Enabling circular trade in textile value chains: the role of traceability

TRADE AND ENVIRONMENTAL SUSTAINABILITY STRUCTURED DISCUSSIONS (TESSD)
Working Group on Circular Economy – Circularity (10:00-13:00)
### Drivers for Traceability and Transparency

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

#### 1. Drivers

<table>
<thead>
<tr>
<th>Social forces</th>
<th>Market forces</th>
<th>Regulatory forces</th>
<th>Technological forces</th>
</tr>
</thead>
</table>

#### 2. Actors/ Enablers

<table>
<thead>
<tr>
<th>Civil Society</th>
<th>Consumers</th>
<th>Industry</th>
<th>Investors</th>
<th>Law makers</th>
<th>Technology</th>
</tr>
</thead>
<tbody>
<tr>
<td>Plays an increasing role in demanding greater scrutiny of private sector actors and in driving demand for more sustainable products</td>
<td>Ready to pay a premium for products with greater transparency</td>
<td>Aware of reputational risk</td>
<td>Increasingly shifting their portfolios towards ESG investments</td>
<td>Responding to civil society demand for greater transparency and traceability</td>
<td>New digital and physical technological innovation reduce barriers and costs</td>
</tr>
<tr>
<td></td>
<td>Will boycott / punish products and investors with opaque credentials</td>
<td>Strive to be ahead of regulation to reduce compliance risk</td>
<td>Sees opportunity in demand growth for sustainable products</td>
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</table>

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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

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

+250 project experts
+33 consultation meetings +2000 participants
+1000 experts in the wide network
+190,000 companies represented
Blockchain pilots +90 partners (brands-manufacturers, IGOs, standard setters, academia/start-ups)
+30 countries

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Blockchain Pilots
Pilots geographical coverage and key figures

19 use cases
95 partner companies
23 countries
106 coaching sessions
+179 experts trained

Overview of products’ use cases

Recycled denim jeans
Organic shirt
Regenerative Turkish cotton T-Shirt

Uzbek cotton T-shirts
Inclusive Peruvian cotton pyjama
Low environmental impact cotton socks

Chemical compliant and sustainable leather sneakers

Partners

Funded by the European Union

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Step 1. Selection of Sustainability Claims

Step 2. Type of evidences to substantiate the claims

<table>
<thead>
<tr>
<th>TRACEABILITY EVIDENCES</th>
<th>TRANSPARENCY EVIDENCES</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shipping notes</td>
<td>Certificates</td>
</tr>
<tr>
<td>Commercial invoices</td>
<td>Audit/Inspection reports</td>
</tr>
<tr>
<td>Delivery notes</td>
<td>Laboratory test results reports</td>
</tr>
<tr>
<td>Packing lists</td>
<td>NGOs / Civil Society Attestations</td>
</tr>
<tr>
<td>Transportation documents</td>
<td>Declarations</td>
</tr>
</tbody>
</table>

Step 3. Phases tracked and traced with supporting documentary evidence

- Planting
- Harvesting
- Ginning
- Spinning
- Dyeing
- Weaving
- Fabric finishing
- Product production
- Product ennoblement & packaging
- Product placement for sale
- Consumption
- Post-consumption
Recycled denim use case

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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.
This t-shirt is made using regenerative cotton grown in Söke, Türkiye, 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 has been traced, from fibre to the finishing of the fabric based on the UNECE methodology, 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.
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**Objective:**
- Improving sustainability through product circularity
- Supporting digital product data exchange at post-consumption stage.
- Global scope, cross-industry, reusing existing standards

**Scope:**
- Aligning with the EU ESPR proposal and the DPP
- Using of the UN Core Component Library subset

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**UNECE-UNECLAC study on trade of secondhand clothing**

**Objective:**
- Improve the sustainability of used clothes worldwide, in Europe and Chile

**Scope:**
- Overview of global trends and trade flows of secondhand clothing, root causes of used textiles and policy gaps.
- [Executive summary of the ECE-ECLAC study](#)

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**UNECE-UN/CEFACT Product Circularity Data Project**

**Objective:**
- Improving sustainability through product circularity
- Supporting digital product data exchange at post-consumption stage.
- Global scope, cross-industry, reusing existing standards

**Scope:**
- Aligning with the EU ESPR proposal and the DPP
- Using of the UN Core Component Library subset
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Project references

- **DG ENV**: 2022 EU Textiles Strategy 2022 (Communication)
- **DG JUST**: 2022 EU Corporate Sustainability Due Diligence Directive proposal (Questions & Answers – press corner)
- **DG INTPA**: 2022 EU guidance supporting companies to comply with due diligence legislation
- **DG GROW**: 2023 Report on the Transition pathway of the EU textiles ecosystem
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What’s next & priorities

STRENGTHEN

KPIs to measure the level of traceability and transparency in garment and footwear

Textile waste traceability

SCALE UP

Technical assistance & capacity-building through engagement plans in key focus countries

COLLABORATE

ALIGN

With the Digital Product Passport of the EU Eco-design for Sustainable Products Regulation proposal

→ Product Circularity Data project

REPLICATE

• Agri-food
• Critical Raw Materials
→ Critical Minerals Traceability and Transparency project
• UNECE Team of Specialists on ESG Traceability of Sustainable Value Chains in the Circular Economy

Source: Chatham House
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