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International Trade Centre
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ESG E… governance, fiscalità e filiere

Traceability & Transparency for Sustainable Value Chains in Garment & Footwear

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Behaviours towards Sustainability

Consumers' behaviours towards sustainability

54%
consumers wanted to make more sustainable choices

40-60%
consumers would pay more for products with better environmental performance

61%
consumers do not understand environmental claims

44%
consumers do not trust environmental claims

Source: European Commission 2020

Investors' behaviours towards sustainability

Source: Statista 2021 (Sustainably invested assets among investors worldwide in 2020 with a forecast for 2025 by region)

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Drivers for Traceability and Transparency

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

1. Drivers

I Social forces

II Market forces

III Regulatory forces

IV Technological forces

2. Actors/ Enablers

I

Civil Society

- Plays an increasing role in demanding greater scrutiny of private sector actors and in driving demand for more sustainable products

II

Consumers

- Ready to pay a premium for products with greater transparency
- Will boycott / punish products and investors with opaque credentials

III

Industry

- Aware of reputational risk
- Strive to be ahead of regulation to reduce compliance risk
- Sees opportunity in demand growth for sustainable products

IV

Investors

- Increasingly shifting their portfolios towards ESG investments
- Wary of exposure to planetary boundaries and stranded assets

V

Law makers

- Responding to civil society demand for greater transparency and traceability

VI

Technology

- New digital and physical technological innovation reduce barriers and costs

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Do you know how many EU legislations on sustainability will impact the textile and clothing companies?

Source: EURATEX – The European Apparel and Textile Confederation

The UNECE Framework Initiative

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

+250 project experts

+**33** consultation meetings+**2000** participants

+**900** experts in the wide network

+**190,000** companies represented

Blockchain pilots +**85 partners** (brands-manufacturers, IGOs, standard setters, academia/start-ups)

+**30** countries

The Toolbox

01. Policy Recommendation & Call to Action

Adopted in April 2021

02. Traceability & Transparency Standard & Imp Guidelines

Adopted in April 2021

03. Blockchain Pilots & Capacity Building

Ongoing

Project webpage https://unece.org/trade/traceability-sustainable-garment-and-footwear

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Information Exchange for Traceability and Transparency

1. Sustainability-related information

Origin/Location | Economic Operator | Composition/Specification | Input/Output

Product | Process | Facility

Environment | Social | Governance

Environment

- Input (Chemical/Pesticides)
- Water
- Energy
- CO2
- Soil
- Air
- Thermic
- Noise
- Biodiversity
- Deforestation
- Habitat
- Waste/End-of-life
- Animal Welfare

Social

- Child Labour
- Forced Labour
- Land Use
- Work & Social protection
- Trade Unions & Collective bargaining
- Sexual harassment
- Gender inequality
- Discrimination
- Homeworkers

Health

- Health
- Safety

Governance

- Permits
- Contracts
- Compliance to legislation/regulations

- Management /Administration
- Quality
- Inspections /Certificates

2. Scope covered

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Blockchain Pilots

Pilots geographical coverage and key figures

18 use cases

85 partner companies

22 countries

98 coaching sessions

+170 experts trained

Partners

Haelixa
ZDHC
OEKO-TEX® CONFIDENCE IN TEXTILES
ICEC
LEATHER WORKING GROUP
GLOBAL ORGANIC TEXTILE STANDARD GOTS
better cotton
SMIT & ZOON
FONDAZIONE PISTOLETTO CITTADELLARTE BIELLA
WWF TÜRKIYE
IFC International Finance Corporation WORLD BANK GROUP
FAO
Candiani DENIM
Vivienne Westwood
STELLA McCARTNEY
Mulberry
Lenzing Innovative by nature
GIORGIO ARMANI
Danish Crown
Albini GROUP
adidas
FILMAR
WEBA Switzerland
BERTO INDUSTRIA TESSILE
POLETTI SHIRTS
PH
INDORAMA
DS DENIM SERVICE
EHR
Tyson
tapestry
MARCHI & FILDI END TO END SOLUTION PROVIDER
minerva foods
samo
PrimeAsia QUALITY LIFESTYLE LEATHERS
APACHE
ICA YARNS
bcn
Scan-Hide
Leather Links world wide broker
RICHARD HOFFMANS LEATHER SINCE 1899
SEKEM
SÖKTAŞ
THE cat's PAJAMAS
REDA
Creditex

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Overview of products' use cases and value chain coverage

Results: Proof of Concept

Blockchain pilot landing page and interface

Highlights

- **+85 partners** in the value chains
- **22 countries** from developed to emerging economies
- Blockchain potential:
  - Increase **trust** for sustainability claims
  - Enhance **B2B and B2C communication**
  - Improve **access to reliable information**
  - Develop **transparency and traceability**

Key Findings and Recommendations

Policy makers

- **Regulations** and Standards
- Inclusive global **Ecosystem**
- **Capacity-building/tech-transfer**

Industry actors

- **Commitment** on sustainability
- Supply chain **collaboration**
- **Investments** in technology
- **Trade** and **digitalization**
- **Business opportunities**

CSOs & Standard Bodies

- Ecosystem **integration**
- **Verification** and monitoring
- **Digital** validation mechanisms
- **Visibility** of supply chain actors

Technology service providers

- **Scalability** to large scale in the industry
- **Interoperability** of IT systems and evolving technologies (blockchain/ AI/ IoT/ etc.)

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Stella McCartney use case

Traceable asset

Regenerative Jersey fabric T-shirt

Claim to be proven

This t-shirt is made using regenerative cotton grown in Söke, Türkive, using regenerative agriculture principles including (but not limited to) cover cropping, no tillage, adaptive grazing, as well as precision-farming technologies which optimize the use of resources. The garment's value chain is entirely traceable, from fibre to the finishing of the fabric, and it has been produced without the use of harmful substances for human and planetary health, according to STANDARD 100 by OEKO TEX and in compliance with ZDHC programme.

Information identified and disclosed — *Out of scope*

Value chain

1 Planting	2 Harvesting	3 Ginning	4 Spinning	5 Dyeing	6 Weaving	7 Fabric finishing	8 Product production	9 Product ennoblement & packaging	10 Product placement for sale	11 Consumption	12 Post-consumption
Turkiye	Turkiye	Turkiye	Turkiye	Turkiye	Turkiye	Turkiye	Italy	Italy			

Sustainability risks covered

- Hazardous Chemicals
- Labour Rights
- Human Rights
- Pesticides/ Insecticides
- Water Consumption
- GHG Emissions
- Soil/ Land Degradation
- Biodiversity

Transparency evidences

regenagri; OEKO-TEX® STANDARD 100; better cotton

Treaceability evidences

Commercial invoices

Recycled denim use case

Traceable asset

Denim jeans

Claim

The fabric of this pair of jeans is made of 65% recycled cotton yarn coming from the pre-consumer waste of our Italian fabric supplier and 35% of virgin cotton sourced from Turkey. From the yarn up to the finishing of the denim material the processing steps avoid the use of chemicals harmful for health and the environment.

Value chain involved companies

KARAKAS + BERTO, MARCHI & FILDI, BERTO, BERTO, BERTO, DS, DS, Vivienne Westwood

Information not disclosed | *Information identified and disclosed* | *Out of scope*

Value chain

1 Planting	2 Harvesting	3 Waste collector and trader	4 Spinning	5 Dyeing	6 Weaving	7 Fabric finishing	8 Product production	9 Product ennoblement & packaging	10 Product placement for sale	11 Consumption	12 Post-consumption
Turkey	Turkey	Turkey/ Italy	Italy	Italy	Italy	Italy	Italy	Italy	UK		

Sustainability risks covered

- Human Rights
- Labour Rights
- Solid Waste
- Hazardous Chemicals
- Pesticides/ Insecticides
- Water Consumption
- Water Pollution
- GHG Emissions
- Air Pollution
- Energy Consumption

Transparency evidences

Global Recycled Standard | OEKO-TEX® STANDARD 100

Treaceability evidences

n/a → Email confirmation → Shipping note → Shipping note → Shipping note → Shipping note

Source| Chatham House

Recommendations from UNECE Blockchain Pilots

Policymakers

- Build **inclusive partnerships**, ecosystem building approach
- Develop frameworks for **data security, privacy and governance**
- Adopt **standardized data models** based on international standards to foster info exchange along the value chain
- Support **fairer value distribution** to incentivize T&T systems upstream the value chain

International Organizations

- Foster **policy coherence** across countries and industries
- Convene key players and stakeholders to spur **coordinated action**
- Provide **financial and technical assistance**
- Deliver **capacity building and skills** enhancement/tech-transfer programmes for SMEs

Industry

- Build **long lasting partnerships** and collaborate along the value chain to meet regulatory/ESG requirements
- Deploy **shared technological solutions** to ensure data quality (verification/monitoring/validation)
- Monitor **interoperability** of data management systems along the value chain

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