceability Standard Subgroups  
11/03/2020, WebEx, 15:30 CET**

**Participants (45):** Danielle Arzaga (Bluecollars), Mauricio Bauer (National Wildlife Federation), Fernando Bellese (PrimeAsia Leather Company), Rahul Bhajekar (GOTS), Ermano Camerinelli (on behalf of Emanuele Bertoli, BerBrand), Luca Canevelli (Kering Group), Maurizia Contu (UNIC), Virginia Cram-Martos (Triangularity), Aurélien Debeyer (Association pour l'assurance qualité des fabricants de bracelets cuir), Marie Demaegdt (European Confederation for Linen and Hemp (CELC), Rafael de Andrade (National Wildlife Federation), Piero de Sabbata (ENEA – Euratex), Matias Figliozzi (Hecho por Nosotros), Inge Flowers (Authenticae), Sabrina Frontini (ICEC), Miriam Geelhoed (Modint), Gustavo Gonzalez-Quijano (COTANCE), Gerhard Heemskerk (UN/CEFACT), Enrico Iacovizzi (FurEurope), Hakan Karaosman (Politecnico di Milano), Tricia Langman (Hecho por Nosotros), Kevin Latner (Leather & Hide Council of America), Franzisca Markschlaeger (GIZ), Luca Massardi (ECOM AGROINDUSTRIAL CORP), Jan Merckx (GS1), Chiara Morelli (Kering Group), Liz Muller (liz mullers & partners), Alexandra Pelka (Leatherteq Limited), Franca Nuti, Ilaria Pierozzi (ICMQ India), Stephane Popescu (COSE361), Melissa Rusinek (Diverse Recycling Solutions), Cesare Saccani (ICMQ India), Mark Sebastian (GOTS), Kim Sena (JBS Leather), Andreas Schneider (GCS Consulting GmbH), Frans van Diepen (UN/CEFACT Domain Coordinator – RVO, The Netherlands), Rakesh Vazirani (TUV Rheinland Group), Julia Salas, Francesco Sapienza, Rolf Wessel (Seeburger), Heinz Zeller (Hugo Boss), Ushsla, George, Lucia

**UNECE Secretariat:** Maria Teresa Pisani, Olivia Chassot, Olga Kharitonova **Co-leading Experts:** Frans van Diepen, Niki Dieckmann

Agenda item	Discussion	Comments / Status	Action/Decision
<p><b>Principle processes for establishing traceability in garment and footwear value chains</b> <i>Frans van Diepen, Virginia Cram-Martos</i></p>	<p>During the previous project meeting (11/02/2020, Paris) the structure for the beginning of the standards work was presented using an example. The example consisted of:</p> <ol style="list-style-type: none"> <li>1) A Generic Use Case for Traceability. A <b>use case</b> identifies all the principle processes within a larger process you want to analyse. The use case is used to identify the processes within a value chain and all of the participating actors</li> <li>2) A specific and more detailed Use Case for the cotton value chain, as an example of what will be prepared later for other supply chains</li> </ol>	<p><b>ACTORS</b></p> <ul style="list-style-type: none"> <li>• ‘Participants’ should be categorized as ‘Functions’ since one organisation can have several functions. e.g. brand function (for private label products) and retail function. E.g. as in e-BIZ</li> <li>• Consider highlighting how new characteristics are “aggregated” to the product and definitions of transformation, transaction and aggregation should be added to the explanations.</li> </ul>	<ul style="list-style-type: none"> <li>• The secretariat will collect experts’ inputs and comments on the proposed process for analysing the traceability process from 16 to 20 March 2020.</li> <li>• The planned timeline for the</li> </ul>

	<p>3) All of the processes in a use case then have an activity diagram. Once you have a <b>use case diagram</b> showing all of the processes, you can look at them more in depth using an <b>activity diagram</b> which includes a column (or row) for each actor showing the actions, in the sequence performed, the information exchanged and decisions made. The example shown was the activity diagram for production of the product and its delivery from farmer to ginner (process 3 in the use case diagram).</p> <p>4) Each activity diagram has an accompanying text description called <b>business process (text) description</b> which adds information such as applicable laws. In addition, those actions that result in a product transformation involving more than one input (aggregation) are identified since they require the designation of new IDs for the outputs. An example was shown for the activity diagram in 2).</p> <p>5) Once all of the business process descriptions are finished, an Excel spreadsheet is used to document all of the information flows covered by the business process descriptions (a common example of an information flow is a document) and to identify where the same or similar information flows are used in different business process descriptions.</p> <p>6) Based on the results from 5) each of the information exchanges is further detailed in a <b>list of data elements</b> used (e.g. delivery data; product quantity). This list can also form the basis for a glossary for the process. An example of this spreadsheet was also shown.</p>	<ul style="list-style-type: none"> <li>• It would be helpful to have a list of functional participants with a detailed description of their roles.</li> <li>• Consider the creation of a glossary to agree on definitions.</li> </ul> <p><b>PRODUCT / FACTORY DATA</b></p> <ul style="list-style-type: none"> <li>• Consider that the standardisation community distinguishes information about product characteristics (e.g. pure cotton content) and information about the process/factory (e.g. no child labour) with regard to due diligence claims, as referred to in OECD Guidance on due diligence and ISO 26000.</li> <li>• Consider taking GS1 codes into account: GLN (party &amp; location codes), GTIN (product codes), GPC (product classification codes). (See Discussion, step 7).</li> </ul> <p><b>LEVEL OF COMPLEXITY</b></p> <ul style="list-style-type: none"> <li>• Consider that the declaration by a supplier must be related to a single batch of an “aggregated” product and the product characteristics have to be considered at the batch level (more accurate), as the same product can come from different suppliers. One factory can produce different products with different characteristics. The product characteristics could be linked to a bill of materials.</li> </ul>	<p>first two and half process analysis draft is the end of April. It will then be validated by the group of experts and discussed on the 27/28 April 2020, prior to moving to other textile materials.</p>
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	<p>7) It was then explained that the outputs from 5) and 6) would be used by the technical consultants to develop the technical data models, identify standard data and needed codes.</p> <p>It was agreed to undertake this work at two levels:</p> <ol style="list-style-type: none"> <li>1) A higher-level generic approach for traceability in order to identify a common data model for traceability and transparency at all stages in the supply chain. It was also agreed to look at the link between products and sustainability criteria, at least at this stage, at the level of the factory (and not at the batch level).</li> <li>2) A detailed supply chain analysis for individual product types, beginning with [organic] cotton. These detailed supply chain analyses would be done in 2 iterations: the first documenting how the supply chain works today and the second documenting what changes will be needed and where in the supply chain to ensure traceability and transparency.</li> </ol> <p>A slide as shown to illustrate how a product is traced, even as it goes through multiple transformations, for example: from harvested cotton to thread to fabric to clothing. This involves a new ID being given to the outputs of any process that “aggregates” outputs from more than one source. In the end this creates a cascading set of links that lead one to the source.</p> <p>As one example, 3 bales of cotton are taken from 3 farms and are sent to a Ginner. The Ginner records that they have included cotton with the 3 IDs for this cotton in Output bales</p>	<ul style="list-style-type: none"> <li>• Consider that some data can relate only to the products and some data can relate to both the products and the company.</li> </ul> <p><b>AUDITING &amp; CERTIFICATION</b></p> <ul style="list-style-type: none"> <li>• On this generic traceability model, ‘auditor’ is a function taken either by a third-certification body or a brand (e.g. publicly available self-assessment). The current data modelling exercise intends to identify the data an audit could include, not the auditor’s nature (i.e. these are not the Guidelines).</li> </ul> <p><b>POLICY CLAIM</b></p> <ul style="list-style-type: none"> <li>• Consider that the decision on the policy claim’s validity should not rely on brand/retailers only, the suppliers have to assess the materiality of the information down the supply chain (e.g. animal welfare, chemical substance) from the farmer level. Note from VCM: It is entirely up to the “Traceability Requestor” to decide 1) if they want to make a policy claim and 2) what that policy claim might be. What is good practice is another question to be covered in the Guidelines. This exercise is to determine what data should be included in a policy claim – not what the claim is or how it was agreed upon.</li> <li>• Consider replacing the term ‘policy claim’ with ‘ethical claim’ as referred to in ISO 17033 “Ethical Labelling” applicable to products, services, processes and</li> </ul>	
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	<p>A and B. These 2 bales are given new IDS and are sent to the spinner, the spinner will then record that he used bales A and B to create one spool of thread I. This way, to know the origin of the thread you look at the IDs that were input to I (i.e. A and B) and then you go one level further below to see what were the inputs to A and B (cotton 1, 2 and 3). And, at each point you can look at more information related to the ID. For example, Spool of thread I came from Spinner XZY and Bales A and B came from Ginner M</p> <p>Thus, this first phase of <b>process analysis</b> will identify the IDs needed and where they need to be created as well as identifying related information needed to support a policy claim.</p> <p>A <b>policy claim</b> is the starting point on what is to be verified and the objective of the traceability. It is a product characteristic that is not identifiable by looking at a product and so requires <i>information</i> to support the claim. For example, you cannot tell if a shirt is made from organic cotton by looking at it. So, to prove that it is organic cotton, the shirt needs to be tied to certification, audits and other proofs maintained along the supply chain.</p> <p>Maintaining the linkage between the policy claim “proofs” and the product is what makes traceability highly relevant.</p> <p><i>.Reference documents: Explanatory note meeting #3 March2020; Detailed analysis of traceability process presentation; 01 Use case V4 Generic Traceability (CUE Space)</i></p>	<p>organisations and encompassing social, environmental, safety claims.</p> <ul style="list-style-type: none"> <li>• The data modelling work discussed in this group is to define the processes and information requirements needed to support traceability and transparency. The formulation of mandatory policy claims is out of the scope.</li> <li>• This purpose means we need to avoid a restrictive definition of a claim which would only refer to sustainability performance (e.g. quality, origin aspects).</li> <li>• The work should take into account that ethical (policy) claims can be made by any party in the supply chain (e.g. brands/retailers, manufacturers, etc) using the claims made by their suppliers (i.e. it should avoid unnecessary formulation of additional claims).</li> </ul>	
<p><b>Next conference call</b></p>	<p><b>Virtual workshop</b> (in replacement of the 35<sup>th</sup> UN/CEFACT Forum) <b>on the 27 April &amp; 28 April 2020</b> (time TBC)</p>	<p><b>Intermediate call</b> with the subgroups of experts in April TBC</p>	



## ANNEX

Based on the compilation of experts' inputs, below are some elements which may be of interest to the whole group:

Nature of the input /comment	Project team's answer / elements of response
<b>Circular Economy</b>	The use case 9 of in revised Generic Traceability Use Case through the "exit point" addresses the circular economy aspect.
<b>Glossary</b>	The glossary will be put together when we get to the data model for leather. Leather will be part of the data definitions.
<b>Audit: self-assessment and third-party assessments</b>	<b>Certifications or audits to accept is up to the "Traceability Requestor". We can indicate what is best practice in the Guidelines, but this is outside of the capability of the data model.</b>
<b>Traceability for leather hides and the origin</b>	The generic model is for any ONE policy claim. If you have multiple policy claims you have to repeat the generic model for EACH claim because the certifications and audits will be different, the entry and exit points may be different, etc. The leather industry can focus on the policy claims about origin (slaughter, breeding), or select further policy claims should that be more relevant to their industry.
<b>Complexity in regard to addressing traceability, social and environmental issues for the technical standard</b>	The generic, very high-level model should be applicable to all policy claims and all textile and leather value chains. Then we will model, in detail, the existing activities and business processes for leather, as we are doing for cotton. Once existing processes are modelled, then we will determine what changes in the detailed leather business processes need to be modified in order to implement the Generic Traceability model. If different actions are needed at different times for different policy claims, for example for leather, these will be identified at that time. <b>I think part of the confusion comes from people thinking that the generic model should reflect detailed actions/activities within the cotton/wool/leather value chains when these should be at the level of "generic actions" like "certification" (not how certification is done or is different from one product or policy claim to another), "identification of the product" (not how they will be identified or labelled) etc.</b>

<b>Products' characteristics and</b>	Tracing only a product is establishing/documenting chain of custody but does not create transparency with regard to sustainability. <b>For transparency and to support the objectives of this project, you also have to be able to associate the product with verifiable claims.</b>
<b>traceability of the product regardless of their claims</b>	In the proposed methodology, <b>"Traceability Requestors" can decide for themselves what policy claim they want to make and this will decide the "entry point" in the traceability process</b> – for example if the only policy claim they want to trace is "authenticity" (i.e. a purse is not a counterfeit) they could even make the entry point at the level of the manufacturer. When we do the detailed modelling for the leather process, we will model "breeding" separately from "slaughter" and in stage 2 will indicate what needs to be done if traceability starts at "breeding" and what to do if traceability starts at "slaughter".
<b>Product-related characteristics versus Organization-related characteristic</b>	<b>The generic model we are proposing allows the "traceability requestor" to decide whichever certifications or audits they want to use.</b> Other parts of the project are identifying existing options and the guidelines will describe the characteristics that a verification method (i.e. certification or audit) ought to have. – For example, it should ideally be carried out by parties not having a vested interest in the result. In the second part of the standardization work code lists will be developed and there we agree that it is important to separate product from organization characteristics – with the understanding that if, for example, a product comes from a factory or process that is certified for X, then the product can be assumed to be conformant with X. If that "understanding" is not possible, then I need help in understanding exactly how a product can be assumed/proven to be conformant with X.
<b>Not all products from the same organization may have "certifiable or certified characteristics"</b>	This is undoubtedly true. Therefore, we will <b>modify the model to go to location level, rather than organization level.</b> If it is necessary to go lower than that, it would be very helpful for me to have answers to the following questions: <ol style="list-style-type: none"> <li>1) At what level would you consider it reasonable (given how operations are organized today) to say that a product is certifiable – is it acceptable to go to location level or does the organization need to be certified at a production line level or batch level</li> <li>2) If it is production line or batch level, then             <ol style="list-style-type: none"> <li>a) How is it decided if a batch is certifiable or not – does each batch need to be individually inspected</li> <li>b) Is there some other method that is used, and same question for a production line</li> </ol> </li> <li>3) If it is batch or production line level certified, do the majority of relevant certifying organizations go down to that level?</li> <li>4) Is such certification economically viable – especially for SMEs?</li> </ol>

<p>“Information related to an organization” versus “information related to the product characteristics”</p>	<p>After we have finished the business process analysis, <b>the next standards work will be identifying the data structures to use</b> (i.e. <b>identifying the CCL components</b>) and the <b>coding of organization characteristics and product characteristics</b>. This will be led by Frans, Niki and Gerhard and the team is keen on receiving support from any valuable expertise in this area.</p>
<p><b>Policy claim to be decided jointly by brand/retailers and “transformation supply chain partners” e.g. farmers, tanners, dressers and dyers, manufacturers.</b></p>	<p>It is assumed that brands and retailers will not plan to make policy claims to consumers unless they have confirmed with their suppliers that it is feasible. At the same time, we have <b>changed “brands/retailers” to “traceability requestor” to make it more generic</b>, if only because sometimes the traceability requestor may be, for example, a weaver, where the customers to whom they are making a policy claim are brands/retailers or manufacturers. Also, there was never an assumption that traceability requestors would know all the technical details – that is why we include the use third party certifications or auditors (who hopefully would be technically competent).</p>
<p><b>Audits: self-assessment versus third-party assessment</b></p>	<p><b>For the data model and business process description, which is what we are building now, the certifications and auditing is left to the “traceability requestor” to decide. This is to make the data standards usable under the maximum number of cases.</b> However, in the guidelines that accompany the recommendations, it should certainly recommend, as best practice, the use of 3rd parties.</p>
<p><b>Standardized data considering “physical” operation/company management (e.g. big/small brands, level of technology required)</b></p>	<p>This will be done at the level of the activity diagrams and business process descriptions. If necessary, separate activity diagrams and business process descriptions can be done for SMEs and large companies – although we would prefer to avoid this by detailing options, to the extent possible, in a single business process description.</p>
<p><b>Glossary for the Generic User Case, development and implementation of the technical standard for leather</b></p>	<p>This will be done when the detailed business process descriptions are developed for leather. The last step of this process (before it goes to the IT technicians) is the definition of the data (information) exchanged. These definitions will be shared and discussed by the group.</p>
<p><b>Policy claims/traceability information communicated to consumers</b></p>	<p>To my knowledge while the project may outline options available – it will be entirely up to companies to decide, in line with their business objectives:</p> <ul style="list-style-type: none"> <li>a) what policy claims they want to make</li> <li>b) to whom they make those claims</li> </ul>

	c) how they communicate them
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