



# Economic and Social Council

Distr.: General

18 March 2021

English

Original: English, French, Russian

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## Economic Commission for Europe

Executive Committee

### Centre for Trade Facilitation and Electronic Business

#### Twenty-seventh session

Geneva, 19-20 April 2021

Item 6 (b) of the provisional agenda

#### Recommendations and standards:

#### Deliverables in support of the circular economy

## Call to Action for Traceability, Transparency, Sustainability and Circularity of Value Chains in the Garment and Footwear Sector

Submitted by the UN/CEFACT Bureau

### *Summary*

The sixty-ninth session of the United Nations Economic Commission for Europe (UNECE) will take place on 20-21 April 2021 at the Palais des Nations, in Geneva. The Executive Committee (EXCOM) has decided that the theme of the session will be: “Promoting circular economy and sustainable use of natural resources in the UNECE region” (EXCOM/CONCLU/109 and EXCOM Informal Document No. 2020/38). The United Nations Centre for Trade Facilitation and Electronic Business (UN/CEFACT) and its secretariat have been requested to consider how to contribute to the cross-cutting theme of the UNECE session (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 transparency of sustainable value chains in the garment and footwear sector (ECE/TRADE/C/CEFACT/2020/INF.16), the twenty-sixth Plenary was asked to support a “Call to Action” (ECE/TRADE/C/CEFACT/2020/6) as a contribution of UN/CEFACT to the sixty-ninth session of UNECE (ECE/TRADE/C/CEFACT/2020/2 Plenary decision 20-07). This “Call to Action” invites all actors in the garment and footwear industry to take action for traceability and transparency in order to accelerate the sustainability and circularity of value chains in this industry, in line with the United Nations 2030 Agenda for Sustainable Development. The initiative aims to establish a mechanism to support the uptake of measures in the proposed UNECE Recommendation No. 46 (ECE/TRADE/C/CEFACT/2021/10 submitted for approval to the twenty-seventh session of the UN/CEFACT Plenary) as well as relevant UN/CEFACT standards, and to support the monitoring of their implementation.

Document ECE/TRADE/C/CEFACT/2020/6/Rev.1 is submitted by the UN/CEFACT Bureau and its secretariat to the twenty-seventh session of the UN/CEFACT Plenary for endorsement.



## I. Introduction

1. To advance sustainability and circularity in value chains, traceability and transparency are key priorities. In line with the goals of the United Nations 2030 Agenda, and particularly Sustainable Development Goal 12 on sustainable consumption and production, traceability and transparency support industry efforts to effectively identify and address actual and potential negative impacts in the areas of human rights, the environment, and human health.

2. What is more, traceability and transparency help companies to make risk-informed decisions, achieve accountability for sustainability claims and anchor business models to responsible business conduct. This helps them to respond to the increasing demand for information from key value chain actors, including governments, investors, non-governmental organizations (NGOs), workers associations and collaborative initiatives. Currently in the garment and footwear industry many companies have a limited view of the network of business partners within their value chain and do not have access to the full story behind their products and the way they have been manufactured. Most can identify and track their immediate suppliers, but information is often lost about the suppliers of their suppliers, which prevents them from exercising due diligence along their value chain.

**Traceability** is understood as “the ability to trace the history, application or location of an object” in a value chain.<sup>1</sup> In this context, it is defined as the ability to “identify and trace the history, application, location and distribution of products, parts and materials to ensure the reliability of sustainability claims in the areas of human rights, labour (including health and safety), the environment and anti-corruption”;<sup>2</sup> and “the process by which enterprises track materials and products and the conditions in which they were produced through the supply chain”.<sup>3</sup>

**Transparency** relates directly to relevant information being made available for all elements of the value chain in a harmonized way, which allows for common understanding, accessibility, clarity and comparison.<sup>4</sup>

**Sustainability**<sup>5</sup> in the context of garment and footwear value chains means that all activities, throughout a product’s life cycle, take into account their environmental, health, human rights and socioeconomic impacts, and their continuous improvement.<sup>6</sup>

**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”<sup>7</sup> as an integral part of business decision-making and risk management systems.

**Circularity** of a production process refers to the ability of this process to retain the value of products, materials and resources in the economy for as long as possible and to minimize, to the extent possible, the generation of waste along all the steps of the value chain.<sup>8</sup>

<sup>1</sup> ISO 9001:2015.

<sup>2</sup> United Nations Global Compact Office, *A Guide to Traceability A Practical Approach to Advance Sustainability in Global Supply Chains* (New York, 2014). Available at: [https://d306pr3pise04h.cloudfront.net/docs/issues\\_doc%2Fsupply\\_chain%2FTraceability%2FGuide\\_to\\_Traceability.pdf](https://d306pr3pise04h.cloudfront.net/docs/issues_doc%2Fsupply_chain%2FTraceability%2FGuide_to_Traceability.pdf).

<sup>3</sup> Organisation for Economic Co-operation and Development (OECD), *Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector* (Paris, 2018). Available at: <http://dx.doi.org/10.1787/9789264290587-en>.

<sup>4</sup> European Commission, *A Background Analysis on Transparency and Traceability in the Garment Value Chain* (2017).

<sup>5</sup> “Sustainability” refers to the ability of an activity to support “development that meets the needs of the present without compromising the ability of future generations to meet their own needs”. This implies that the activity also takes into account the needs of “People, Planet, Prosperity, Peace and Partnership”, as outlined in the United Nations Sustainable Development Goals (see A/RES/70/1).

<sup>6</sup> UNECE, *Accelerating action for a sustainable and circular garment and footwear industry: which role for transparency and traceability of value chains?* Policy paper (2020).

<sup>7</sup> OECD Due Diligence Guidance (see above).

<sup>8</sup> European Commission, *Closing the loop – An EU action plan for the Circular Economy* (COM(2015) 614 final).

3. In addition, greater transparency empowers consumers to make better informed consumption choices because they have more reliable information about the sustainability claims of products and processes. As a result, traceability and transparency have great potential to build trust among all industry actors and to maximize the positive impacts of this global industry for sustainable and inclusive development.

4. To achieve this, traceability and transparency need to be applied along the entire value chain and to all activities: from raw materials production and processing, through manufacturing to the finished product's branding and retailing, consumption and post-consumption. Most importantly, it must involve the collaboration of all industry partners, together with the deployment of common approaches and reliable technical solutions in widely different environments. When leadership is there and collaboration is widespread, there is a greater incentive for actors to work together, which improves results and lowers overall costs, particularly for more vulnerable actors.

5. This Call to Action is open to all industry stakeholders and actors participating in international value chains and committed to embracing transformational change to create the responsible and sustainable garment and footwear industry of the future. It aims at supporting the sharing of good practices and lessons learned.

## II. Submitting actions

6. Countries and organizations, both public and private, are invited to respond to this UNECE-UN/CEFACT Call to Action for Traceability, Transparency, Sustainability and Circularity<sup>9</sup> of Value Chains in the Garment and Footwear Sector, by submitting their commitment to action(s) using the template in the annex.

7. The Call to Action, with its annexed template, is linked to UNECE Recommendation No. 46 and its implementation guidelines (ECE/TRADE/C/CEFACT/2021/10). Such deliverables have been developed as part of the UN/CEFACT project on traceability and transparency of sustainable value chains in the garment and footwear sector (ECE/TRADE/C/CEFACT/2020/INF.16).

8. The submitted commitment to action(s)<sup>10</sup> should concern the implementation of one or more of the following measures:

- (a) Development and application of policies, norms and standards that support traceability and transparency along the entire value chain
- (b) Implementation of business management systems or instruments for traceability and transparency
- (c) Establishment of supporting fiscal and economic incentives
- (d) Provision of support for research and development and the scaling-up of innovative solutions
- (e) Implementation of measures to increase awareness and education
- (f) Establishment of participation in multi-stakeholder collaborative initiatives

9. Regarding outcomes and impacts, the commitment to action(s) should result in one or more of the following:

- (a) Enhanced visibility of the sustainability and circularity performance of industry actors/partners along the entire value chain that goes beyond compliance with mandatory regulatory requirements and includes voluntary adherence to standards, codes of conduct and relevant frameworks and initiatives
- (b) Enhanced traceability of the human rights/social/environmental/ethical impacts of products and materials along the value chain, and enhanced traceability of origin,

<sup>9</sup> Briefing Note on UN/CEFACT Contributions to Circular Economy (ECE/TRADE/C/CEFACT/2020/24).

<sup>10</sup> The commitment to action(s) is to be submitted to the UNECE secretariat.

quality, sustainability and circularity performance, and compliance with health and safety requirements for consumers and workers

(c) A measurable impact on sustainability in value chains over time, eventually verified through relevant methodologies, including life-cycle assessments and/or sustainability certifications

(d) Enhanced environmental and socially responsible consumption and production that may be relevant to and inspire other countries and industry actors/partners

(e) Special attention to small and medium enterprises (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 (companies should carry out due diligence on human and social rights to identify key target groups)

10. The proposed action(s) can include both new and existing measures and initiatives.

### **III. Monitoring implementation and communicating impact**

11. In order to monitor the progress and impact and to facilitate experience sharing, industry actors are requested to report on the implementation of their commitments to the UNECE–UN/CEFACT secretariat starting in 2022, and every two years thereafter. On such basis, the secretariat will prepare reports, whose purpose it will be to inspire policymakers, garment and footwear makers and opinion makers through good practices and lessons learned.

12. Commitments are to be expressed in accordance with this Call to Action, which is open to all industry stakeholders and actors embracing transformational change to create the responsible and sustainable garment and footwear industry of the future.

**Annex: Proposed template for submission of actions**

1. Submitting country, organization or company	2. If organization or company, please indicate the approximate number of employees
<b>ACTION 1 (Note: the entire table should be repeated for each additional action)</b>	
3. Title of action (please also indicate the website, if available)	
4. Partners	
5. Type of initiative (please check the applicable option) <input type="checkbox"/> Private initiative <input type="checkbox"/> Public initiative <input type="checkbox"/> Public-private initiative <input type="checkbox"/> Civil society initiative <input type="checkbox"/> Foundation/association initiative	
6. Description of action	7a. Type of action (please check all applicable) <input type="checkbox"/> Traceability <input type="checkbox"/> Transparency
	7b. Please select the specific area(s) of the action <input type="checkbox"/> Norms and standards <input type="checkbox"/> Incentives <input type="checkbox"/> Research and development of innovative solutions <input type="checkbox"/> Awareness and education <input type="checkbox"/> Collaborative initiatives <input type="checkbox"/> Other, please describe _____
8. Scope of the action including a description of the value chain processes that are covered (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 certification schemes)**

**11. Expected benefits for and impact on the stakeholders involved (please check all applicable)**

- Enhanced visibility of the sustainability and circularity performance of industry actors/partners along the entire value chain that goes beyond compliance with mandatory regulatory requirements and includes voluntary adherence to standards, codes of conduct and relevant frameworks and initiatives
- Enhanced traceability of the human rights/social/environmental/ethical impacts of product(s)/materials along the value chain, as well as origin, quality, sustainability and circularity performance and compliance with health and safety requirements for consumers and workers
- A measurable impact on the sustainability of value chains over time, eventually verified through relevant methodologies including life-cycle assessments and/or sustainability certifications
- Enhanced environmental and socially responsible consumption and production, and circularity of the value chain, that may be relevant to and inspire other countries and industry actors/partners
- Special attention to small and medium enterprises (SMEs), small producers, farmers, and other groups including women, young workers, home-based and migrant workers who are often affected by unfair practices in this sector (companies should carry out due diligence on human and social rights to identify key target groups)
- Other, please describe \_\_\_\_\_

**12. Stakeholders and key performance indicators**

**Stakeholders involved (please check all applicable)**

- Business and industry associations
- Consumers and consumer associations
- Intergovernmental organizations
- Investors/shareholders
- Local authorities
- Non-governmental organizations (NGOs)
- Scientific and technological community
- Workers and trade unions
- Others, please describe \_\_\_\_\_

**Key performance indicators for the action (if available)**

**13. Good practices (if applicable, please indicate how the action has been implemented and provide a relevant website link(s))**

**14. How has this UNECE-UN/CEFACT Call to Action contributed to strategic engagement and/or public awareness in support of your commitment?**

<b>15. Link to relevant goal(s) and specific target(s) of the <a href="#">United Nations 2030 Agenda</a><sup>11</sup></b>			
<b>16. Contact point for this action</b>	Full name	Telephone	E-mail address
<b>17. Other comments</b>			

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<sup>11</sup> The United Nations 2030 Agenda for Sustainable Development is available at [https://sustainabledevelopment.un.org/content/documents/21252030\\_Agenda\\_for\\_Sustainable\\_Development\\_web.pdf](https://sustainabledevelopment.un.org/content/documents/21252030_Agenda_for_Sustainable_Development_web.pdf).