Item 08 – GRI Sector Standards Project for Textiles and Apparel – Project proposal

For GSSB approval

Date	27 January 2022
Meeting	10 February 2022
Description	This document sets out the project proposal to develop a Sector Standard for the Textiles and Apparel sector - for GSSB discussion and approval.
	In accordance with the Due Process Protocol, the draft proposal was discussed on 21 October 2021. After that meeting, the project proposal was shared with the GRI Stakeholder Council and the GRI Board. No feedback was received from these groups. However, the Standards Division did conduct further research and consultations with relevant stakeholders to determine the merits of including apparel and footwear retail in the sector's scope.
	The final recommendation of the Standards Division is to include retailers in the scope of the sector.
	Please note: Following the development and submission of this project proposal, the GRI Sector Standards project for textiles and apparel will be one of several projects to begin under the GRI Sector Program. The commencement date of this project has not been determined and is subject to resource availability.

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Project background

In February 2019, the Global Sustainability Standards Board (GSSB) approved the GRI Sector Program to improve clarity and consistency in sustainability reporting.

The key criterion for prioritizing sectors is their sustainability impacts.

This considers the significance of the sector's impacts, considering their scale, scope, character, and likelihood. It also considers the sector's size, distribution around the world, and the number of organizations from that sector that are in a position to use the GRI Standards. A second criterion for prioritizing a sector is the potential to exploit learnings and synergies from other Sector Standards recently developed.

The first pilot sector standard – *GRI 11: Oil and Gas Sector 2021* – is finalized and has been released. The GSSB is currently considering the Sector Standard for Coal for approval, the Sector Standard for agriculture, aquaculture, and fishing is in the final stages of content development, and a fourth Sector Standard for mining is under development. A project proposal for a Sector Standard for food and beverages is also being presented to the GSSB.

Textiles and apparel is prioritized for standard development, according to the list of sectors approved by the GSSB in November 2020.

Sector overview

It is proposed that the Sector Standard for textiles and apparel will apply to organizations whose primary focus lies on:

- Textile production
- Apparel manufacturing
- Footwear manufacturing
- Apparel and footwear retail

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

The textiles and apparel sector is widely distributed across the globe, with major retailers in the clothing industry located in the United States, Europe, and Australia, and major manufacturers located in developing countries such as India, China, Turkey, Pakistan, Indonesia, Bangladesh, etc. Therefore, products are traded across countries. Many organizations are vertically integrated, but this is a highly competitive and fragmented sector.

It is proposed that the Standard be titled 'GRI 16: Textiles and Apparel Sector 20XX'.

The scope and name of this standard may deviate from this proposal following recommendations from the Textiles and Apparel Working Group.

Table 1 lists the relevant classifications from external classification standards, specifically the International Standard Industrial Classification of All Economic Activities (ISIC), Industry Classification Benchmark (ICB), Global Industry Classification System (GICS), and SICS Sustainable Industry Classification System® (SICS®)[1].

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[1] Sustainable Industry Classification System® or SICS® is the classification system of SASB.

40 *Table 1: Proposed sector key for the Sector Standards Project for Textiles and Apparel*

Classification Standard	Classification No.	Classification Name
ISIC	13	Manufacture of textiles
	14	Manufacture of wearing apparel
	15	Manufacture of leather and related products
	4641	Wholesale of textiles, clothing, and footwear
	4751	Retail sale of textiles in specialized stores
	4782	Retail sale via stalls and markets of textiles, clothing, and footwear
	9601	Washing and (dry-) cleaning of textile and fur products
ICB	55101020	Textile Products
	40204020	Clothing and Accessories
	40204025	Footwear
	40204030	Luxury Items
	40401020	Apparel Retailers
GICS	252030	Textiles, Apparel & Luxury Goods
	25504010	Apparel Retail
SICS®	CG.1	Apparel & Textiles

Sustainability impacts

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42 Textile and apparel products are highly traded across borders, following a complex and multi-layered
43 value chain that may prevent stakeholders from identifying sustainability impacts of organizations.

44 Apparel is a labor-intensive industry, and it is estimated that 75 million people are employed in clothes
45 manufacturing today, 80% of whom are young women between the ages of 18 and 24[2]. Poor working
46 conditions and wages not meeting living standards are on the agenda among the concerns in the
47 textiles and apparel sector. According to the United States Department of Labor[3], there is evidence of
48 forced and child labor in the fashion industry in Argentina, Bangladesh, Brazil, China, India,
49 Indonesia, Philippines, Turkey, Vietnam, and more.

50 Production of textiles and apparel has notable environmental impacts, including water pollution and
51 the release of microplastics. Waste is also a critical issue for the industry, with more than 80% of
52 clothes and other textiles ending its life being incinerated or landfilled[4].

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[2] Elizabeth Reichart and Deborah Drew, 'By the Numbers: The Economic, Social and Environmental Impacts of "Fast Fashion"', 1 October 2019, https://www.wri.org/insights/numbers-economic-social-and-environmental-impacts-fast-fashion

[3] U.S. Department of Labor, 'List of Goods Produced by Child Labor or Forced Labor', 23 June 2021, https://www.dol.gov/agencies/ilab/reports/child-labor/list-of-goods

[4] European Parliament, 'The Impact of Textile Production and Waste on the Environment', 29 December 2020, https://www.europarl.europa.eu/news/en/headlines/society/20201208STO93327/the-impact-of-textile-production-and-waste-on-the-environment-infographic

53 These impacts are provided to give a first indication of the scope of issues covered by the proposed
54 project. However, the issues recommended for inclusion within the Sector Standard for textiles and
55 apparel will be determined by a multi-stakeholder process in accordance with the Due Process
56 Protocol and may diverge from those contained within this project proposal.

57 Project objectives

58 The primary objective of this project is to develop a Sector Standard that improves the sustainability
59 reporting of textiles, footwear, and apparel organizations, making reporting more complete and
60 consistent across the sector.

61 This Sector Standard will:

62 • Identify and describe the topics that are likely material for a reporting organization in the
63 textiles, footwear, and apparel sector based on the sector's most significant impacts.

64 • Provide evidence and authoritative references for these topics to assist organizations in
65 identifying if they are material for them.

66 • Identify and list appropriate disclosures for reporting on those topics.

67 As per the new GRI Universal Standards, organizations in the textiles and apparel sector that want to
68 report in accordance with GRI standards will be required to use this Sector Standard.

69 Recommendations may also be made by the Textiles and Apparel Working Group regarding:

70 • The scope, key, and name of the Sector Standard.

71 • Considerations that may be relevant to Sector Standards for related sectors.

72 • Revisions or updates to other GRI Standards.

73 Impacts identified within this project for which no GRI Standard exists will be assessed and prioritized
74 by the GSSB for future GRI Standards development.

75 Division of responsibilities

76 A multi-stakeholder Working Group will be formed to identify the most significant impacts for the
77 textiles and apparel sector and give recommendations on the development of the Standard.
78 The Standards Division will draft the Standard, and the GSSB will have oversight and final approval
79 over the Standard before its release. The Standards Division will ensure coherence between the
80 Sector Standard for textiles and apparel and any Standards approved or under development.

81 The project will be conducted in accordance with the GSSB Due Process Protocol.

82 Timeline

83 The commencement date of this project has not been determined and is subject to resource
84 availability. Table 2, on the following page, outlines the anticipated project duration. The
85 commencement date and the predicted dates of other key milestones will be confirmed once known.

Table 2: Estimated duration of Sector Standards Project for Textiles and Apparel[5]

Phase	~Duration (months)	Month 1	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	Month 17	Month 18	Month 19	Month 20	Month 21	Month 22	Month 23	Month 24
Project commencement	1	█																							
Open call & recruitment of PWG	3		█	█	█																				
GSSB approval of Working Group membership	-				◆																				
Content development by Working Group	9					█	█	█	█	█	█	█	█	█											
GSSB approval of exposure draft	1														◆										
Public comment period	3															█	█	█							
Analysis of public comments and revision of draft	6																		█	█	█	█	█	█	
GSSB approval of final standard	1																								◆
Total (months)	24																								

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[5] Project scheduling changes may occur over the course of the project, including extensions to the duration of project due to approval processes or other circumstances.