



Item 06 – GSSB Project Proposal for a Textiles and Apparel Sector Standard

For GSSB discussion

Date	22 January 2019
Meeting	7 February 2019
Project	Development of a Sector Standard for the textiles and apparel sector. This is one of three project proposals proposed by the Standards Division for the Sector Program.
Description	<p>This document sets out the draft project proposal to develop a Textiles and Apparel Sector Standard, for GSSB discussion and approval to send to the GRI Board and Stakeholder Council for feedback.</p> <p>After feedback from the GRI Board and Stakeholder Council has been received and incorporated, the Standards Division will present the proposal to the GSSB for final approval on 7 March 2019, in accordance with the Due Process Protocol.</p>

This document has been prepared by the GRI Standards Division. It is provided as a convenience to observers at meetings of the Global Sustainability Standards Board (GSSB), to assist them in following the Board's discussion. It does not represent an official position of the GSSB. Board positions are set out in the GRI Sustainability Reporting Standards. The GSSB is the independent standard-setting body of GRI. For more information, visit www.globalreporting.org.

Project background

This project proposal sets out an overview of the objectives and scope for developing a Textiles and Apparel Sector Standard. It is submitted to the GSSB for discussion and approval to send for review to the GRI Board and Stakeholder Council. Once feedback from the GRI Board and Stakeholder Council has been considered and incorporated, the proposal will be presented to the GSSB for final approval.

This sector project will deliver a Textiles and Apparel Sector Standard that identifies and describes the sector's significant impacts and stakeholder concerns from a sustainable development perspective.

The project follows the [Due Process Protocol](#), the implementation of which will be overseen by the Due Process Oversight Committee (DPOC).

Textiles and Apparel

The GRI Standards Division has identified the textiles and apparel sector as a high-priority sector from a sustainable development perspective. The sector is recommended for project prioritization in the GSSB workplan.

Sector description: The textiles and apparel sector provides a basic societal need (clothing) and encompasses a broad value chain from the production of raw materials and fibers, to spinning, weaving or knitting, to dyeing and finishing, cutting and sewing, logistics and distribution, to apparel retail sales through use and end of life.

Economic value: According to the *International Trade in goods statistics 2001-2017* from the International Trade Centre (ITC), world textiles and apparel exports totalled USD 1.1 Trillion in 2017.¹

Rationale for prioritization

Producing a Sector Standard can help textiles and apparel companies understand their role in sustainable development, promoting positive changes in transparency and accountability in the sector. Transparency enables a much-needed discussion on the sustainable future of the sector among a wide array of stakeholders, including companies, investors, civil society, policymakers, academia, the general public, and other stakeholders.

The impacts of the apparel sector have been documented by intergovernmental organizations such as the Organisation for Economic Co-operation and Development (OECD) and the International Labour Organization (ILO); international finance institutions such as the International Finance Corporation

¹ ITC, [International Trade in goods – Exports 2001-2017](#), accessed 3 January 2019.

32 (IFC); and numerous civil society groups such as the Ellen Macarthur Foundation, IndustriAll, and the
33 Clean Clothes Campaign.²

34 Below is a sample of economic, environmental and social impacts that have been documented for the
35 sector. These are provided to give a first indication of the scope of issues covered by the proposed
36 project. However, as the issues recommended for inclusion within the Textiles and Apparel Sector
37 Standard will be determined by a multi-stakeholder process in accordance with the [Due Process](#)
38 [Protocol](#), the issues may diverge from those contained within this project proposal.

39 **Economic Impacts:** In some less developed countries, the apparel sector comprises a large
40 proportion of the national economy (e.g. Bangladesh and Sri Lanka) and is therefore of vital
41 importance. The World Bank has indicated that the textiles and apparel sector has an opportunity to
42 increase female participation in the workforce and improve economies in developing countries, with
43 positive effects on poverty reduction and gender equality.³ At the same time, the OECD and
44 Transparency International have identified corruption risks as hindering sustainable development in
45 the sector.⁴

46 **Environmental Impacts:** The United Nations Environmental Programme has identified the textiles
47 and apparel sector as a major source of pollution globally.⁵ Moreover, the OECD has identified the
48 use of hazardous chemicals, water pollution, energy and water consumption, and waste as significant
49 issues in the apparel value chain.⁶ Additionally, The Ellen Macarthur Foundation has highlighted the
50 apparel sector's challenge to move from a linear model of consumption ending with landfill disposal to
51 a circular model that reuses and recycles materials. Furthermore, the impacts of laundering clothing
52 include significant water, energy, waste and materials-related impacts across the full apparel lifecycle.⁷

53 **Social Impacts:** Apparel supply chains are often clustered in developing countries where there are
54 significant gaps in worker protections.⁸ The OECD has identified child labor, forced labor, sexual
55 harassment, excessive overtime, health and safety, freedom of association, and fair wages as relevant
56 issues in apparel supply chains.⁹ The Rana Plaza collapse in Bangladesh in 2013, which killed over 1,000
57 people and injured more than 2,500, raised global awareness of poor safety and poor working
58 conditions in apparel manufacturing. The ILO has noted that since Rana Plaza, more than 100

² See, for example, [OECD Due Diligence Guidance for responsible supply chains in the garment and footwear sector](#), 2018, accessed 9 November 2018; ILO [website](#), accessed 9 November 2018; IFC [Environmental, Health and Safety Guidelines for Textile Manufacturing](#), accessed 18 December 2018; Ellen Macarthur Foundation, [A New Textiles Economy: Redesigning Fashion's Future](#), 2017, accessed 9 November 2018; IndustriALL [website](#), accessed 9 November 2018; and the Clean Clothes Campaign [website](#), accessed 9 November 2018.

³ World Bank Group, [Stitches to Riches? Apparel Employment, Trade, and Economic Development in South Asia](#), 2016, accessed 9 November 2018.

⁴ [OECD Due Diligence Guidance for responsible supply chains in the garment and footwear sector](#), 2018, accessed 9 November 2018, and Transparency International, ["Call on clothing companies to tackle corruption, factory safety,"](#) June 2013, accessed 9 November 2018.

⁵ UN Environment, [Towards a Pollution-free Planet](#), 2018, accessed 9 November 2018.

⁶ [OECD Due Diligence Guidance for responsible supply chains in the garment and footwear sector](#), 2018, accessed 9 November 2018.

⁷ Ellen Macarthur Foundation, [A New Textiles Economy: Redesigning Fashion's Future](#), 2017, accessed 9 November 2018 and Ellen Macarthur Foundation, ["In Depth: Washing Machines,"](#) 2012, accessed 25 January 2018.

⁸ See WTO, [World Trade Statistical Review 2018](#), pp. 143-44, for the top 10 exporter countries for textiles and apparel.

⁹ [OECD Due Diligence Guidance for responsible supply chains in the garment and footwear sector](#), 2018, accessed 9 November 2018.

59 additional accidents have occurred in apparel factories, indicating that strong action is needed to
60 reduce negative impacts for apparel supply chain workers.¹⁰

61 **Sector-relevant reporting initiatives:** The textiles and apparel sector is subject to diverse
62 voluntary reporting initiatives, principles and certification schemes, including but not limited to the
63 *OECD Due diligence guidance for responsible supply chains in the garment and footwear sector*, the
64 Sustainable Apparel Coalition's Higg Index, WRAP's Sustainable Clothing Guide, and a range of
65 standards and certifications for garments such as FairTrade, Fair Wear, Better Cotton Initiative,
66 Global Organic Textile Standard, Oeko-Tex and others.¹¹ The work of these organizations as well as
67 others provides a broad foundation for building a common understanding of the sector's significant
68 impacts and how to report on these.

69 **GRI Reports data:** Data pulled from the GRI reports database on 4 January 2019 indicates that 145
70 G4 reports from 2014-2017 have been registered for textiles and apparel. GRI's sector program can
71 support these reporters and help to encourage new reporters by providing a user-friendly point of
72 entry for textiles and apparel companies to report on their impacts.

73 Project objectives and scope

74 **Objectives:** The primary objectives of this project are to:

- 75 • identify and describe the textiles and apparel sector's significant impacts and stakeholder
76 expectations, from a sustainable development perspective;
- 77 • provide evidence and authoritative references for these.

78 The resulting Sector Standard will provide context and clarity to textiles and apparel companies on
79 issues that are considered material for their sector.

80 It is anticipated that this project will generate insight during the process itself on the feasibility of
81 developing reporting requirements, recommendations, and/or guidance for the sector. Any additional
82 content on management approaches is to be compatible for organizations to use together with *GRI*
83 *103: Management Approach*.

84 Issues identified within this project for which no corresponding GRI Standard exists are to be assessed
85 and prioritized by the GSSB for future GRI Standards development.

86 **Responsibilities:** A multi-stakeholder Project Working Group will be formed to contribute to the
87 identification and description of significant impacts for the textiles and apparel sector, in accordance
88 with the [Due Process Protocol](#). The Project Working Group will be responsible for developing
89 recommendations for the Sector Standard, the GRI Standards Division will draft the text, and the
90 GSSB will have oversight and final approval over the Sector Standard before its release.

¹⁰ ILO [website](#), accessed 9 November 2018.

¹¹ [OECD Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector](#), 2017, accessed 18 December 2018; Sustainable Apparel Coalition's Higg index, <https://apparelcoalition.org/the-higg-index/>; WRAP, <http://www.wrap.org.uk/sustainable-textiles/scap/extending-clothing-life/guides/sustainable-clothing-guide>, and the certification schemes listed on the [Ecolabel index](#), accessed 18 December 2018.

91 **Scope:** The Standards Division recommends ‘Textiles and Apparel’ as the name for the covered
 92 sector and recommends that this sector project include textiles production, apparel and footwear
 93 manufacturing, and apparel retail activities. The sector key shown below in Table I links these
 94 activities to the external classifications systems GICS, ICB, and ISIC. The Standards Division will seek
 95 to recruit Project Working Group members with the appropriate expertise to make
 96 recommendations on content for these business activities.

97 Table I: Proposed Sector Key for the Textiles and Apparel Sector Project

Classification Standard	Classification No.	Classification Name
GICS	252030	Textiles, Apparel & Luxury Goods
	25504010	Apparel Retail
ICB	40204020	Clothing & Accessories
	40204025	Footwear
	40204030	Luxury Items
	40401020	Apparel Retailers
ISIC	C13	Manufacture of textiles
	C14	Manufacture of wearing apparel
	C15	Manufacture of leather and related products

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99 If during content development the Project Working Group determines that sector key needs revision
 100 (e.g. it becomes clear that some subgroup of the sector is not covered within content development as
 101 expected), the Project Working Group can recommend changes to this sector key for the GSSB’s
 102 consideration.

103 Next Steps

104 Table 2 on the following page shows the anticipated project timeline. A date for the open call, which
 105 depends on team capacity, will be confirmed at a later date. Note that scheduling changes may occur
 106 over the course of the project, due to approval processes or other circumstances, which may extend
 107 the timeline of this sector project.

I08 Table 2: Estimated Timeline for Textiles and Apparel Sector Project

Task Name	Days	Mar-19	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12	Month 13	Month 14	Month 15	Month 16
GSSB approves pilot project proposal and terms of reference	0	◆															
Open call for Project Working Group	30		■														
Recruitment for Project Working Group	21			■													
GSSB approval of Project Working Group membership (electronic vote)	0			◆													
Content development by Project Working Group	122					■	■	■	■	■	■						
GSSB approval of exposure draft	0									◆							
Public comment period	90										■	■	■	■	■		
Analysis of public comments and revision of draft	90													■	■	■	■
GSSB approval of final standard	0																◆

Discussion document

The Standards Division invites the GSSB to:

1. provide feedback on the project **objectives and scope**;
2. recommend **organizations or experts** that could be invited to join the Project Working Group;
3. approve this proposal to send to the Board and Stakeholder Council for feedback, or explain what amendments would be needed for this approval.

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Discussion document - This document does not represent an official position of the GSSB