

Traceability in Global Supply Chains

Garments and Textiles Industry

Wednesday 19 November 2014 at 10am EDT



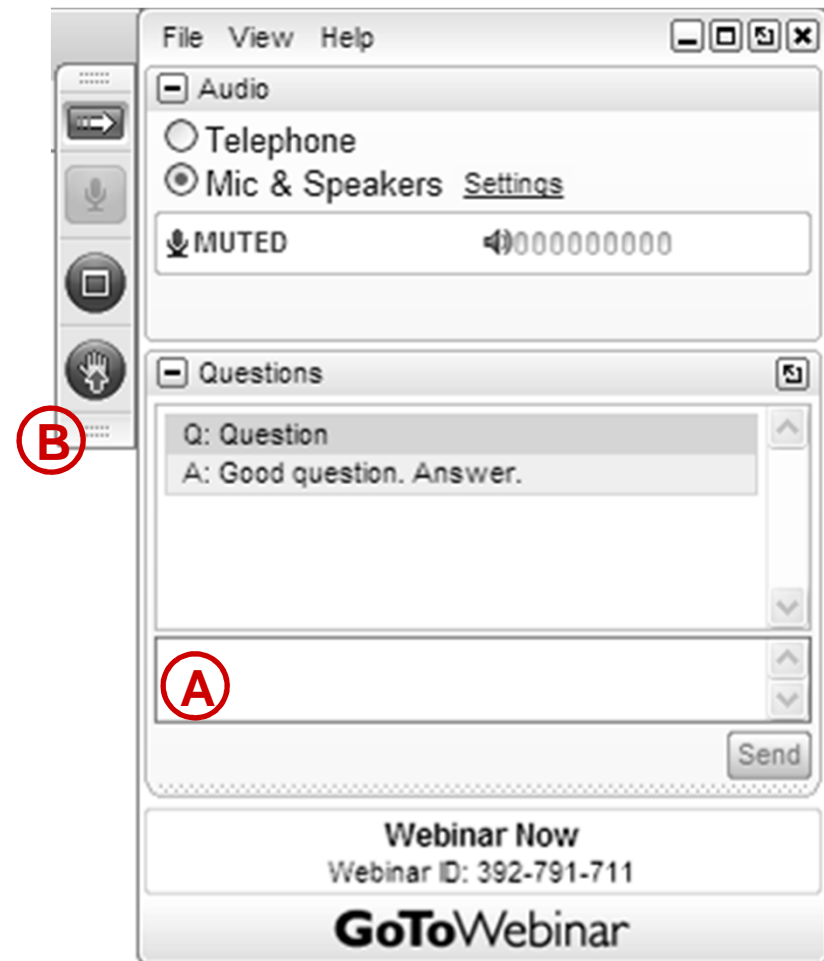
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Questions

Technical Difficulties: If you have technical issues, please let us know by typing a message in the Questions pane (A). You can raise your hand (B) if we do not respond.

Q&A: We will be taking questions on content at the end, but you can send them to us throughout the webinar by using the Questions pane (A). Please specify to whom the question should be directed.

Example: Question for John Doe: What is Human Trafficking?



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Agenda



Welcome and Introduction

Elena Bombis, Advisor, Supply Chain Sustainability, UN Global Compact



Presentation of “A Guide to Traceability” by UN Global Compact and BSR

Tara Norton, Director, Advisory Services (EMEA), BSR

Member of UNGC Advisory Group on Supply Chain Sustainability - Traceability Task Force



Traceability in the Textile Industry

Anne Gillespie, Director of Industry Integrity, Textile Exchange



Traceability in the Down Supply Chain

Rachelle Jackson, Director, Sustainability & Innovation, Arche Advisors

Member of UNGC Advisory Group on Supply Chain Sustainability

N Brown Group plc

Special Remarks: a Business Perspective on Traceability

Andy York, Ethical Trading Manager, N Brown Group

Member of UNGC Advisory Group on Supply Chain Sustainability

Q & A: Remaining Time



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Agenda / Objectives

Agenda	Objectives
1. Definition and overview	Understand definition of traceability for sustainability purposes
2. Traceability models & traceability schemes	Understand the different traceability models and their pros and cons Gain an overview of the landscape of global traceability schemes
3. Practical steps for implementation	Consider the Seven Steps that you can take to practically implement traceability
4. Considerations for commodities relevant to the garment Industry	Look at an overview of traceability issues and solutions for cotton and leather

DEFINITION: Traceability for sustainability

The ability to identify and trace the history, distribution, location and application of products, parts and materials, to ensure the reliability of sustainability claims, in the areas of human rights, labor (including health and safety), the environment and anti-corruption.

A GUIDE TO TRACEABILITY

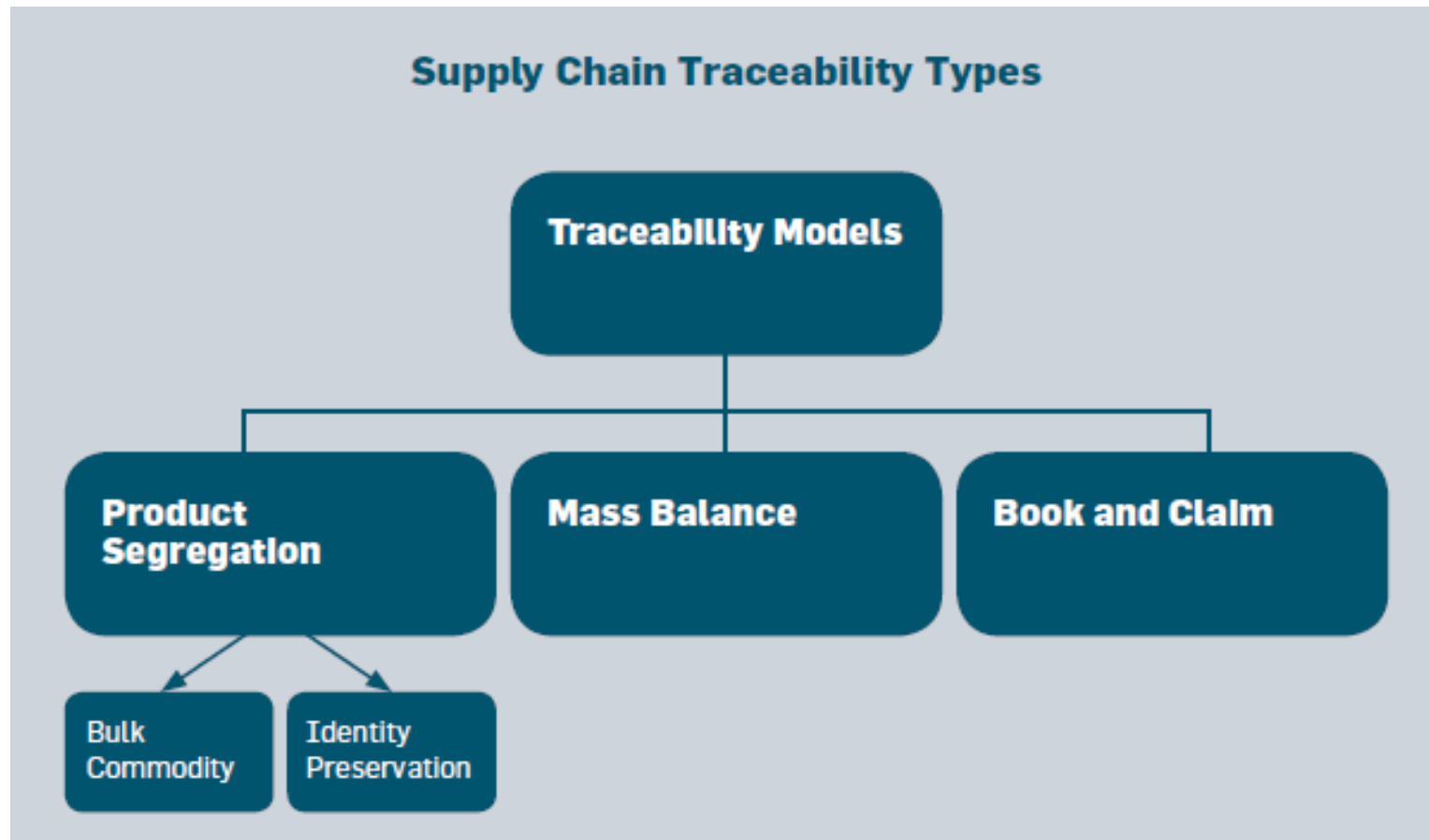
A Practical Approach to Advance Sustainability in Global Supply Chains



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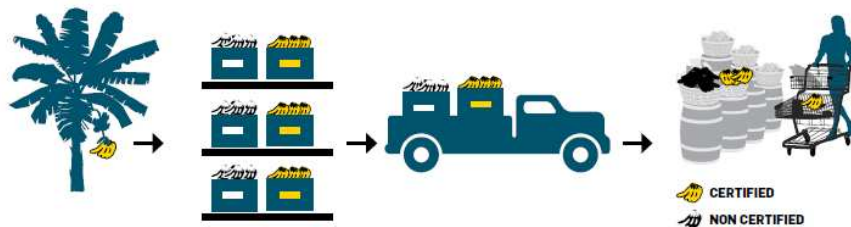


Traceability Models



Product Segregation

The Product Segregation model implies that certified materials and products are physically separated from non-certified materials and products at each stage along the value chain.



Better Cotton Initiative – Physical segregation until the bale of cotton is formed

Fairtrade Labelling Organizations International (FLO) – Product segregation for bananas, other fresh fruits, coffee, flowers, nuts, rice and spices

Forest Stewardship Council (FSC) – “FSC Pure Products”

Organic Food Labels

Responsible Jewelry Council Chain-of-Custody standard

Roundtable for Sustainable Palm Oil (RSPO) – RSPO Segregated System

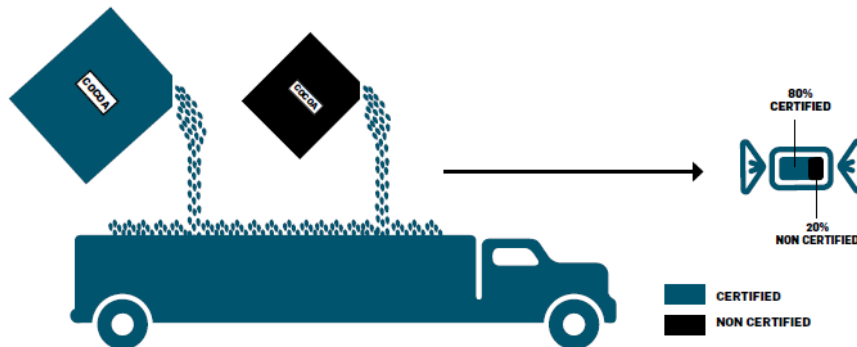
Textile Exchange standards

UTZ Certified – Traceability Programme “Segregation Physical Link”

Marine Stewardship Council (MSC)

Mass Balance

With the Mass Balance model, certified and non-certified materials can be mixed. The exact volume of certified material entering the value chain must be controlled and an equivalent volume of the certified product leaving the value chain can be sold as certified.



Better Cotton Initiative – Mass Balance model once the bale of cotton is broken and split into yarn

Bonsucro – Mass Balance Chain of Custody Standard

Fairtrade Labeling Organization (FLO) – Mass balance model for cocoa, sugar, tea and juice

Forest Stewardship Council (FSC) – FSC volume based system

Roundtable for Sustainable Palm Oil (RSPO) – RSPO Mass Balance System

UTZ Certified – Mass Balance Traceability Programme

Book and Claim

The Book and Claim model does not seek to have traceability at each stage in the supply chain. Instead, it relies on the link between volumes of certified materials produced and the amount of the certified product purchased, and on sustainability certificates issued and purchased.

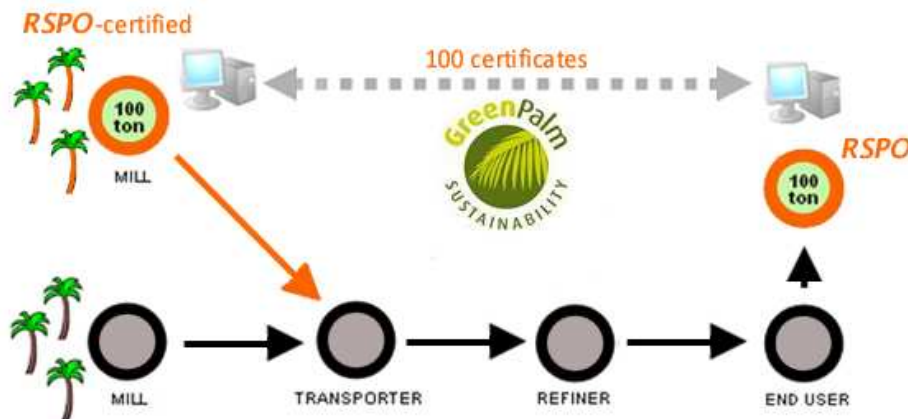
Bonsucro – Credit trading system (Book and Claim)

Roundtable for Responsible Palm Oil (RSPO) – Book and Claim system

UTZ Certified –Trading & Traceability Programme used

Book and Claim Trading Platform

Renewable Energy Certificates



NOTE: The Mass Balance and Book and Claim models are open to criticism for commodities where Product Segregation is available.

Global traceability schemes

	Agricultural products	Beef	Birds/fat	Carpet	Cashews	Cocoa	Cotton	Coffee	Conflict minerals	Diamonds	Down	Electronics	Fish	Flowers		Frank	Gold	Honey	Leather	Palm Oil	Personal Care	Recycled Materials	Rice	Soy	Spices and herbs	Sports balls	Sugar	Tea	Textiles	Timber	Tin	Trunk	Toys	Vegetables	Wine	Wood	
Conflict Free Sourcing Initiative (CFSI)									•																												
Fair Trade Labelling Organizations International (FLO)						•	•	•						•		•	•	•					•		•		•	•								•	
Forest Stewardship Council (FSC)																														•							
Global Organic Textile Standard							•																						•								•
Global Sustainable Beef Roundtable		•																																			
Good Weave				•																																	
IDH Sustainable Trade Initiative					•	•	•	•				•	•	•		•				•				•	•			•		•					•		
International Federation of Organic Agricultural Movements (IFOAM)	•																																				
ITRI Tin Supply Chain Initiative (iTSCi)									•																						•						
Kimberley Process										•																											
Leather Working Group																			•																		
Marine Stewardship Council (MSC)													•																								
Materials Traceability Working Group (of the Outdoor Industry Association)																			•			•															
Programme for the Endorsement of Forest Certification (PEFC)																														•							
Rain Forest Alliance						•	•							•		•												•		•					•		
Responsible Jewellery Council									•								•																				
Roundtable for Responsible Soy																								•													
Roundtable on Sustainable Biomaterials (RSB)			•																																		
Roundtable on Sustainable Palm Oil (RSPO)																				•																	
Sustainable Forest Initiative (SFI)																															•						
TE Organic Content Standard							•																							•							•
TE Recycled Claim Standard																																					
TE Responsible Down Standard											•																										
Tropical Forest Alliance 2020																														•							
UTZ Certified						•		•																				•									

Best practice in traceability

THE MODEL: COLLABORATION IS BEST PRACTICE FOR TRACEABILITY

A clear model has emerged of best practice in traceability based on interviews and research conducted in developing this guide. The model has three distinctive features:

1. One independent, multi-stakeholder **Global Collaborative Scheme**. This organization provides guidance and works on commodities to advance traceability.
2. **Focus**. The traceability scheme is focused on a limited number of issues, both in terms of the number of commodities and the sustainability attributes that must be traced.
3. **Appropriate collaboration along the supply chain**. The supply chain actors along the way are participating in the scheme in a manner appropriate to their position in the supply chain, and are communicating with their immediate business partners.



Seven Steps to traceability implementation

1. Identify the key **commodities**.
2. Gain a full understanding of all **relevant sustainability issues** to those commodities and identify whether traceability is the best way to mitigate those risks.
3. Develop the **business case** for traceability.
4. Take **traceability action**.
 - If there is an existing traceability scheme, get involved.
 - If there is not an existing scheme for that commodity, reach out to peers and stakeholders (and the UN Global Compact) to encourage or start one.
5. **Engage** internally with key staff, and develop solid **internal practices** and processes.
6. Engage with **suppliers**.
7. **Stay the course !!**

Traceability is a long-term investment; be prepared to stick with it over the long-term.

Focus on those commodities that are most material to your business, and areas where you have the greatest risk and leverage.

Devote time, effort and resources to collaboration.

Strong supplier relationships and good communication are key to success.

Cotton

- One of the most polluting commodities – 10% of chemicals are possessed worldwide
- Growing demand for fair trade and organic cotton
- 8% of global cotton consumption engaged in the Better Cotton Initiative

Key Issues

- Reducing use of water and chemicals
- Carbon footprint
- Fair compensation for small-scale farmers
- Child labour
- Illegal logging

Relevant Actors

- Textile Exchange
- Better Cotton Initiative (BCI)
- Sustainable Trade Initiative
- Fair Trade Labelling Organization International (FLO)
- Traceable Down Standard

Gaps & Opportunities

- Scale
- Sharing of good practices



Leather

Key Issues

- Deforestation
- Land rights of indigenous people
- Forced labour and child labour
- Animal welfare: prevent animal mistreatment at farm and during transport to slaughter

Relevant Actors

- The Leather Working Group (LWG)
- Euroleather (initiated by COTANCE and European Trade Union)
- EMAS – the European Eco-Management and Audit Scheme

Gaps & Opportunities

- Scale
- Greater alignment



Thank you.



UN Global Compact Traceability in the Textiles and Garments Industry

Anne Gillespie

Director of Industry Integrity

November 19th, 2014

Who We Are



Non-profit, textile-focused organization founded in 2002.



20 staff and ambassadors in 8 countries



Originally focused on organic cotton, growing the market from \$240 million in 2001 to over \$5 billion in 2010. Organic remains a core, signature program.



2010-2015: Expanding our focus to include sustainable textiles in step with our members and the industry



Over 300 Farmer members and 165 Industry members, representing approximately \$755 billion of retail sales in 2011

What We Do



Advocate product and industry integrity.



Help bring positive innovations to scale.



Convene, inform, and build capacity in our membership base and across the industry

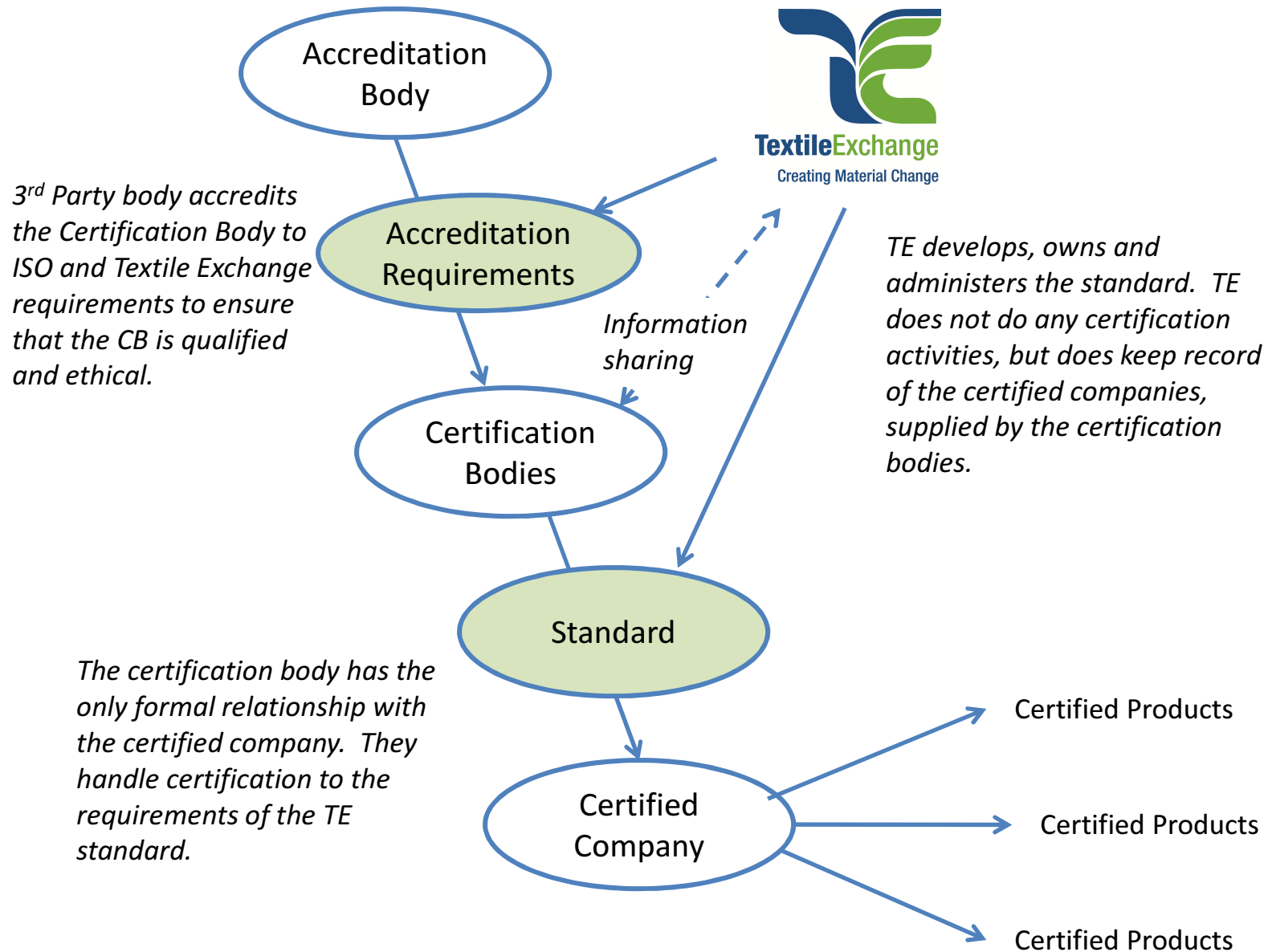


Create partnerships that accelerate sustainable practices across the global textile industry.



Improve organic farmers' visibility, access to stable markets, and better develop business capabilities through education.

How We Work



What We Believe

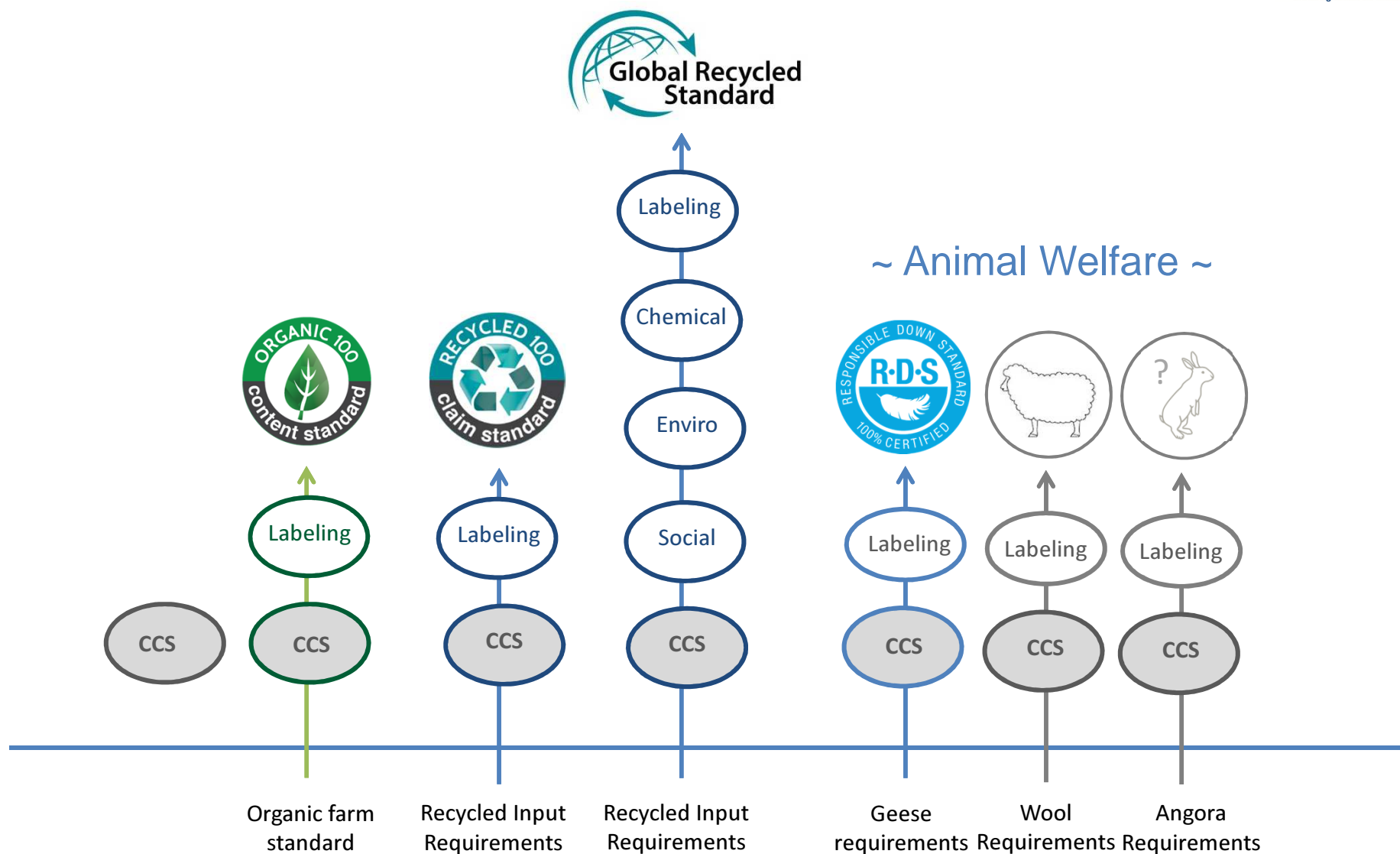
To tell the truth, you need to know the truth.

FTC
NOP
NAD

...



TE Standards



Raw
Material
Source

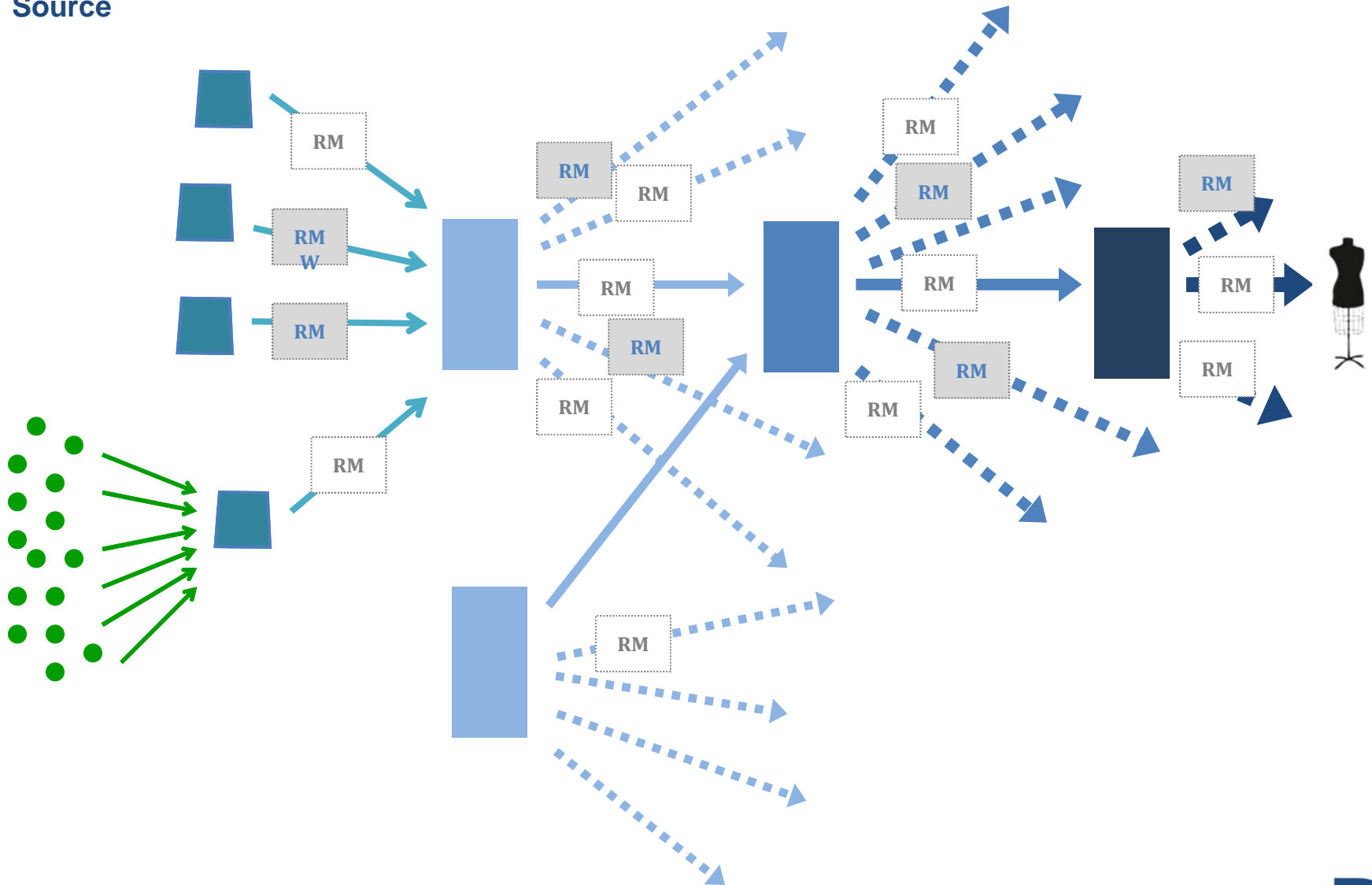
Gins

Yarn
Spinners

Fabric
Mill

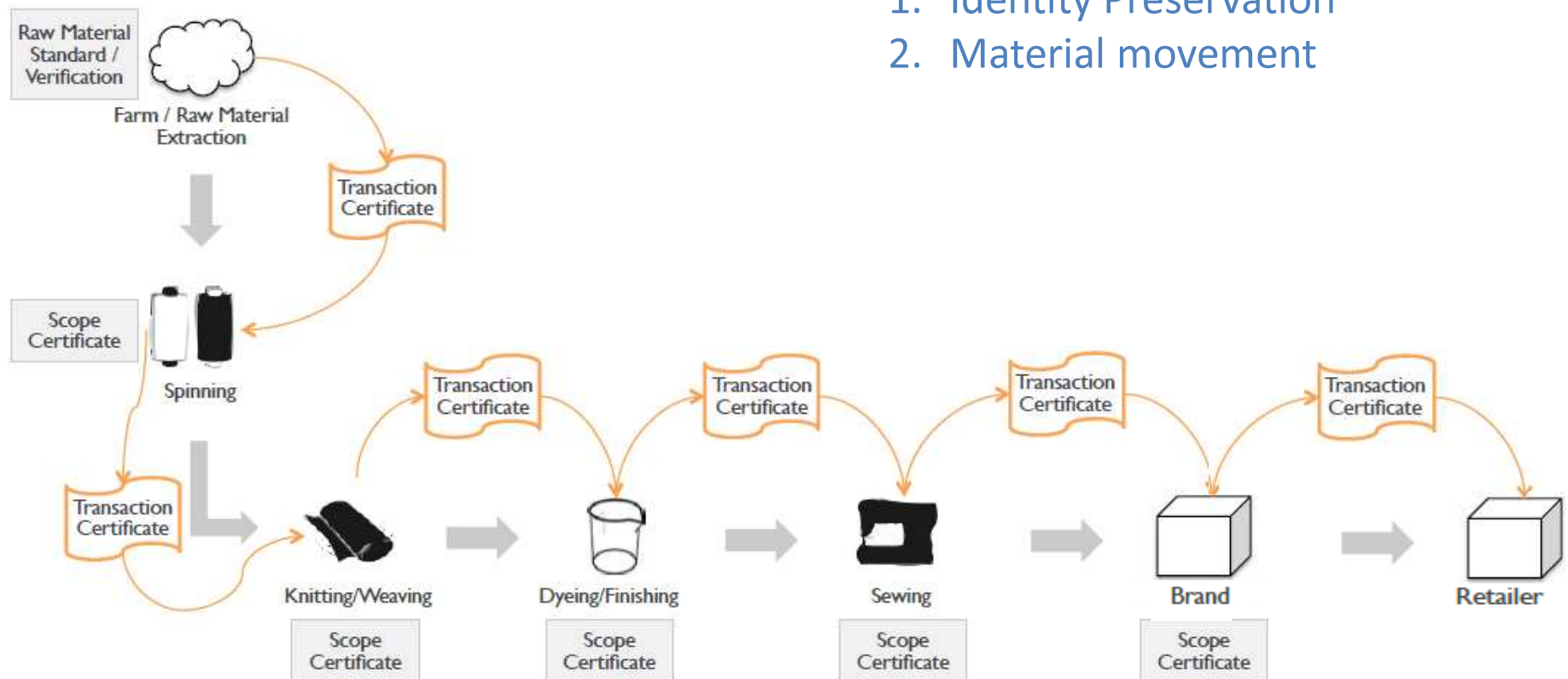
Garment
Maker

Brand



Content Claim Standard

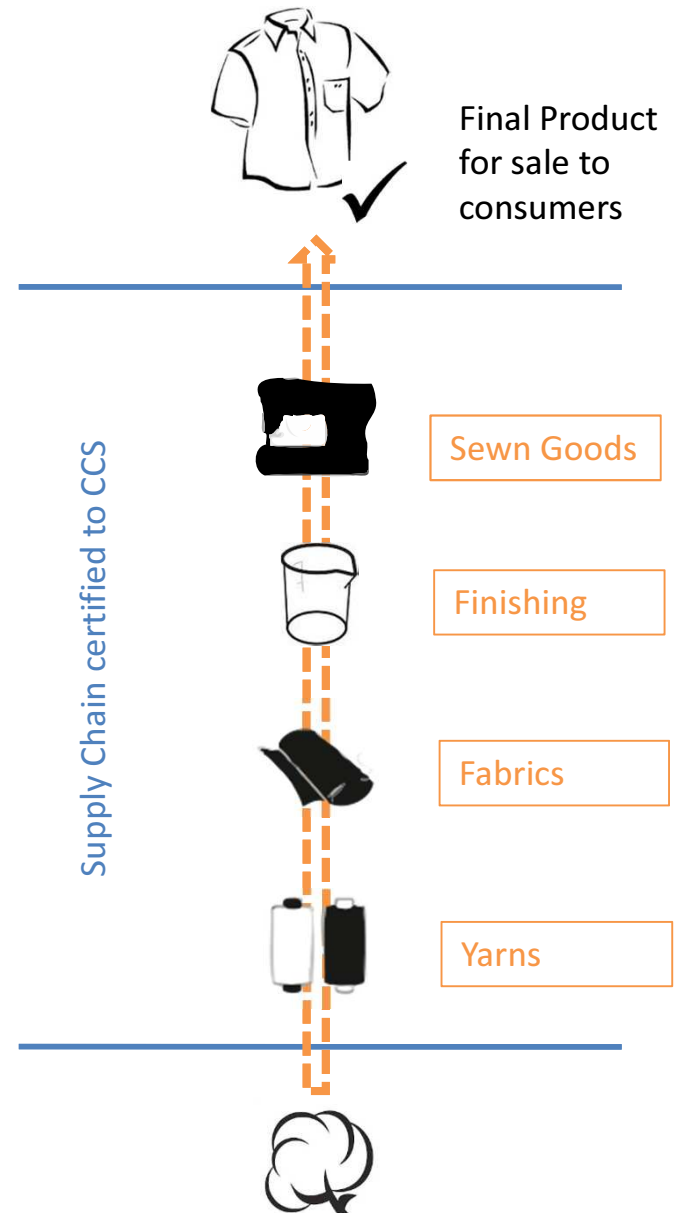
1. Identity Preservation
2. Material movement





TE Content Claim Standard

- Tracks the flow of raw material from source, through the supply chain, to the final product
- Addresses product flow, documentation, mass balance calculations, and segregation of materials
- Third party certified
- Based on scope and transaction certificates for maximum levels of verification and tracking
- Raw materials are verified separately



TC

TEMPLATE, Draft 2 - 03 Feb 2012

**TRANSACTION CERTIFICATE (TC) FOR TEXTILES PROCESSED
ACCORDING TO THE [STANDARD]**

1. Body issuing the certificate (name and address) Name of CB's issuing office Address		2a) licensing code of the certification body [Standard]-[CB]-[no.] 2b) Reference number of the certificate [Licensee no. of seller]-[TC no.]	
3. Seller of the product(s) (name and address) Name of seller of certified product(s) Address		4. Inspection body (name and address) Name of inspection body Address	
5. Last processor of the product(s) (name and address) Name of last processor of certified product(s) Address		6. Country of dispatch Country of dispatch	
7. Buyer of the product(s) (name and address) Name of buyer of certified product(s) Address		8. Consignee of the product (Address of the place of destination) Name of Consignee Address	
		9. Country of destination Country of destination	
10. Product and shipment information Minimum Information: <ul style="list-style-type: none"> - Units and names of the product(s) as they appear on the invoice - Label grade, if applicable (e.g. for GOTS, 'organic' or 'made with organic', for OE: OE 100 or OE Blended) - Fibre material composition of the product(s) (% of each fibre in the product by weight) - Invoice number and date - Reference to transport document (number, date, transport company, truck no, container no) [If more space is required] information is continued in box 17 on page 2 of this TC		11. Gross weight (kg) kg	12. Net weight (kg) kg
		13. Commercial weight (kg) kg	
14. Declaration of the body issuing the certificate This is to certify that the [fibre material name] used for the products designated above has been produced in accordance with (an) organic farming standard(s) which is/are recognised by the [standard's name, e.g. GOTS, OE] and that the products have been processed in accordance with the [standard's name, e.g. GOTS, OE]. Compliance with this standard is continually monitored by the inspection body named in box 4.			
15. Additional declaration (if appropriate)			
16. Place and date of issue Signature of the authorised person of the body detailed in box 1 Name		Stamp of the issuing body Logo of the Standard	

[If applicable: This electronically issued document is the valid original version]

TE Standard Development and Revision Participation Model

International Working Group (IWG)

Steering Committee

Set goals and scope, guide development, participate in key decisions.

Decision Making Authority

Technical Group

Actively engaged in research and writing.

Advisory Group

Consulted on specific areas of experience and expertise.

Stakeholder Group

Any persons or groups concerned with or directly affected by the standard.
There will be active outreach to stakeholder to provide feedback on drafts and key developments.

Public

Any person or group may view the standard drafts and meeting summaries on the TE website and submit comments.

Goose Down Traceability

Rachelle Jackson
Arche Advisors



Arche Advisors

Arche is Greek for “first principles”

We help you get back to the basics.

We support businesses throughout the sourcing process to improve sustainability for workers, communities, and brands.

Arche is also Greek for “origin”

Our experts have been there from the start.

We have nearly 2 decades of experience in sustainable supply chain practices, including human rights, labor, traceability, and sustainability.

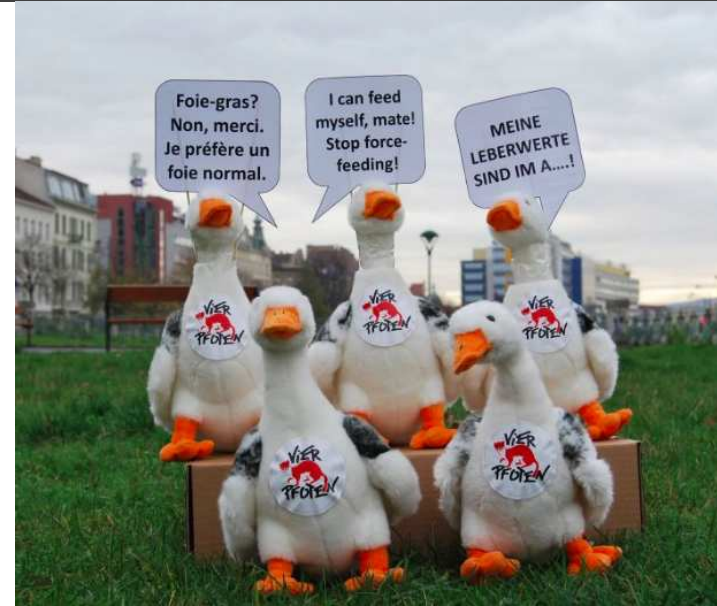
We have worked in 75 countries and with a range of companies- small local suppliers to fortune 500 companies.

entrustworthy



Goose Down Protests

- 2009, Swedish TV program explored live plucking
- 2010, German NGO Four Paws began campaign against force-feeding and live-plucking of geese



Companies Respond

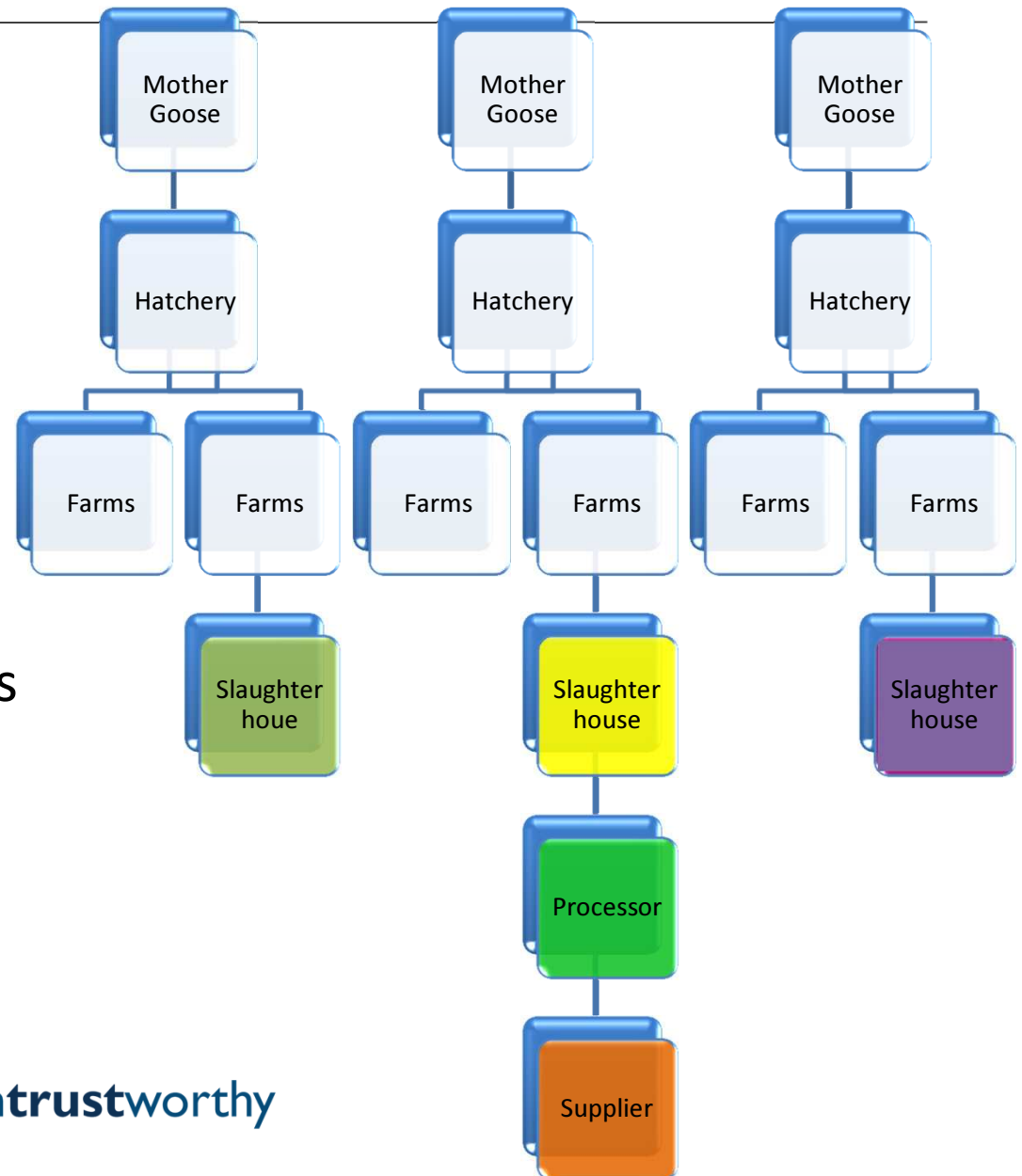
- 2011, Companies respond to campaign



- OIA Down Task Force
 - Develop standard for goose down in supply chains
 - Set parameters for traceability of non-live plucked, non-force fed down

Pilots in Down Supply Chains

- Patagonia worked with Arche to field test early down standard
- Map supply chains
- Identify risk areas
 - Collector chains
 - Legally allowed practices
- Understand constraints
 - Geese raised for meat
 - Limited influence of down buyers





Traceable Down Standard

Traceable Down Standard

Certifies supply chains as free from forced-fed or live-plucked down

Tracks goose from hatchling to slaughterhouse, with good animal welfare practices and traceability documents

Labeling and segregation of down from slaughterhouse to factory required



Q & A



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Thank You

Thank you for joining us today.

Presentation slides and a recording of the webinar will be available on the UN Global Compact website.
(www.unglobalcompact.org)

If you have any additional questions, please contact

Elena Bombis: bombis@unglobalcompact.org



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