UNECE

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

Minutes

Virtual conference meeting #4 – Textile and Leather Traceability Standard Subgroups

28/05/2020, WebEx, 15:30 CET

Participants (53): Rafael Andrade (National Wildlife Federation), Danielle Arzaga (Bluecollars), Valentin Barcia (Inditex), Mauricio Bauer (National Wildlife Federation), Emanuele Bertoli (Berbrand) Rahul Bhajekar (GOTS), Hannah Bobker (Hecho por Nosotros), Maurizia Contu (UNIC), Virginia Cram-Martos (Triangularity), Rogerio Cunha (CICB Brazilian Leather), Viveca Danielson, Aurélien Debeyer (AQC), Marie Demaegdt (European Confederation for Linen and Hemp (CELC), Rafael de Andrade (National Wildlife Federation), Piero de Sabbata (ENEA – Euratex), Angelika Duckenfield (AQC), Inge Flowers (Authenticae), Karl Flowers (Authenticae), Sabrina Frontini (ICEC), Miriam Geelhoed (Modint), Gustavo Gonzalez-Quijano (COTANCE) Delphine Guyot (AQC), Gerhard Heemskerk (UN/CEFACT), Bettina Heller (UNEP), Laura Huerta, Enrico Iacovizzi (FurEurope), Cathelijne Klomp (LVMH), Merel Krebbers (H&M), Tricia Langman (Hecho por Nosotros), Kevin Latner (Leather & Hide Council of America), Timothy Marsh (GS1), Adriana Marina (Hecho por Nosotros, Animanà) Luca Massardi (ECOM AGROINDUSTRIAL CORP), Hailey Matarese (Hecho por Nosotros), Jan Merckx (independent expert), Andreas Meyer (German Leather Federation, VDL), Liz Muller (liz mullers & partners), Ella Peters, Stephane Popescu (COSE361), Melissa Rusinek (Diverse Recycling Solutions), Kim Sena (JBS Leather), Debbie Shakespeare (Avery Dennison), Julian Schenten (Darmstadt University of Applied Sciences, Sofia), Andreas Schneider (GCS Consulting GmbH), Evonne Tan (Textile Exchange), Georgina Tayler (Hecho por Nosotros), Francisco Tomas (Inditex), Frans van Diepen (UN/CEFACT Domain Coordinator – RVO, The Netherlands), Ben Vanpeperstraete (Freedom Fund), Amanda (Hecho por Nosostros), Virginia (Hecho pos Nosostros), Agustina (Hecho por Nostros)

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

Agenda item	Discussion	Comments / Status	Action/Decision
1. Part 2 of the Policy Recommendation, Guidelines: key concepts and elements of traceability system *Virginia Cram-Martos*	The purpose of the Guidelines is to provide governments and private sector managers with implementation responsibilities with guidance. It aims at understanding what should be done to create an effective traceability system in practice. It bears a three layers structure: 1/ traceability framework (entire ecosystem encompassing policies, systems, support and promotion); 2/ traceability system (functional traceability system with its practical processes, procedures and technology throughout the value chain); 3/	• The Guidelines refers to specific semantics for the data. The point can be further developed on linking the data to specific semantic standards. • Since circular economy practices are currently explored, consider the need to assess what is working or not. • Consider that the burden of proof that the asset is the traceable asset itself relies on making the identifier indissociable from the asset. Undertaking the calculation in mass balance is another solution, ensuring that the quantify of output and input are	The experts are invited to send their inputs, comments and suggestions to the secretariat by the **19/06/2020** directly in the text in track-changes (word format shared).

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	traceability architecture (key components of the traceability system). 1/ traceability framework features the surrounding elements in the ecosystem for traceability: principles, cost allocation and incentives systems to convince all partners, the supporting role of advanced technologies for a more efficient and less costly system. It also includes the data analysis collected in the traceability system, the formulation and implementation of a roadmap/action plan. Measures to address inclusiveness is also part of the ecosystem and the linkage between policy formulation and action plans. For subgroups 2 & 3, the traceability system is critical as it outlines the basic concepts to know: the policy claim, the traceable assets, the verification criteria, the identifiers (IDs), the entry and exit points and the verification process. The current annex includes an initial Glossary for the policy recommendation, developed by the team which needs to be populated with the support of the experts. *Reference documents:* *- Part 2 of the Policy Recommendation, Guidelines: key concepts and elements of traceability system* *- Report of Virtual Policy Dialogue 27-28 April 2020 (CUE Space)*	balanced. The Guidelines mentions the need to check that non traced inputs are not left out of the process. • Consider the importance of interoperability within and across ecosystems through harmonized policies and appropriate application of global standards for identification (GTIN), data capture (barcodes, RFID) and sharing data (EDI, EPCIS). Having harmonised policies across the entire value chain is a priority to assess which partners implement different standards, not to raise costs. • For the governance of the traceability system, the section on the action plan to implement the traceability system covers the governance aspects but it does not go into the details of contractual obligations, as it is at the company level to decide. The same goes for the definition of the governance system. • Consider the many existing standards for sustainability: streamlining by identifying risks covered by the same standards and share collectively seems a good way forward.	
2.Value chain model and generic use case for traceability of leather *Deborah Taylor*	Presentation of the main elements comprised in the first report: Many tanneries have a good control over their suppliers and value chain. A key layer of complexity consists in the end-to-end traceability from farm to finished product. Since leather is a by-	• Consider that the leather industry in Brazil is a good starting point, as the system could be replicated in Europe, the technology being there.	The report No.1 Leather value chain is available for review and comments by the **19/06/2020.**

	product, the main responsibility for the raw material lies with the slaughterhouse. The exotic leather value chain differs because it is much more controlled and vertically integrated by luxury brands. In Brazil, an enhanced system put in place supports the alleviation of deforestation, and lessons could be learned from this system. The report features three parts, starting with identifying the processes and actors involved in the manufacturing of leather, the goal is to create a generic starting point. The second step is providing detailed business process descriptions and diagrams and lastly to identify existing systems to set up a list of data and requirements for a robust system for traceability. The more commonly production chain involves tanneries, subcontractors and agents. The other, less common, involves luxury brands (own exotic farms and slaughterhouses). Another production chain is with the meat pack industry and another with small regional artisan tanneries buying from local farms. *Reference document:* *- Report No. 1- Leather Value Chain Draft v3*	The key challenge of this project is to come up with a system that can be adopted globally. • Consider that trust and accountability are best addressed at the actor level, not at the product level. The issue is that businesses have mechanisms at their own part of the production chain, not for the entire chain. Traceability is a tool supporting tracking backwards for problem solving. • Consider that supply chain integration goes from farm to some stage of the leather production, or from retail. Full integration from farm to retail is very unlikely to exist. Exotic leather integrates from farm to finishing. Most of traceability is from farm to slaughter, then from slaughter to final product. • Although the situation is very different between several species of exotic leather, the use case starts from a very generic model and will narrow down, as we go down into the business process. • Consider that CITES Secretariat and UN/CEFACT are closely in touch and working on the exchange of electronic messages for traceability. • Consider that leather being a by-product, the project shall involve the meat industry and cattle farms.	Meanwhile, the work will advance with the detailed activity diagrams and business process analysis as starting point for the Report No.2. A dialogue with industry stakeholders will follow to build upon examples of documents, data and systems available. Textile Exchange will connect this work and share the report with their internal Leather Working Group.
3. UNEP Report on sustainability hotspots	Overview of UNEP draft report[1] on Sustainability and Circularity in Textile Value Chains mapping value chains, key impacted areas and ongoing	• Consider methane from landfilled garment in relation to the impact of end of life.	The secretariat will circulate the report to the group of experts

[1] Grounded on research conducted by Federation of Indian Chambers of Commerce and Industry (FICCI)[1], other organizations and consultation with experts and peer reviews.

in circular value chains in the clothing industry *Bettina Heller*	initiatives to identify gaps for action. This report draws upon the need to go from a linear to a circular industry keeping materials at their highest possible value. There is a need for systemic actions such as product design, ensuring long-lasting and reusable fibers and consumers' acceptance of new business models. The report also offers a geographical breakdown of global apparel production stages and identifies the hotspots along the value chain. The environmental risks are located at the fiber production and at wet processing level, particularly for synthetics. There is a value loss at the end of life for products not used any longer, nor recycled. Three priority actions came out: consumers' acceptance of new habits; funding circular and innovative business models; stronger regulation and incentives. The next step is to develop a roadmap featuring specific actions toward sustainability and circularity. Transparency and traceability are identified as an enabling factor for materials tracing, accountability, tools' reliability, due diligence, risk-informed decisions and reputational risk. *Reference document: Draft UNEP Report Sustainability and Circularity in Textile Value Chains (not publicly disclosed yet)*	• The report is based upon one life cycle assessment and the reason for a low impact at the end of life stage is that a small share of apparel ends up in landfill or recycling because clothes remain in wardrobes. The end of life has an impact but much lower than bleaching and dyeing for instance. • Consider the social and environmental benefits of different fibers e.g. cotton production versus fossil fuel industry. The report does not look at fiber from a social perspective but from a job creation standpoint, although it is critical to consider for the roadmap, local development, biodiversity and cultural aspects.	once it is disclosed publicly.
Next conference calls	• Sub-groups 2& 3 Tuesday **30th June 2020** at 15:30 CET (WebEx teleconference) • Half-a-day Virtual Policy Dialogue July (TBC)		