Approaches and perspectives for advancing ESG performance in value chains through traceability and transparency

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Regulatory landscape

- European Green Deal
- Circular Economy Action Plan
- Due Diligence Legislation
- Corporate Sustainability Reporting Directive
- New Consumer Agenda
- Sustainable Products Initiative
- Legislative Proposal on Substantiating Green Claim

Business Scenario

COVID-19 crisis: disruption of supply chains
Consumers and investors’ attitudes towards sustainability and circularity

HSBC, 2017

74% of European investors integrate company ESG scores into decision making.

68% of global investors plan to increase their climate related investment.

97% European investors
85% US investors
68.3% Asia investors
19% Middle East investors

Q: Do you plan to increase your climate related investment? % of total market.

54%
consumers wanted to make more sustainable choices at the beginning of COVID 19 pandemic

40-60%
consumers would pay more for products with better environmental performance

61%
consumers do not understand environmental claims

44%
consumers do not trust environmental claims

EC, 2020

UNECE UN/CEFACT
Mapping of +100 policies, regulations and guidelines on traceability and transparency

Industries

Cross-industry
Garment and Footwear
Agri-Food
Minerals
Cosmetics
Timber

Geographical Areas

Europe
USA
Oceania
Asia
Africa
Global

UNECE Project
Enhancing Traceability and Transparency of Sustainable and Circular Value Chains in Garment and Footwear
### Key actions from institutions and governments

- Common definitions of ESG factors and risks
- Processes and strategies to identify, assess and mitigate risks
- Mandatory collection and disclosure of a variety of data
- Indicators, methods and standards
- Engagement with relevant stakeholders
- Accountability for businesses
- Responsible production and practices
- Education and awareness campaigns
Key actions from businesses

- Policies taking ESG risks into account
- ESG risks in the risk framework
- KPIs to be monitored
- Methodologies to test resilience to ESG risks
- ESG risk-related goals
- New business models and sustainable practices
- Sustainability related data sharing with all relevant stakeholders
- Sustainability standards
Enablers of ESG traceability and transparency

Information Exchange
Standards

Digital Tracking
Technologies
Role of standards

Common set of performance criteria

for sustainability data of products, processes and facilities

UNECE Traceability Standard for the garment and footwear sector developed under the UNECE Project Enhancing Traceability and Transparency of Sustainable and Circular Value Chains in Garment and Footwear
Blockchain for sustainability and circularity

- Advance the reliability of supply chain data and claims
- Visibility both in upstream and downstream activities
- Support companies in removing harm to people and the planet
ESG performance through traceability and transparency: fast-forwarding its evolution