INTERNATIONAL CONFERENCE & WORKSHOP

Confederation of Employers of Uzbekistan: Decent work—the basis of a stable society of employers

UNECE
The Sustainable Garment and Footwear Industry of the future – Innovation for Inclusive and Circular Value Chains

25 March 2022 – Hilton City Tashkent, Tashkent (Uzbekistan)
09:45-17:45 UZT
BUSINESS BREAKFAST & WELCOME OF CONFERENCE PARTICIPANTS

Investment potential of textile, leather and silk industries

08.00–09.30
DAY 2 - 25 MARCH 2022

Simultaneous interpretation: English, Russian, Uzbek
Venue: Hilton City Tashkent, Tashkent Hall, 2nd floor, Tashkent, Uzbekistan

Agenda
08:00-09:30  BUSINESS BREAKFAST & WELCOME OF CONFERENCE PARTICIPANTS
Investment Potential of Textile, Leather and Silk Industries
Moderator:
- VPC, Ashraf Megahed, Regional Head of Industry, Manufacturing, Agribusiness, and Services Middle East, Central Asia and Turkey.
Discussants:
- Confederation of the Employers of Uzbekistan, Ilkhom Khaydarov, Chairman
- Sustainable Leather Foundation, Deborah Taylor, Managing Director and UNECE Project Export
UNECE - United Nations Economic Commission for Europe, Maria Teresa Pisani, Economic Affairs Officer and Project Lead
- Indira Agno, Deepak Rana, General Director
- Global Textile Group of Companies, Mazaffar Rashkozov, Co-founder
- Hugo Boss, Andrea Redaelli, Head of Corporate Projects and Portfolio Management (TBC)

09:45-10:15  OPENING AND WELCOME REMARKS
- Senate of Oliy Majlis, Tanzila Narbayeva, Chairperson (TBC)
- Ministry of Investment and Foreign Economic Relations, Laziz Kudratov, First Deputy Minister (TBC)
- UNECE - United Nations Economic Commission for Europe, Dmitry Maryinsky, Deputy Executive Secretary
- International Labour Office, Olga Koulava, Director of DWT/CO for Eastern Europe and Central Asia (online)

10:15-11:00  DECENT WORK IN UZBEKISTAN
Moderator:
- Confederation of Employers of Uzbekistan, Elka Mangishvili, Executive Director
Presenters:
- Decent work as the basis of a stable society of employers and the main line of interaction within the social dialogue of national partners
- Confederation of the Employers of Uzbekistan, Ilkhom Khaydarov, Chairman
The role of the state in the formation of a stable society of employers
- Ministry of Employment and Labor Relations, Erkin Muhidinov, First Deputy Minister
- The role of trade unions of the republic in the promotion and actualization of decent work in the republic
- Council of Trade Unions Federations, Kudratilla Rafigov, Chairman
- Assessment of the tripartite dialogue in Uzbekistan, the involvement of social partners in improving the conditions for ensuring the principles of decent work
- International Labour Office, Vladimir Cucovic, Country Office for Eastern Europe and Central Asia, Senior Specialist in Employers’ Activities

11:00-11:45  UNECE POLICY RECOMMENDATIONS FOR ENHANCING TRACEABILITY AND TRANSPARENCY OF SUSTAINABLE VALUE CHAINS IN THE GARMENT AND FOOTWEAR SECTOR – FORMULATION AND IMPLEMENTATION OF A TRACEABILITY AND TRANSPARENCY ACTION PLAN
Learning Objective: Scaling-up the sustainability pledge and toolbox. Principles and components of a traceability system. Making traceability and transparency, sustainability and circularity work for small actors and vulnerable groups. Understanding how to integrate traceability and transparency in the overall sustainability strategy
Moderator:
- UNECE - United Nations Economic Commission for Europe, Maria Teresa Pisani, Economic Affairs Officer and Project Lead
Presenters:
- TIGHELL Law Firm, Lawyer and UNECE Project Expert, Claudia di Bernardo
UNECE Project Business Expert, Andrea Redaelli
Discussants:
- International Trade Centre, Joseph Wozniak, Head of Trade for Sustainable Development Programme
- Uzchar-merchant Association, Ferhat Hurruchkhammedov, Deputy Chairman

11:45-12:00  THE SUSTAINABILITY PLEDGE SIGNING CEREMONY BETWEEN
(1) CEI, (2) UZBEKISTAN TEXTILE AND GARMENTS INDUSTRY ASSOCIATION, (3) UNECE

12:00-13:15  PANEL DISCUSSION - UZBEKISTAN - SOCIAL DIALOGUE OF CENTRAL ASIA
Learning Objective: Acquaintance with the activities of the project: Clarification of the main goals and indicators of PIP as a regional project to support employers’ associations in the countries of Central Asia.
Moderator:
- Confederation of Employers of Uzbekistan, Elka Mangishvili, Executive Director
Discussants:
- Pahlavan, Susan-Bach, Managing Director, in the Association of Business Associations for Mecklenburg-Western Pomerania, Education and University Division (online)
- National Confederation of Employers of the Republic of Kazakhstan, Valentina Brestova, Vice President
- Social Dialogue in Kyrgyzstan, JLA, Parhad Pakyrov, Executive director
- International Labour Organization, Vladimir Cucovic, Senior Specialist in Employers’ Activities
- CGT, Gliga Laryova, Stakeholder Engagement Senior Manager (online)

13:15-13:30  SUMMING UP THE RESULTS OF THE CONFERENCE
- Uzchar-merchant Association, Pahlavan-Bach, Chairman
UNECE - United Nations Economic Commission for Europe, Maria Teresa Pisani, Project Lead and Economic Affairs Officer

13:30-15:00  Lunch
OPENING AND WELCOME REMARKS
09.45-10.15

• Senate of Oliy Majlis, Tanzila Narbayeva, Chairperson (TBC)
• Ministry on Investment and Foreign Economic Relations, Laziz Kudratov, First Deputy Minister (TBC)
• Delegation of European Union to Uzbekistan, Charlotte Adriaen, Ambassador
• UNECE - United Nations Economic Commission for Europe, Dmitry Mariyasin, Deputy Executive Secretary
• International Labour Office, Olga Koulæva, Director of DWT/CO for Eastern Europe and Central Asia (online)
9.45-10.15 - Opening and Welcome Remarks

Ms. Tanzila Narbayeva
Chairperson,
Senate of Oliy Majlis
TBC

Mr. Laziz Kudratov
First Deputy Minister,
Ministry on Investment and
Foreign Economic Relations
TBC

Ms. Charlotte Adriaen
Ambassador,
Delegation of European Union
to Uzbekistan

Mr. Dmitry Mariyasin
Deputy Executive Secretary,
United Nations Economic
Commission for Europe (UNECE)

Ms. Olga Koulaeva
Director of DWT/CO for Eastern
Europe and Central Asia
International Labour Office (ILO)
(online)

DECENT WORK IN UZBEKISTAN

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• International Labour Office, Vladimir Curovic, Country Office for Eastern Europe and Central Asia, Senior Specialist in Employers’ Activities
UNECE POLICY RECOMMENDATIONS FOR ENHANCING TRACEABILITY AND TRANSPARENCY OF SUSTAINABLE VALUE CHAINS IN THE GARMENT AND FOOTWEAR SECTOR

11.00-11.45

Moderator
• UNECE - United Nations Economic Commission for Europe, Maria Teresa Pisani, Economic Affairs Officer and Project Lead

Presenters
• TMSHELL Law Firm, Lawyer and UNECE Project Legal Expert, Claudia di Bernardino
• UNECE Project Expert, Andrea Redaelli

Discussants
• International Trade Centre, Joseph Wozniak, Head of Trade for Sustainable Development Programme
• Uzcharmsanoat Association, Farkhod Nurmukhammedov, Deputy Chairman

International Conference & Workshop – 25 March 2022 – Hilton City Tashkent
11.00-11.45 - UNECE Policy Recommendations for Enhancing Traceability and Transparency of Sustainable Value Chains in the Garment and Footwear Sector

Moderator

Maria Teresa Pisani
Economic Affairs Officer and Project Lead
UNECE

Presenters

Claudia di Bernardino
Lawyer, TMSHELL Law Firm and UNECE Project legal Expert

Andrea Redaelli
UNECE Project Expert

Discussants

Joseph Wozniak
Head of Trade for Sustainable Development Programme, International Trade Centre (ITC)

Farkhod Nurmukhammedov
Deputy Chairman, Uzcharmsanoat Association of leather, footwear and fur producers of Uzbekistan

Scaling-up: The Sustainability Pledge and Toolbox

Maria Teresa Pisani
Economic Affairs Officer and Project Lead,
United Nations Economic Commission for Europe (UNECE)

25 March 2022 – Hilton City Hotel, Tashkent
Drivers for Traceability and Transparency
Enhancing Traceability and Transparency of Sustainable Value Chains in the Garment and Footwear Industry

1. Drivers

I Social forces

II Market forces

III Regulatory forces

IV Technological forces

1. Actors/ Enablers

1. Civil Society
   - Plays an increasing role in demanding greater scrutiny of private sector actors and in driving demand for more sustainable products

2. Consumers
   - Ready to pay a premium for products with greater transparency
   - Will boycott / punish products and investors with opaque credentials

3. Industry
   - Aware of reputational risk
   - Strive to be ahead of regulation to reduce compliance risk
   - Sees opportunity in demand growth for sustainable products

4. Investors
   - Increasingly shifting their portfolios towards ESG investments
   - Wary of exposure to planetary boundaries and stranded assets

5. Law makers
   - Responding to civil society demand for greater transparency and traceability

6. Technology
   - New digital and physical technological innovation reduce barriers and costs
Consumers and Investors’ behaviors towards Sustainability and Circularity

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

54% consumers want to make more sustainable choices

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

European Commission, 2020

Sustainably invested assets among investors worldwide in 2020 with a forecast for 2025, by region
Statista, 2021
Definitions

Unece Recommendation No. 46: Enhancing Traceability and Transparency of Sustainable Value Chains in the Garment and Footwear Industry

**Traceability**

The ability to trace the history, application or location of an object

…”the conditions in which they were produced through the supply chain” (OECD, 2018)

**Transparency**

“…relevant information being made available for all elements of the value chain in a harmonized way…. which allows for common understanding, accessibility, clarity and comparison” (EU, 217)

**Sustainability**

“All activities, throughout a product’s life cycle, take into account their environmental, health, human rights and socioeconomic impacts, and their continuous improvement” (UNSDG; UNECE, 2020)

**Circularity**

“The ability of this process to retain the value of products, materials and resources in the economy for as long as possible” (EU, 2015)

Unece Recommendation No. 46: Enhancing Traceability and Transparency of Sustainable Value Chains in the Garment and Footwear Sector:

[https://unece.org/sites/default/files/2021-04/ECE_TRADE_C_CEFACT_2021_10E_Rec46-Textile_0.pdf](https://unece.org/sites/default/files/2021-04/ECE_TRADE_C_CEFACT_2021_10E_Rec46-Textile_0.pdf)
The UNECE Framework Initiative
Enhancing Traceability and Transparency of Sustainable Value Chains in the Garment and Footwear Industry

**Toolbox – Timeframe 2019-2022**

01. **Policy** Dialogue Platform & Recommendation

   - Adopted in April 2021

02. Traceability **Standard & Implementation Guidelines**

   - Adopted in April 2021

03. **Blockchain** Pilots & Capacity Building

   - Ongoing

04. **Call to Action** & Sustainability Pledge

   - Ongoing

From Sept. 2019 to Sept. 2021

Policy

- Policy Recommendation No.46
- Call to Action
- Policy Brief – The blockchain technology for due diligence and sustainability in cotton VCs

Standard

- Business Process Analysis for Leather & Textile
- Business Requirements Specification, Processes, Part I. Use cases, Part II

Guidelines and Studies

- Mapping of policies, regulations and guidelines
- Mapping of Sector Ecosystem
Towards an enabling environment for traceability & transparency

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

Policy coherence
Wide industry engagement

A standardised approach for an interoperable international standard

- Reliable product information
- Increased accountability
- Risk-management
- Responsible consumption and production

Technology (e.g. Blockchain) solutions facilitating market access for SMEs and vulnerable groups

#TheSustainabilityPledge
@UNECE
@un_ece
@UNECEpage
Policy Recommendations Measures and Implementation - Principles and Components of a Traceability System

Claudia Di Bernardino
Partner at TMSHELL Law Firm
UNECE project legal consultant

25 March 2022 – Hilton City Hotel, Tashkent
Policy and regulatory developments

From February 2020 to February 2021

+100

Policies, Regulations and Guidelines mapped

Industries

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

What is the Mapping Document?

Tool

for monitoring the changing policy and regulatory framework and checking business compliance with regulations and policies

Asset

for connecting different stakeholders and fostering the implementation of sustainable development measures
How Was This Mapping Used?

**Tool**

To define the key areas to be covered and the measures to be developed in the Policy Recommendation N°46
## Table of contents – Policy Recommendation

### A. Introduction
- **Transparency and traceability**: enablers for compliance with policy/regulators/corporate objectives for sustainability & circularity and for solid claims

### B. Scope
- **Whole Value Chain**: from raw material production, through manufacturing, to consumption and post-consumption
- **Action areas**: for Recommendations

### C. Target audience
- **Public-sector policy makers**
- **And**: Business and industry associations; Consumers; IGO; Investors; Local authorities; NGOs; Scientific and technological community; Workers and trade unions

### D. Purpose & Benefits
- **A level playing field**: incentive for good actors
- **Globally recognized approach**: for data sharing
- **Better access to remedies**: for workers and consumers
- **Fight to counterfeiting and illegal trade**

### E. Challenges
- **Organizational & technological complexities**
- **Data**: privacy and security, reliability and authenticity
- **Investments in advanced technologies**: e.g. blockchain, RFID

### F. Recommendation
- **5 cluster areas and 9 recommendations**: norms and standards; Incentives; Innovation and R&D; Awareness and consumers education; Multi-stakeholders collaborative initiatives
Policy recommendations for Traceability and Transparency

1. **Policy Actions, Norms & Standards**
   - a) Harmonized policies and regulations for policy coherence
   - b) Minimum levels of traceability, from raw materials sourcing, for products, processes and facilities
   - c) Companies’ efforts to embrace higher transparency
   - d) Reduced implementation burden through use of international standards and use of existing data

2. **Incentives**
   - e. Economic and fiscal
   - f. Non financial: sustainable procurement, fast customs clearance, specialized training, IT investment and technology transfer, non-financial reporting requirements, public visibility, peer learning

3. **Research & Development, Innovation**
   - i. Sustainability / circularity production and consumption processes
   - ii. Provenance and authenticity tracing solutions for products
   - iii. Increased products’ lifespan
   - iv. Sustainable material
   - v. Recycling, reusing, redesigning

4. **Awareness and education**
   - i. Informed choices
   - ii. Awareness of the shared responsibility
   - iii. Increase demand for sustainable materials, products, processes

5. **Multi-stakeholder collaborative initiatives**
   - i. Global open-source knowledge platform
   - ii. Multi-stakeholder policy dialogues
   - iii. Pilot projects for innovative approaches and advanced technologies
A. Introduction

• **Purpose**: Practical guidance on the development of traceability systems to support claims and regulatory compliance for sustainable and circular garment and footwear value chains.

• **Target audience**: High Level Government and Private Sector Managers with implementation responsibility.

B. Traceability principles

• **9 Principles**: Awareness, Knowledge, Risk-based Analysis, Commitment, Engagement, Structured implementation, Norms & Standards, Appropriate technology, Inclusiveness.

C. Key traceability systems concepts

• Claims
• Traceable Assets
• Logistics Units
• Unique Identifiers (IDs)
• Entry & Exit Points
• Traceability models
• Verification criteria
• Verification processes

D. Cost allocation & incentive systems

• **Costs related to traceability and transparency**: e.g., costs for development of the system; data collection and exchange, certification, inspections, audits, etc.

• **Type of incentives**: financial and non-financial, public vs private.

• **Criteria of cost structure for value-chain partners**

E. Supporting role of advanced technologies

• **Opportunities and challenges**

• **Type of supporting technologies**: e.g., AI, IOT, Blockchain, Internet Cloud Services, Advanced product labelling (QR, RFID, DNA markers, NFC labels).

• **Criteria for their selection and impact**

F. Creating inclusiveness in traceability systems

• The digital divide
• Gender considerations
• Small- and medium-sized enterprises
• Integrating Developing Countries

For the Beginning and End of Traceability

Entry & Exit Points

- At each of these points the traceable asset needs to meet specified criteria.
- The primary factor in deciding on entry and exit points should be what must be traced, and when, in order to support the claim.
Information Exchange for Traceability and Transparency

1. Sustainability-related information

- Origin/Location
- Economic Operator
- Composition/Specification
- Input/Output

Environment

- Input
  - (Chemical/Pesticides)
  - Water
  - Energy
  - CO2
  - Soil
  - Air
  - Thermic
  - Noise
  - Biodiversity
  - Deforestation
  - Habitat
  - Waste/End-of-life
  - Animal Welfare

- Child Labour
- Forced Labour
- Land Use
- Work & Social protection
- Trade Unions & Collective bargaining
- Sexual harassment
- Gender inequality
- Discrimination
- Homemakers

Social

- Permits
- Contracts
- Compliance to legislation/regulations

- Management
- Administration
- Quality
- Inspections/Certificates

Governance

- Health
- Safety

2. Scope covered

- End-to-end value chain
  - Raw material production
  - Manufacturing
  - Post-Consumption
  - Consumption
  - Branding

UNECE

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The Sustainability Pledge

International Trade Centre

In collaboration with ITC
Cost Allocation and Incentives

Cost allocation is a key factor in the uptake and implementation of a traceability and transparency system.

Costs for traceability and transparency are related to:

- The development of the system including identifying and implementing a standardized dataset for information exchange among partners to ensure that shared data are interpreted consistently and correctly.
- The system’s ongoing implementation, including data collection, supporting data exchange between systems, inventory management and labelling.
- Meeting sustainability verification criteria such as certifications or audits.
Supporting Role of Advanced Technologies

Some advanced technologies that can support traceability and transparency

• Artificial intelligence (AI) and machine learning systems
• Blockchain technology
• Internet cloud services
• Distributed databases and data pipelines
• Internet of Things (IoT)
• Advanced product labelling:
  ➢ Quick response (QR) codes
  ➢ Physical tracer technologies
  ➢ Radio frequency IDs (RFID)
  ➢ Near-field communications (NFC) labels
Formulation and Implementation of a Traceability and Transparency Action Plan

Andrea Redaelli
UNECE Project Business Expert

25 March 2022 – Hilton City Hotel, Tashkent
1. Define a vision statement

The **vision statement** summarizes the **objectives** of a traceability and transparency system and the **benefits** for the stakeholders involved.

**Example of vision statement:** Our vision is to promote the application of the highest social, environmental, and health & safety principles during the creation of products for our customers, throughout our entire value chain.
Formulation and implementation of a traceability and transparency action plan

2. Set the objectives, carry out a feasibility study and identify related performance indicators

<table>
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<th>Action plan summary</th>
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<tr>
<td>1. <strong>Vision</strong>: define a vision statement</td>
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<td>2. <strong>Objectives</strong>: set the objectives, carry out a feasibility study and identify related performance indicators</td>
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<td>5. <strong>Resources</strong>: allocate financial and human resources</td>
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</table>

**Objectives** should be **SMART**: Specific, Measurable, Attainable, Relevant, Time bound.

**Example of SMART objective**: Attain full traceability for the top 30% of our products by collecting information about products and process characteristics throughout the whole value chain within 3 years.

**Example of Transparency and Traceability KPIs**:

- % of value chain steps with an identified and verifiable sustainability claim on the total number of value chain steps
- % of tracked value chain steps for each material and semi-finished/finished product on the total number of value chain steps
- % of identified and disclosed value chain partners on total number of value chain partners
- % of value chain business processes covered by the traceability system

*Source: Adapted from UNECE, Guide to drafting a National Trade Facilitation Roadmap (ECE/TRADE/420).*
3. Plan the activities and define the timing

Example of Activity:

- We will invest (amount)EUR in advanced traceability technologies to reduce time and cost, increase the accuracy and speed of data and allow product authentication.

- In total, next year (x) suppliers will be provided with training on the subject of traceability and transparency of value chains in collaboration with our sustainability, product development, marketing, and purchasing teams.

- By the end of next year, we will make information about (x) suppliers available easily and freely on our website.
The detailed governance structure and the functions and composition of the steering committee will vary from company to company in accordance with a company’s organizational charts for sustainability-related functions. In general, a governance structure should report to the top management of a company to ensure that sustainability objectives are integrated into staff responsibilities and the functions of managers and staff at all levels.
Formulation and implementation of a traceability and transparency action plan

5. Allocate financial and human resources

Describe the necessary **human and financial resources** needed for the implementation of the activities, as well as the **overhead budget** for the management of the action plan.

**Example:** *The financial and human resources in support of the activities will be detailed in an annexed budget.*

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**Source:** Adapted from UNECE, Guide to drafting a National Trade Facilitation Roadmap (ECE/TRADE/420).
Formulation and implementation of a traceability and transparency action plan

6. Monitor results based on performance indicators

Examples of results:

- Through investments in advanced technologies, we were able to increase the accuracy and speed of data exchange by (xx) and allow product authentication across our value chain.

- The training sessions to suppliers resulted in an agreement on the design of a joint traceability system.

- The increased transparency resulted in higher ranking of (xx) in the transparency index.

Source: Adapted from UNECE, Guide to drafting a National Trade Facilitation Roadmap (ECE/TRADE/420).
Making Traceability and Transparency, Sustainability and Circularity work for Small Actors and Vulnerable Groups

Joseph Wozniak
Head of Trade for Sustainable Development Programme (T4SD)
International Trade Centre (ITC)

25 March 2022 – Hilton City Hotel, Tashkent
The development challenge we address

Positive shift towards sustainability and green growth

**Market demand:** Rise in *consumer expectations* and *company requirements* for transparency and due diligence in supply chains

**Policy frameworks:** Greater environmental and social issues coverage in *Free Trade Agreements* and government policy proposals for supply chain laws

**MSME impact:** Compliance with standards and regulations have a *decisive impact on MSME competitiveness*, moving from niche to the mainstream

However, this presents challenges to MSMEs

- *Standards and sustainable production practices can be complex and compliance is costly*, especially for MSMEs in agricultural and textiles/apparel value chains

To respond, MSMEs need:

- **Data** that is accessible and comprehensive
- **Sustainability requirements** information
- **Support for compliance** to ensure relevance and market access – “Capacity Building”
The Sustainability Gateway integrated solution

- Identify standards by product, sector, area
- Assess your business for compliance online
- Explore and compare standards
- Connect to sustainable enterprises and increase business opportunities
- Access validated data from trustworthy partners
- Customized standards assessment and traceability tools, leveraging brand partnerships for MSME gain

➢ E-learning Courses
➢ International Executive Masterclass
➢ Publications
Standards Map: Your roadmap to sustainable trade

Focusing on voluntary sustainability standards (VSS)

A free tool, providing access to information on over 310 standards

- Specifications to ensure that materials, products, processes and services meet sustainability requirements demanded from buyers, consumers, and the public sector
- Helping small producers overcome the knowledge gap to add value to their products and do business with buyers who increasingly require standards

Quick Statistics:
- Users from over 192 countries
- New user growth
  - 2011 – 2015: 119,000
  - 2016 – 2022: 500,000+
Navigating the Green Labels jungle
Voluntary sustainability standards, certification programs, audit protocols, codes of conduct, international conventions & guidelines, reporting frameworks, etc.

ITC’s key strategic positioning:
✓ Unique database, unparalleled know-how, worldwide recognition, no competition;
✓ Neutrality of ITC and partnership-based model with VSS organizations;
✓ Full transparency and same information requested from all participating standards;
✓ Participatory process for maintenance of information on VSS: ITC / VSS organization / Independent reviewer;
✓ Free access to all as Global Public Good;
✓ Dedicated dissemination channels and customized training for all interest groups and beneficiaries: MSMEs, TISIs support institutions & BSOs, Policymakers, NGOs, Research institutions & academia.
Empowering sustainability across global value chains

The Connecting over 60'000 businesses, support organizations and practitioners promoting sustainable production, consumption and trade

Empowering 60’000 MSMEs to increase their business potential
- Gain visibility towards potential buyers looking for sustainable products
- Create an online profile or QR code to market their businesses globally
- Easily verify the validity of certifications and sustainability claims

Supporting 54 brands to verify the validity of certification claims
- Access trustworthy data and verify suppliers’ sustainability claims
- Map and provide transparency on brands’ supply chains
- Communicate the brand’s sustainability story

Building bridges between multistakeholder initiatives (MSIs)
- Display certifications and create global public network of sustainable companies
- Leverage unique identifier to understand multiple certifications
- Take advantage of T4SD solutions to automate data transfer

Scan this QR Code to know my story
ITC & ICS joined forces since 2018 to work towards improving the transparency of ICS Member’s supply chains and empowering their suppliers.

**ITC Solution leveraging ITC Sustainability Map**
- To map and visualize ICS members supply chain – *Fostering the transparency of brands value chains*
- To enhance the visibility of ICS members suppliers – *Giving visibility to suppliers committed to sustainable production and processing*

**A few facts & figures**
- 2000+ digital factory profiles collected to date
- 85+ networks with over 12’000 connections made between tiers (going up to tier 5)
- Supply chain mapping of entire value chain beyond 50% by one ICS member & seven other beyond 25%

Working with over 60 brands:

Carrefour  
LACOSTE  
MAISONS DU MONDE  
MONOPRIX

*Supported by*  
**UNECE**  
**The Sustainability Pledge: Trace it, Trace it, Wear it**  
**International Trade Centre**  
**Funded by the European Union**
Gain visibility towards potential buyers looking for sustainable products

Create an online profile and QR code to market your business globally

Easily backup the validity of your certifications and sustainability claims

Showcase the network of brands already sourcing your sustainable products

Respond to EU regulations on Transparency & Traceability in global value chains

We want to have a factory ID with ITC and ICS because we want to tell more about our sustainability journey and commitment to the Sustainability Development Goals.

Mr. Tran, Le Phuong, Sales Manager, Ngoc son Afcuo
As of February 2022. For more details, including which countries and tiers brands & standard holders accept SLCP data from, please see the full list on the SLCP website.

- Pre-competitive consortium of 257 signatories, including manufacturers associations and many of the largest fashion brands
- The SLCP system avoids audit duplications by providing a converged S&L assessment framework to be used by all participating stakeholders.
- Converged Assessment Framework (CAF): data collection tool and robust verification, co-developed with ILO Better Work
- Estimated 18 million EUR in savings for garment facilities as of February 2022 that can be redirected towards the improvement of social and labour conditions.
- Currently over 20% of suppliers using SLCP, globally, according to a Better Buying Institute study.

53 Brands accepting SLCP Assessments
➢ July 2022: Targeting 10,000 facilities using the system.

➢ December 2023: Targeting 25,000 facilities, roughly 77% of global facility volume.

➢ Estimated roughly $18 million in savings

➢ Over 7,000 users and completed verified assessments
How to support MSMEs

A game-changer scalable across multiple sectors

- Development impact to support thousands of MSMEs in improving their environmental and working conditions, impacting millions of employees

Clarifying complex supply chains

- Transparency and traceability tools for businesses to substantiate claims in a cost-effective way

Supporting policy objectives

Enabling the practical implementation of environmental and social sustainability objectives through global value chains

- Enabling positive change
  - Drive adoption by suppliers and brands globally

Helping consumers trust the claims made for the products they buy

- Competitive advantage to brands that invest in sustainable production

Demand driven and inclusive

- Active involvement of business organizations and companies to drive change
- Open and inclusive - businesses & business organizations, NGOs, academics, technological providers, data intermediaries, international organizations, etc.

Effective and innovative solutions

- Support thousands of brands and small manufacturers to help themselves implement better practices
- Supporting technologically innovative solutions (ITC global public goods and open data platforms)
Uzcharmsanoat Association of leather, footwear and fur producers of Uzbekistan

Farkhod Nurmukhammedov
Deputy Chairman, Uzcharmsanoat Association

25 March 2022 – Hilton City Hotel, Tashkent
COMPETITIVENESS IMPROVEMENT PROGRAM

Intra-sectoral cooperation
(more than 500 enterprises: leather and footwear, fur and wool, leather haberdashery, modern automated slaughterhouses)

Import substitution & localization

Integration
Science (R&D) + State support
+ Education + Production

Creation of new and modernization of existing enterprises

Support for local producers

Promotion and expand of export geography

Ensuring the protection of the domestic market through the introduction of labeling

DIGITIZATION OF THE SPHERE

STATE VETERINARY AND LIVESTOCK DEVELOPMENT DATABASE

STATE CUSTOMS DATABASE

STATE TAX BASE

DATABASE OF THE MINISTRY OF EMPLOYMENT AND LABOR RELATIONS

MARKING SYSTEM

MONITORING OF RAW MATERIALS PRODUCTION

USE OF POWER

ANALYSIS OF FOREIGN TRADE OPERATIONS OF ENTERPRISES

PERSONNEL LEVEL ANALYSIS

DEVELOPMENT OF THE NEXT STRATEGY OF THE INDUSTRY

INFORMATION SYSTEM OF THE ASSOCIATION “UZCHARMSANOAT”

Funded by
The European Union
ORGANIZATION OF CLUSTERS FOR THE PRODUCTION OF LEATHER AND FOOTWEAR PRODUCTS ON THE BASIS OF “PREMIUM LEATHER” LLC and “ORIENT TECHNOLOGY” JV LLC

I. modern automated slaughterhouses

“Premium Leather” LLC is 6.0 million USD

II. Production of Wet Blue skins

capacity: 30 thousand heads

III. Production of finished leather

capacity: 80 mln. sq. dm.

IV. Production of footwear

capacity: 60 mln. sq. dm.

V. Production of leather goods

capacity: 200 thousand pairs

Export 65 %
Domestic market 35 %

capacity: 100 thousand pieces

Export 60 %
Domestic market 40 %

“Orient Technology” JV LLC is 10.0 million USD

II. Production of Wet Blue skins

capacity: 500 thousand heads

III. Production of finished leather

capacity: 90 mln. sq. dm.

IV. Production of footwear

capacity: 80 mln. sq. dm.

V. Production of leather goods

capacity: 400 thousand pairs

Export 20 %
Domestic market 80 %

Export 70 %
Domestic market 30 %

Domestic market

Export

35 %
65 %
40 %
60 %
80 %
30 %

“Premium Leather” LLC
“Orient Technology” JV LLC

4. Leather products
THE SUSTAINABILITY PLEDGE SIGNING CEREMONY BETWEEN

(1) Confederation of Employers of Uzbekistan
(2) Uzbekistan Textile and Garments Industry Association
(3) UNECE

11.45-12.00
Tools are ready
it’s time to implement

Scaling Up: The Sustainability Pledge
The Sustainability Pledge Brand Book

[Images of brand guidelines, color palettes, and example applications]
In order to MAKE YOUR PLEDGE please complete the form available on: http://thesustainabilitypledge.org/

What is the Call to Action

www.thesustainabilitypledge.org
Vivienne Westwood
• N. of traced supply chain phases / Total n. of supply chain phases defined by UNECE
• N. of product Phases finalized on Blockchain platform / Total Phases in scope

Clean Clothes Campaign
• % of brands included that disclose supply chain
• % of brands that commit to concrete policies on a living wage
• % of brands that can show workers in their supply chain receive a living wage

SDA Bocconi
• N. of Companies belonging to the Monitor for Circular Fashion
• N. of Companies implementing the suggested KPIs
• Representativeness of Companies involved (key players of different activities of the textile and garment value chains; medium and large companies)
Pledges, Actors & Partners

54 Pledges
195 Partners
46 Pledging Actors

Actors Breakdown:
- Suppliers/Producers/Retailers: 12
- Service & Support: 13
- Academia, Civil Society Organizations, Platforms: 19
- International Governmental, Governmental Organizations: 1
- N/A/Other: 1
- Total: 46
The Sustainability Pledge Report

Suppliers, Producers, Retailers

Scottish Leather Group

Academia, Civil Society Organizations, Platforms

International Governmental, Governmental Organizations

Service & Support

UNIDO - United Nations Industrial Development Organization

Funded by the European Union

UNICEF
The Sustainability Pledge video
THE SUSTAINABILITY PLEDGE

JOIN THE UNECE CALL TO ACTION
TO ENHANCE TRACEABILITY AND TRANSPARENCY
IN GARMENT AND FOOTWEAR VALUE CHAINS

MAKE YOUR PLEDGE →
PANEL DISCUSSION - UZBEKISTAN - SOCIAL DIALOGUE OF CENTRAL ASIA - Acquaintance with the activities of the project: Clarification of the main goals and indicators of CIP as a regional project to support employers’ associations in the countries of Central Asia

12.00-13.15

Moderator
• Confederation of Employers of Uzbekistan, Eka Margishvili, Executive Director

Discussants
• BWMV, Susan Bach, Managing Director, in the Association of Business Associations for Mecklenburg-Western Pomerania, Education and University Division (online)
• National Confederation of Employers of the Republic of Kazakhstan, Valentina Breusova, Vice President
• Social Dialogue in Kyrgyzstan JIA, Parhad Pakyrov, Executive director
• International Labour Organization, Vladimir Curovich, Senior Specialist in Employers’ Activities
• GIZ, Gina Burgard, Project Manager Uzbekistan Cotton Project
• amfori, Guggi Laryea, Stakeholder Engagement Senior Manager (online)
12.00-13.15 - Panel Discussion –
Guarantees and prospects for labor rights in Central Asia: Organizational and practical measures to create decent working conditions for employees

Moderator
Eka Margishvili
Executive Director
Confederation of Employers of Uzbekistan

Discussants
Susan Bach
Managing Director,
BWMV

Valentina Breusova
Vice President, National Confederation of Employers of the Republic of Kazakhstan

Parhad Pakyrov
Executive Director, Social Dialogue in Kyrgyzstan JIA

Vladimir Curovich
Senior Specialist in Employers’ Activities, ILO

Gina Burgard
Project Manager Uzbekistan Cotton Project, GIZ

Guggi Laryea
Stakeholder Engagement Senior Manager, AMFORI


UNECE
THE SUSTAINABILITY PLEDGE
TRADE, TRACE IT, WEAR IT
International Trade Centre
IN COLLABORATION WITH ITC
Funded by the European Union
Panel discussion - Guarantees and prospects for labor rights in Central Asia: Organizational and practical measures to create decent working conditions for employees

Gina Burgard
Project Manager Uzbekistan Cotton Project
GIZ - Deutsche Gesellschaft für Internationale Zusammenarbeit

25 March 2022 – Hilton City Hotel, Tashkent
GIZ Project ‘Sustainability and Value Added in the Cotton Economy in Uzbekistan’

Gina Burgard, Project Manager

25.03.2022
Objective:

Increasing sustainability in the cotton supply chain in Uzbekistan by:

- Promoting sustainable farming methods
- Strengthening sustainable capacities for local value addition
- Fostering global knowledge exchange

• Commissioner:

German Federal Ministry for Economic Cooperation and Development (BMZ)

Duration:

04/2019 - 03/2024

Important Partners:

Ministry of Agriculture of the Republic of Uzbekistan
UzTextileprom
GIZ Cotton Project in Uzbekistan - Areas of Action

Increase of economic, social and ecological sustainability

Production → Processing → Export

Sustainability and Value Added in the Cotton Economy in Uzbekistan
Contacts

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www.giz.de
https://twitter.com/giz_gmbh
https://www.facebook.com/gizprofile/
Panel discussion - Guarantees and prospects for labor rights in Central Asia: Organizational and practical measures to create decent working conditions for employees

Guggi Laryea
Stakeholder Engagement Senior Manager
AMFORI

25 March 2022 – Hilton City Hotel, Tashkent
Guarantees and prospects for labor rights in Central Asia: Organizational and practical measures to create decent working conditions for employees

Guggi Laryea, amfori

25 March 2022
Vision

We support our members to responsible business conduct in their supply chain.

We believe in Trade with Purpose. We are amfori.

Products

- Quality Management Assessment: QMI (*)
- Environmental Risk Assessment: BEPI
- Social standard: BSCI
- Reporting: Insights
- Grievance: Speak for Change (**)
Snapshot of our membership
**Context**

- **amfori -GIZ Project**
  - ‘Sustainability and Value Added in the Cotton Economy in Uzbekistan’ project launched by GIZ
  - Workshops from June 2021 to Dec 2021 (Phase 1)
  - Workshops from June 2022 to March 2022 (Phase 2)  TBC
- Amfori/GIZ/Uzbektextilprom Partnership on awareness raising/advocacy on decent work in Uzbekistan

**Objectives**

- Increase worker income
- Improve Health & Safety at the workplace
- Create new and better employment

**Solution**

- 6 amfori Capacity Building BSCI topics
- 3 major geographical hubs
- approx. 70 factories
- Around 170 learners

**Commissioned by**

German Federal Ministry of Economic Cooperation and Development (BMZ) to Deutsche Gesellschaft für internationale Zusammenarbeit (GIZ)

**Implemented by**

amfori
Target groups: training reach

Target group 1 – Module 1

• Political managerial decision makers and representatives of Uztextilprom, Labour Unions, factories management

Target group 2 - Modules 1-2-3

• Industrial workers consisting of factory managers, CSR managers, quality managers, HR/OHS managers and workers’ representatives

• With a minimum of 30% women

<table>
<thead>
<tr>
<th>F2F Workshops</th>
<th>Learners</th>
<th>Factories addressed in 3 locations</th>
<th>Topics</th>
<th>Training hours</th>
<th>Duration</th>
</tr>
</thead>
<tbody>
<tr>
<td>21</td>
<td>100</td>
<td>50</td>
<td>6</td>
<td>170</td>
<td>6 months</td>
</tr>
</tbody>
</table>

Stakeholders / expected impact / Potential

• Raising awareness: continuous improvement of social responsibility for factory managers
• Expanding exposure of compliant Uzbek factories to potential new customers
• Provision of a final evaluation report sharing lessons learnt, future prospects and needs
• Continuous PR management on ongoing changes in the sector in respect to social standards (press statements, briefings) by amfori
Project offer and timeline

Group 2 (Industrial workers): 6 modules in 3 major hubs (Tashkent, Namangan, Samarkand)

Topics divided in 3 modules:

1st MODULE
JUL _ SEPT 2021
- Introduction to CSR and amfori BSCI
- Management systems

2nd MODULE
OCT _ NOV 2021
- Occupational Health & Safety
- Fair Remuneration/ Decent working Hours

3rd MODULE
DEC 2021
- Responsible Recruitment
  (Young workers - Child labour Forced labour management)
- Internal auditing, self-assessment, audit reports,
  Remediation plan, and implementation reporting

Launch
June 2021
Invitations
June 2021
ToT / DEV Translations
June 2021
1st module
Jul 2021
2nd module
Oct 2021
3rd module
Dec 2021
Final evaluation
Feb 2022
Extending the project project

amfori and GIZ have provisionally agreed to extend capacity building project

• Extension will cover:
  • Corporate Social Responsibility (CSR) and Due Diligence
  • OHS/Worker Protection & Involvement
  • Environmental Compliance, Wastewater & Chemical Management

• Tentative Timeframe: June 2022 – March 2023

• Target group: Staff of textile companies and stakeholders in cotton clusters
LUNCH

13.30–15.00

25 March 2022 – Hilton City Hotel, Tashkent
International Conference & Workshop

Confederation of Employers of Uzbekistan: Decent work—the basis of a stable society of employers

THANK YOU
JOIN THE SUSTAINABILITY PLEDGE

thesustainabilitypledge.org
INTERNATIONAL CONFERENCE & WORKSHOP

Confederation of Employers of Uzbekistan: Decent work—the basis of a stable society of employers

UNECE The Sustainable Garment and Footwear Industry of the future – Innovation for Inclusive and Circular Value Chains

25 March 2022 – Hotel Hilton, Tashkent (Uzbekistan)
09:45-17.45 UZT
International Conference & Workshop – 25 March 2022 – Hilton City Tashkent

THE BUSINESS PROCESS ANALYSIS AND DATA MODEL FOR SUSTAINABLE AND CIRCULAR VALUE CHAINS
15.00-16.00

Moderator
• International Trade Centre, Joseph Wozniak, Head of Trade for Sustainable Development Programme

Presenters
• UNECE Project Expert Data & Business Model, Gerhard Heemskerk
• TMSHELL Law Firm, Lawyer and UNECE Project Expert, Claudia di Bernardino
• Sustainable Leather Foundation, Managing Director and UNECE Project Expert, Deborah Taylor
• Filmar SpA, Piera Solinas, CSR Manager and UNECE Project Expert Cotton Value Chain

Discussants
• International Labour Office, Jonas Astrup, Chief Technical Advisor, Uzbekistan
• InTrade AG/Swiss Capital International Group AG, Umid Mirzaev
15.00-16.00 - The Business Process Analysis and Data Model for Sustainable and Circular Value Chains

**Moderator**
Joseph Wozniak  
Head of Trade for Sustainable Development Programme, International Trade Centre (ITC)

**Presenters**
- Gerhard Heemskerk  
  UNECE Project Expert Data & Business Model
- Claudia di Bernardino  
  Lawyer, TMSHELL Law Firm and UNECE Project Legal Expert
- Deborah Taylor  
  Managing Director, Sustainable Leather Foundation and UNECE Project Expert
- Piera Solinas  
  CSR Manager, Filmar SpA and UNECE Project Expert Cotton Value Chain

**Discussants**
- Jonas Astrup  
  Chief Technical Advisor, Uzbekistan, International Labour Office (ILO)
- Umid Mirzaev  
  InTrade AG/Swiss Capital International Group AG

Business Requirements and Data Model for Sustainable and Circular Value Chains

Gerhard Heemskerk
UNECE Project Expert Data & Business Model

25 March 2022 – Hilton City Hotel, Tashkent
Business Requirement Specification (BRS)

Initial Contributions
Policy Recommendation
Business Process Analysis
Workshops, experts feedback

Business Requirement Specification for Textile & Leather

Processes
Part 1
Textile Value Chain
Leather Value Chain

Use cases
Part 2
Published
Traceability Data
Transparency Data

UNECE
UN/CEFACT
eBiz4.0

UNECE
THE SUSTAINABILITY PLEDGE
Funded by the European Union
IN COLLABORATION WITH ITC
Need for supply chain visibility

Value chain

Entry Point

Transformation Shipments + Sustainability

Transformation Shipments + Sustainability

Trading Shipments + Sustainability

Exit Point

Consumption Recycling + Sustainability

Cotton Value Chain

1. Cultivation of cotton
2. Cotton harvest
3. Ginning
4. Spinning
5. Dyeing
6. Weaving
7. Manufacturing
8. Enablement
9. Retailing
10. Consumption
11. Post consumption
Providing a standardized framework

UN Core Component Library

Buy-Ship-Pay subset

- Supply Chain
- Multi Modal Transport
- Cross-Border Management
- Sustainable Development & Circular Economy

Derived Messages

Textile & Leather
Providing standardized data

- **Traceability data**
- **Standardized data**
- **Transparency data**

**Data Components**
- Crop
- Certification
- Laboratory results
- Production
- Waste management
- Emissions

**Code Lists & Identifiers**
- Animals
- Products
- Batches
- Chemicals
- Materials
- Flots
- Transport means
- Shipments

**Events**
- (what, why, when, where, who)

**Data structures**

**Sustainability data**
- (how)

Funded by the European Union
Linking sustainability to key information components

Key traceability information components
- Location
- Facility
- Transport
- Party
- Process
- Product
- Batch

Key sustainability information components
- Sustainability characteristic
- Material
- Certification
- Sustainability Claim
- Process
- Certificates
- Facility
- Inspection
- Referenced Standard

Key traceability information components linked to key sustainability information components.
Referenced standards and sustainability performance

- **ITC Standards Map**
  - Worldwide Responsible Accredited Production - WRAP

- **Certified Object**: Facility
  - ID/URI
- **Criteria/Metrics**
  - ID, Type, Method, Min / Max value etc.
- **Sustainability Criteria/Metrics**
- **Performances (values)**
- **Certificate**
  - e.g. certified object: Facility
- **Claim**
  - This T-Shirt has been made respecting human rights.

318 standards

- **Facility**
- **Process**
- **Product**

**Compliance**
Registering and sharing supply chain events

Based on the concept of ISO EPCIS Traceability standard
Proof of concept: Blockchain Pilot

Traceability and Transparency
Blockchain Pilot in the Garment and Footwear Industry

supply chain graph
Benefits:

- Accessable
- Interoperable
- Accurate
- Compare
- Findable
- Reusable
- Validate
- unique

Draft reference guide on code lists and identifiers for textile and leather sector
<table>
<thead>
<tr>
<th></th>
<th>Keypoints</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>PART OF UN/CEFACT BUY-SHIP-PAY MODEL</td>
</tr>
<tr>
<td>2</td>
<td>MODEL FOR CROSS INDUSTRY USE</td>
</tr>
<tr>
<td>3</td>
<td>GLOBAL SCOPE</td>
</tr>
<tr>
<td>4</td>
<td>FOR SME &amp; LARGE ENTERPRISES</td>
</tr>
<tr>
<td>5</td>
<td>BASED ON STANDARDS</td>
</tr>
<tr>
<td>6</td>
<td>SUPPORTS TRACEABILITY</td>
</tr>
<tr>
<td>7</td>
<td>SUPPORTS TRANSPARENCY</td>
</tr>
<tr>
<td>8</td>
<td>STANDARDIZED DATA STRUCTURES</td>
</tr>
<tr>
<td>9</td>
<td>STANDARDIZED CODE LISTS</td>
</tr>
<tr>
<td>10</td>
<td>TECHNOLOGY INDEPENDENT</td>
</tr>
</tbody>
</table>
Sustainability Claims for Traceability and Transparency

Claudia di Bernardino
Lawyer, TMSHELL Law Firm and UNECE Legal Project Expert

25 March 2022 – Hilton City Hotel, Tashkent
DESIGNING CLAIMS FOR SUSTAINABILITY

Product

Process

Organization

Hotspots Analysis

Types of Claims Linked to the Sustainability Hotspots

➢ Social
➢ Environmental
➢ Economic

Promoting to Consumers
Education on and Awareness of the Meaning and Proper Interpretation of Claims

Promoting to Businesses
Education concerning the Proper Development and Use of Sustainability Claims
“More and more people want to live a green life, and I applaud companies that strive to produce eco-friendly products or services. However, there are also unscrupulous traders out there, who pull the wool over consumers’ eyes with vague, false or exaggerated claims. The Commission is fully committed to empowering consumers in the green transition and fighting greenwashing. This is precisely one of the main priorities of the New Consumer Agenda adopted last autumn.”

Didier Reynders, Commissioner for Justice
UNECE GUIDELINES ON SUSTAINABILITY CLAIMS

- UNECE Policy Recommendation and Implementation Guidelines
- EU Initiatives
  - Legislative Proposal on Substantiating Green Claims
  - Textile Strategy
  - New Consumer Agenda
  - Circular Economy Action Plan
  - European Green Deal
  - Unfair Commercial Practices Directive

- What: Tool for Developing Claims
- Why: To Support different Stakeholders
- Who: Businesses/Consumers
- How: Methodology

UNECE Guidelines on Sustainability Claims (forthcoming)
DEFINITION AND COMPONENTS OF SUSTAINABILITY CLAIMS

A high-level statement about a characteristic of a product, or about a process or an organization associated with that product.

Source: UNECE Draft Policy Recommendation, Guidelines

A claim that covers one or multiple sustainability dimensions (economic, environmental, social).

Source: UN Environment Guidelines for Providing Product Sustainability Information

SUSTAINABILITY RELATED INFORMATION

Objective | Requirements | Description of the traceable asset | Description of the proposed claim | Verification criteria
01 | 02 | 03 | 04 | 05

Claims Concept for Traceability and Transparency

UNECE The Sustainability Pledge: Track It, Trace It, We Are It
International Trade Centre
In collaboration with ITC

Fund by the European Union
Minimum Content of Sustainability Claims

- whole product
- whole company
- entire life cycle
- public facing (B2C)
- specific elements
- one or more products
- stage of the life cycle
- business to business (B2B)

Claims Concept for Traceability and Transparency
CRITERIA FOR DEVELOPING SUSTAINABILITY CLAIMS

- Clear
- Understandable
- Accurate
- Substantiated
- Visible and Accessible
- Go beyond Regulatory Compliance
- Not Create an Undue Transfer of Impacts
- Be Updated

Number of identified criteria to enhance the value and effectiveness of claims
# Claims Concept for Traceability and Transparency

## BUILDING RELIABLE CLAIMS

<table>
<thead>
<tr>
<th>Traceable asset</th>
<th>Claimed State</th>
<th>Verification Criteria</th>
<th>Objective</th>
</tr>
</thead>
<tbody>
<tr>
<td>“This product”</td>
<td>“Comes from (source”)</td>
<td>“Independently certified to”</td>
<td>“For responsible business practices”</td>
</tr>
<tr>
<td>“This material”</td>
<td>“Supports”</td>
<td>“Certified”</td>
<td>“Protect water resources”</td>
</tr>
<tr>
<td>“This component”</td>
<td>“Contributes to”</td>
<td>“Commits to”</td>
<td>“Protect land use”</td>
</tr>
<tr>
<td>“This process”</td>
<td>“Has supported the sustainable production of”</td>
<td>“Certified by a third-party certifier”</td>
<td>“Ensure fair wage for workers”</td>
</tr>
<tr>
<td>“This shipment”</td>
<td>“Contains at least x% certified content”</td>
<td>“manufactured in accordance with x standard”</td>
<td>“No child labour used”</td>
</tr>
<tr>
<td>“This facility”</td>
<td></td>
<td></td>
<td>“Environmental impact”</td>
</tr>
</tbody>
</table>

A suggested general format for claims is the following:

[Traceable Assets] comply with [Claimed State] in accordance with [Verification Criteria] for/to support [Objective]

Examples:

- **Imported knitwear** contains *ethically grown and traded cotton* from Country A and is obtained in compliance with the *standard* for ensuring *responsible business conduct*.
- **Imported Ready-made-garments** from suppliers in Country B have been manufactured using *good labour practices in accordance with the ILO fundamental labour standards*, which support *sustainable sourcing*.
SUSTAINABILITY CLAIMS
AS A CREATIVE OPPORTUNITY

➢ To share stories of sustainable production and consumption
➢ To change the narrative of the garment and footwear sector
➢ To emerge successfully from the pandemic with values of sustainability and credibility
➢ To understand products and behaviours’ sustainability impacts
➢ To make the shift on circularity
➢ To be game changers
Claims Concept for Traceability and Transparency

THOUGHTS ON HOW TO MOVE FORWARD

- Guidelines on claims
- Sustainability labelling requirements
- Consumer awareness and education
- Businesses awareness and education
- Harmonized regulatory frameworks
- Enforcement of consumer protection laws
- Common methodology to measure products’ impacts and substantiate claims
- Industry codes
- Tracking technologies
- Consumer engagement
- Communications approaches
Deborah Taylor
Managing Director, Sustainable Leather Foundation and UNECE Project Expert in Leather Value Chain

The Business Process Analysis (BPA)
What is a BPA & Leather Value Chain

25 March 2022 – Hilton City Hotel, Tashkent
What is Business Process Analysis (BPA)?

It is a top-down analysis of a value chain in 5 steps:

1. Identification of the Value-Chain
2. Definition of the Processes
3. Identification & mapping of activities/events inside each process
4. Documentation of Information exchanges
5. Identification of Individual data
Creating the Textile and Leather Value Chain BPAs

Both the textile and leather BPAs used the same methodology. However, the processes are very different for these two materials, so the results of the following steps were also very different.

The most efficient way to obtain data to support traceability and transparency is to identify existing information exchanges where it is already available: invoices, purchase orders, bills-of-lading, transport documents, etc.

Within all steps, the experts first assessed what currently exists and then assessed any identified gaps that could affect successful implementation of traceability and transparency.

Use common definitions and unique IDs/standard codes). This also means that parties who need to exchange data can do so easily and can understand the data they find (in a shared, central or distributed database).
Identify processes and actors

The first stage of the BPA is to identify the value chain processes and the actors that perform the processes using Use Case Diagrams.

- Use Case Diagrams to identify processes
- Identification of Risks and Mitigation
- Activity Diagrams for each process
- Business Process Descriptions of each Activity Diagram
- Overlay of existing data with generic data requirements

1. Farming of Livestock
2. Slaughter
3. Preservation
4. Tanning (raw to tanned)
5. Splitting, shaving and sorting
6. Retanning, fatliquoring and crusting
7. Dyeing, setting out and sammying
8. Drying, conditioning, softening and finishing
9. Product assembly
10. Fulfilment & retail
11. Post consumption
Processes and Actors - LVC

- Use Case Diagrams: Once the written description of the processes was in place, it was necessary to create a visual representation to show the sequencing and where the different actors have input to the processes, link and work across different parts of the value chain. This resulted in a Use Case Diagram.

Centre Ovals to represent the processes

Upstream Processes

Direct Processes

Downstream Processes

Stick people to represent the actors

Connecting lines to show actors responsibility in the value chain

You can see the full report and diagrams in the Leather BPA document on the project website
A simpler visual of processes was created for the written report.

Flowchart of Key Processes in Leather Manufacture

1. Farming of Livestock
2. Slaughter
3. Hide/Skin Preservation
4-8. Raw to Finished Manufacture of Leather
9. Product Assembly, Dispatch & Warehousing
10. Fulfilment & Retail
11. Post Consumption

Possible Subcontract operations

4. Raw to Tanned Process
5. Splitting, shaving & Sorting
6. Retanning, Fatliquoring & Crust
7. Dyeing, Setting Out, Samming
8. Drying, Conditioning, Softening & Finishing

Colour Key:
- Upstream Processes
- Direct Processes
- Downstream Processes
Identify risks and mitigation

- Principle references for the risk definitions as outlined in the UNECE Policy Recommendations came from the:
  - Organisation for Economic Cooperation and Development (OECD)
  - International Trade Centre (ITC)
  - United Nations Environment Programme (UNEP)
  - Research from the United Nations Economic Commission for Europe (UNECE).

Textile and leather value chains are long and complex with many sustainability hotspots – life cycle stages of a product or service that contributes significant environmental, social and/or economic impact.

**Understanding where the hotspots are is critical to identifying corrective actions**
Risks in Value Chain Processes – Textile or Leather

- Energy Consumption
- Greenhouse Gas Emissions
- Health & Safety / PPE
- Human Rights
- Labour Risks
- Water Use

- Deforestation
- Biodiversity
- Animal Welfare
- Air Pollution
- Water Pollution
- Hazardous Chemistry / Salt
- Solid Waste
Sustainability Risks in the Leather Value Chain

1. Farming of Livestock
2. Slaughter
3. Hide/Skin Preservation
4-8. Raw to Finished Manufacture of Leather
9. Product Assembly, Dispatch & Warehousing
10. Fulfilment & Retail
11. Post Consumption

Process Colour Key:
- Energy Consumption
- Greenhouse Gas Emissions
- Health & Safety / PPE
- Human Rights
- Labour Risks
- Water Use

Risk Colour Key:
- Upstream Processes
- Direct Processes
- Downstream Processes
- Risks

Deforestation
Biodiversity
Animal Welfare
Air Pollution
Water Pollution
Hazardous Chemistry / Salt
Solid Waste
Detailed Business Process & Data Descriptions

• The Use Case Diagrams that were created in Part 1 formed the basis for the Business Process Descriptions (BPDs), where a detailed analysis of the individual processes was made in terms of:
  • Associating the risks to the processes
  • Identifying what data is already being exchanged as part of each process.

• This is a 2 part process – creating Activity Diagrams and then Business Process Descriptions of the Activities.

• This “layering” of the different BPA components is what enables the recommended standard to be created.
Step 1: Creation of Activity Diagrams for each of the Use Case Diagram Processes
### Detailed Business Process Descriptions 1 of 2

<table>
<thead>
<tr>
<th>Name of process</th>
<th>1a Farming of livestock – whole life farm: birthing and raising of livestock to end of life</th>
</tr>
</thead>
<tbody>
<tr>
<td>Business process short description</td>
<td>Leather is manufactured from the hide or skin of an animal. There are various farming models:</td>
</tr>
<tr>
<td></td>
<td>a. Farms that raise animals from birth to end of life</td>
</tr>
<tr>
<td></td>
<td>b. Private or family small holdings</td>
</tr>
<tr>
<td></td>
<td>c. Industrial systems that start with birthing farms, before moving livestock to rearing/raising farms and then moving the livestock to finishing yards (sometimes known as feedlots).</td>
</tr>
<tr>
<td></td>
<td>d. Exotics systems that combine egg breeders/collectors, hatching farms and finishing farms</td>
</tr>
<tr>
<td>Process participants</td>
<td>Farmers, Breeders, Other Suppliers - Farm supplies, Transporter Product Guardians, Slaughterhouses (Abattoirs), Inspectors/Certifiers</td>
</tr>
<tr>
<td>Input &amp; criteria to enter/begin the process</td>
<td>Planning of livestock herd (this could involve liaison with Brands or could be part of the meat &amp; diary industry)</td>
</tr>
</tbody>
</table>

### Description of Activities

A step-by-step description of what happens in the process. If parallel or overlapping steps must be finished before the next step, the first two digits of the number should be the same with a third digit added.

<table>
<thead>
<tr>
<th></th>
<th>DESCRIPTION</th>
<th>Required DOCUMENTS</th>
<th>Required OTHER INFORMATION / communication method</th>
<th>TRACEABILITY Actions &amp; Data required</th>
</tr>
</thead>
<tbody>
<tr>
<td>1a.1 Planning</td>
<td>Planning of animal herd size (could involve meat &amp; diary or brand)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1a.2.1 Feed Order</td>
<td>Place order with suppliers</td>
<td>Purchase Order to Feed Supplier Invoice from Feed Supplier</td>
<td>Any feed requirements? (i.e. no GM or similar) Order from Farmer: email, mobile phone SMS, WhatsApp</td>
<td>Record of receipt of feed supplies</td>
</tr>
<tr>
<td>1a.2.2 Ancillaries Order</td>
<td>Place order for equipment or other farm supplies</td>
<td>Purchase Order to Feed Supplier Invoice from Feed Supplier</td>
<td>Order from Farmer: email, mobile phone SMS, WhatsApp</td>
<td>Record of receipt of feed supplies</td>
</tr>
<tr>
<td>1a.3 Receive supplies</td>
<td>Receipt of feed &amp; other farm supplies to stock inventory</td>
<td>Despatch notes confirming goods received</td>
<td>Order confirmation from supplier: email, mobile phone SMS, WhatsApp</td>
<td>Inventory of feed &amp; materials to be registered at the farm.</td>
</tr>
</tbody>
</table>

**Step 2:** Creation of Business Process Description
## Detailed Business Process Descriptions 2 of 2

| Output & criteria to exit the business process | Slaughterhouse is in receipt of fully grown cattle ready for end-of-life process before the hide / skin is separated from the meat & carcass, ready for leather manufacturer (see BPD 2). |
| “Common” exceptions/problems | Identification not always transparent. A rearing / raising farm may be receiving quantities of young cattle from a number of different birthing farms. A finishing farm may be receiving quantities of part-raised cattle from a number of different rearing / raising farms. Different systems of identification may be adopted by different farms Transportation legislation may differ across countries or states which could impact animal health & welfare |
| Circular Economy related observations | Waste from the food industry can be used as animal feed. Manure from animals can provide fertiliser (both on and off farms) Rotation of crops and livestock farming help to preserve biodiversity and health of soil |
| Other Observations, in particular related to traceability needs for different activities | Farm Models: There are many different farming models globally, ranging from industrial systems as outlined in this BPD, to more simple whole life farms as illustrated in BPD 1a. Additionally there are global variances that must be recognised & in some instances protected within a transparent system, in order to preserve social economies & cultures. |
| Related laws, rules, regulations | Different regulations & laws are applicable in different countries & regions. |

### Sustainability Risks, Criteria and Verification

<table>
<thead>
<tr>
<th>Sustainability risks [hot spots] within this process</th>
<th>Sustainability criteria and standards to address the risk</th>
<th>Verification methods for criteria and standards</th>
</tr>
</thead>
<tbody>
<tr>
<td>A19. SGS</td>
<td>B19. SA8000 Social Accountability Audit</td>
<td></td>
</tr>
<tr>
<td></td>
<td>B20. Social Accountability International (SAI)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>B20a. SA8000 Social Accountability Audit</td>
<td></td>
</tr>
<tr>
<td></td>
<td>B4. AGW (A Greener World)</td>
<td></td>
</tr>
</tbody>
</table>

---

**Step 2:** Creation of Business Process Description
The final stage of the BPA is to then overlay the generic traceability and transparency requirements (as explained by Virginia in the first part of this session) over the now identified existing business processes as outlined in the BPDs.
Traceability Process Overlays

- Layering of generic traceability requirements and exchanges onto the related Activity Diagrams
- Identification of the gaps
- Recommendation for the solution

These nodes represent the corresponding generic traceability activity from the previous slide.
Conclusion of LVC Business Process Analysis

• The potential for good data availability is present throughout the leather and textile value chains. Where gaps in data availability exist, they are generally in the upstream tiers from the farm or fibre sources through to the first transformation facilities (tannery, ginning mill or spinner). In the downstream tiers, i.e. when moving the finished leather or fabric to the product manufacturer and beyond, the gaps are generally related to the recording of data.

• That is not to say that data is not available, but that there is no current mechanism for the consistent transfer and sharing of that traceability and transparency data.

• BPAs can help identify where risks exist and where the data to fill existing information gaps might be collected.
The Business Process Analysis (BPA) Cotton Value Chain

Piera Solinas
CSR Manager, Filmar SpA and UNECE Project Expert Cotton Value Chain

25 March 2022 – Hilton City Hotel, Tashkent
UNECE Pilot-Standard cotton value chain

**Standard Cotton Value Chain**

1. Planting and cultivation of cotton
2. Cotton harvest identification & transfer from farmer to ginner
3. Ginning & transfer to spinner
4. Spinning & transfer to dyer, bleacher, washer
5. Dyeing, bleaching, washing & transfer to weaver
6. Weaving & transfer to fabric finisher
7. Garment or product production & transfer to enoblement
8. Product Enoblement & packaging and transfer to “retailer”
9. Placement of product in stores or on-line for sale
10. Consumption and disposal
11. Post consumption recycling
UNECE Pilot-Standard cotton value chain

Standard Cotton value Chain

- Planting and cultivation of cotton
- Cotton harvest, identification & transfer from farmer to ginner
- Ginning & transfer to spinner
- Spinning & transfer to dyer, bleacher, washer
- Dyeing, bleaching, washing & transfer to weaver
- Weaving and transfer to fabric finisher
- Garment or product production & transfer to ennoblement
- Product ennoblement & packaging & transfer to retailer
- Placement of product in stores or online for sale
- Consumption and disposal
- Post-consumption recycling

Service providers: transporters, chemical suppliers, water treatment suppliers, waste collectors
Claims assurance process (standard-setting body, self-assessed, second party verified, verified by certification body)
3 broad groups

- **Upstream processes**: preliminary to textile manufacturing, in the agricultural sector or the chemical industry
- **Textile and garment manufacturing**: industry is primarily involved
- **Consumption and end-of-life**: consumers directly involved either as a purchaser or a user
Hotspots along the cotton-textile value chain

Climate impact of the cotton-textile industry is substantial. A hotspot is a stage in the life cycle of a product or service that accounts for a significant part of its environmental, social and/or economic impacts.

Understanding where the hotspots are in our value chain and more specifically in our operations is critical to identifying corrective actions.
# Summary of hotspots along the cotton-textile value chain

<table>
<thead>
<tr>
<th>Stage</th>
<th>Hotspots</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Fibre Production</strong></td>
<td>• High use of fossil fuels</td>
</tr>
<tr>
<td></td>
<td>• High use of agrichemicals, land and water to produce natural fibres, especially cotton</td>
</tr>
<tr>
<td></td>
<td>• Unsafe working conditions</td>
</tr>
<tr>
<td><strong>Yarn, Fabric and Textile Production</strong></td>
<td>• High use of fossil fuels for heat and electricity generation in energy intensive textile processes (which involves climate, human health and ecosystem quality impacts)</td>
</tr>
<tr>
<td></td>
<td>• Use of hazardous chemicals</td>
</tr>
<tr>
<td></td>
<td>• Release of microfibres</td>
</tr>
<tr>
<td></td>
<td>• Unsafe working conditions</td>
</tr>
<tr>
<td><strong>Use Phase</strong></td>
<td>• High use of electricity in the care of textiles over their lifetime</td>
</tr>
<tr>
<td></td>
<td>• High use of water and releases of microfibres in washing textiles over their lifetime</td>
</tr>
<tr>
<td><strong>End-of-Life</strong></td>
<td>• Low rates of recovery of textiles at end-of-life leading to high material value loss and non-renewable resource depletion</td>
</tr>
</tbody>
</table>
Climate impact across the global apparel value chain

Apparel end-of-life makes a negligible contribution to climate impact. Currently only around 13% of clothing is recycled, predominantly to lower value uses, such as insulation and cleaning cloths for which little or no energy intensive processing is required. % represent megatons of CO2 eq
Impact on freshwater withdrawal across the global apparel value chain

- **Fibre production (3rd)**: 21%
- **Wet processes (2nd)**: 24%
- **Use of apparel ranks 1st for water use**: 35%

* Apparel end-of-life makes a negligible contribution to freshwater withdrawal. Currently only around 13% of clothing is recycled, predominantly to lower value uses, such as insulation and cleaning cloths for which little or no energy intensive processing is required.
However, poor working conditions, low wages and child labour have made cotton cultivation and textile production the focus of NGO and media attention.

The garment industry is a substantial contributor to employment in many countries.
Risk Reduction in the Textile Production Lifecycle - Fibre standards

Initiatives and certifications in this category take a relatively broad scope, incorporating social, economic development and labour rights issues into their standards as well as environmental issues. They allow (with certain limitations) both product and process claims.
HIGHLIGHTS

UNECE Innovation for Sustainable Development Review (I4SDR) for Uzbekistan

16.25-16.30

Jakob Fexer
Economic Affairs Officer, UNECE (online)
THE TECHNOLOGY MODEL FOR TRACEABILITY AND TRANSPARENCY AND DUE DILIGENCE IN TEXTILE AND LEATHER

16.30-17.30

Moderators
• UNECE Secretariat, Olivia Chassot and UNECE Project Business Expert, Andrea Redaelli

Presenters
• TMSHELL Law Firm, Lawyer and UNECE Project Legal Expert, Claudia di Bernardino
• The University of Applied Sciences and Arts of Southern Switzerland, Giacomo Poretti, IT Engineer Senior Researcher (online)
• Filmar SpA, Piera Solinas, CSR Manager and UNECE Project Expert Cotton Value Chain

Discussants
• Indorama Group, Prakash Kejriwal, Director
• International Finance Corporation, Ulugbek Rahimov, Project Economist
• Haelixa, Gediminas Mikutis, Co-Founder and Chief Technology Officer (online)
• Better Cotton Initiative, Rachel Beckett, New Country Start-up Manager

International Conference & Workshop – 25 March 2022 – Hilton City Tashkent
The Technology Model for Traceability & Transparency and Due Diligence in Textile and Leather

Olivia Chassot, UNECE Secretariat
Andrea Redaelli, UNECE Project Business Expert

25 March 2022 – Hilton City Hotel, Tashkent
The technology model for Traceability & Transparency and due diligence in textile and leather

The potential of advanced technologies to advance traceability, transparency and due diligence focus on Blockchain/DLT

- **Distributed Ledger Technology** supports...
  - Immutable data sharing
  - Multiple points
  - Fragmented environments
  - Easy scalability

---

**Why Blockchain?**

**TRANSPARENCY = MANAGEMENT**

**UNTRANSPARENCY = RISK**

---

**Simplified model, circularity not considered**

**Farm**
- Cotton cultivation

**Harvest**
- Collection of cotton bales

**Ginning**
- Seed and contaminations are removed

**Spinning**
- Fibres are spun into yarn

**Dyeing**
- Yarn is dyed to obtain preferred colour

**Weaving**
- Premium quality fabric is produced

**Finishing**
- Treatment to smoothen and release fabric with desired properties

**Sewing**
- Putting the garment together

**Brand & Retailer**
- Retail in stores
The technology model for Traceability & Transparency and due diligence in textile and leather

Developing and implementing blockchain systems in complex environment

1. POLICY RECOMMENDATION
   - Framework
   - Guidelines

2a. TEXTILE TRACEABILITY STANDARD
   - Business Process Description
   - Activity Diagrams
   - Business Requirements Specifications
   - Data Model

2b. LEATHER TRACEABILITY STANDARD

3. BLOCKCHAIN PILOT & CAPACITY BUILDING

- Pilot Concept to be implemented
- Stakeholders’ questionnaire
- Scope definition
- User stories & “fil rouge”
- Sustainability claims
- Business & technical requirements
- Legal validation
- Solution design

UNECE
THE SUSTAINABILITY PLEDGE
INTERNATIONAL TRADE CENTRE

Funded by the European Union
Blockchain Pilots

Harnessing the potential of blockchain technology for sustainability and due diligence in cotton value chains

Cotton Pilot
- Cooperatives/farms/traders: 2
- Manufacturers/suppliers: 4
- Brands/Retailers: 4
- Standard-setting bodies: 2
- Academia-think tanks/Plat.: 4
- DNA marker provider: 1
- IOs: 3

UNECE Pilot Leadership
- > 60 Pilot partners
- End-to-end VC traceability
- 18 Countries in Africa, Asia, Europe, North and South America

Leather Pilot
- Raw Material prov./traders: 4
- Manufacturers/suppliers: 4
- Brands/Retailers: 5
- Certification bodies: 2
- Industry associations: 4
- Ceramic marker provider: 1
- NGOs: 1
- IOs: 1
- R&D and testing centre: 1
**A progressive approach**

**Step 1:** Identification of traceable asset, analysis of inputs, processes and value chain partners onboarding

**Step 2:** Evaluation of sustainability hotspots and mitigation measures in place

**Step 3:** Identification of related claims

**Step 4:** Data collection, trainings and data upload in the blockchain platform

**WHO**
- Identify BUSINESS PARTNERS of a value chain (industry & business)

**WHAT**
- Select ASSETS, VALUE CHAIN and CLAIMS
- Define MILESTONES and TIMELINE in an appropriate plan
- Create PHASES, MILESTONES and TIMELINE in an appropriate plan that includes a BUDGET

**WHEN**
- Start with the end in mind: define GOALS and KPIs to measure achievements

**HOW**
- Define MILESTONES and TIMELINE in an appropriate plan

**WHY**
- Identify BUSINESS PARTNERS of a value chain (industry & business)
Partners operates at different speed based on their experience, know how, complexity and available information along the Value Chain.

### KICK OFF

- **Project Core Team**
  - Provide main information about the project, the pilot activity and main tools to start to prepare the information to enter in the system.
  - Attend the kick off and define the type of approach (self coordinated or guided). Be proactive to involve your value chain partners. Create your Working Group (WG).

- **Main Partner**
  - Attend the kick off and define the type of approach (self coordinated or guided). Be proactive to involve your value chain partners. Create your Working Group (WG).

- **Other Partners**
  - Attend the kick off and follow up the requests of the working group. Be proactive.

### PILOT RUN

- **1. PREPARATION**
  - Coordinate preparation and implementation activities in the Blockchain platform as per Self-Organized or Guided approach. Provide full support to partners.
  - Select Self-Organized or Guided approach and start the activities in your WG. Confirm identified partners (suppliers, producers and organizations), value chain, claims and materials. Start to collect information as per TT Matrix Template. Book a date and attend the training. Provide information about materials and DNA marker needs.
  - Follow up the requests of your working group. Collect the needed information as per the TT Matrix Template. Attend the training and provide the information about your materials and DNA marker.

- **TRAINING**
  - Follow up the requests of your working group. Collect the needed information as per the TT Matrix Template. Attend the training and provide the information about your materials and DNA marker.

- **2. IMPLEMENTATION**
  - Upload the collected information in the BC platform as per the data collected via the TT Matrix Template. Play your role in the value chain directly in the platform. Monitor and continuous check of the results in the BC platform. Provide support to the partners in your value chain. Track materials by DNA marker.
  - Upload information in the BC platform as per your data collection, always refer to your part of the TT Matrix Template. Validate documents as per requests. Play your role in the value chain by BC platform. Support the requests of the main partner and Project Core Team. Track materials by DNA.

### RESULTS

- **Collect final result and communicate it. Lesson Learned. Provide input for Capacity Building. Feedback to other pilots.**
  - Support the Core Team by results analysis and continuous feedback.
  - Contribute to get the final results of the pilot and continuous feedback.
Different roles to contribute to the pilot project

**EXPERTS**
- Technology
- Business
- Tags
- Fintech
- Organizations
- Institutions
- Sustainability
- Supply Chain
- Associations
- Fibers
- Leather
- Retail/Brand
- Traceability

**CERTIFICATIONS, LEGAL, TECHNICAL, AUDITING, EDUCATION, TRAINING,...**

**RAW MATERIAL SUPPLIER**
- 1. Planting and cultivation of cotton
- 2. Cotton harvest identification & transfer from farmer to ginner
- 3. Ginning & transfer to spinner
- 4. Spinning & transfer to dye, bleacher, washer
- 5. Dyeing, bleaching, washing & transfer to weaver
- 6. Weaving & transfer to fabric finisher

**MANUFACTURER**
- 7. Fabric finishing, other treatments & transfer to manufacturer
- 8. Garment production & transfer to enoblement
- 9. Product enoblement & packaging & transfer to “retailer”
- 10. Placement of product in stores or on-line for sale
- 11. Consumption and disposal
- 12. Post consumption recycling
HOW – Main activities and estimation of efforts

1. PREPARATION
   a. Kick Off
   b. Value Chain Investigation and Selection
   c. Training Participation

2. IMPLEMENTATION
   d. Data Collection
   e. Partners Alignment
   f. Data Exchange
   g. Results Validation

Estimated Effort to track backward a single Value Chain w/o experience:

13(*) ManDays along 9 weeks

(*) depending on Value Chain complexity, data availability, material selection, partners availability, communication, etc.
METHODOLOGY – On boarding package

1. UNECE TT BC platform
   http://www.unecettbcpilot.ch/

2. Welcome on Board

3. TT matrix data collection template


5. Memorandum of Understanding + Rules book for data management
Key tool - T&T Matrix Template

TT Matrix Template

Blockchain platform

UNECE Traceability & Transparency Blockchain pilot

Username: 
Password: 
P: Show password

Support

Project Team

User Manual

Support
Proof-of-Concept - Opportunities and challenges of harnessing the potential of blockchain technology for due diligence and sustainability in cotton value chains

1. VALUE CHAIN ALIGNMENT
   Engaging all value chain partners in the end-to-end traceability

2. KNOWLEDGE SHARING
   Building the knowledge for a standardized business approach

3. DATA MANAGEMENT
   Understanding data disclosure in the blockchain

4. GOVERNANCE
   Governing digital systems

5. TECHNOLOGY INTEROPERABILITY
   Integrating a blockchain technology or other digital solutions to existing company systems
### Highlights and Key Findings

#### Blockchain Pilot Landing Page and Interface

- +60 partners covering the full spectrum of value chains
- Across 18 countries from developed, transitioning and emerging economies
- Blockchain has the potential to:
  - Increase trust in sustainability claims for products and materials
  - Enhance B2B and B2C communication
  - Improve access to reliable information on compliance with policy and regulatory requirements

#### Key Findings and Recommendations

<table>
<thead>
<tr>
<th>Policy Makers</th>
<th>Industry Actors</th>
<th>CSOs-Standard-setting Bodies</th>
<th>Technology Service Providers</th>
</tr>
</thead>
</table>
| • Create the necessary **ecosystem**
  • Open & inclusive solutions
  • Capacity-building/tech-transfer for SMEs
  • Rules on data privacy and security | • **Commit** and collaborate with all stakeholders in the value chain
  • Targeted investments in digital technology (blockchain, DNA markers) | • Ecosystem **integration**
  • **Verification**, monitoring and validation mechanisms | • Ensure interoperability with data management systems & other evolving technologies (blockchain/ AI/ IoT/ etc.) |
Proof of Concept – Harnessing the potential of blockchain technology for due diligence and sustainability in cotton and leather value chains

CONTENTS

Background
Scope and goals
Preparation – How to build a use case?
The technology
Deep dive into the use cases
Experiences from the industry
Recommendations and possible evolutions
Conclusion
Annex

Proof of Concept Report
Harnessing the potential of blockchain technology for due diligence and sustainability in cotton value chains

Summary

Improving traceability and transparency in the production and footprint sector has become a priority for consumers, producers, and the industry due to the environmental, labor, and social impact resulting from decades of unsustainable consumption and production practices in complex and fragmented value chains. The cotton sector in particular small-scale sustainable Cotton must be developed by small producers, workers, consumers, and stakeholders. The production and footprint sector can use blockchain technology to improve the transparency and accountability of the supply chain in a secure and efficient manner. This technology can help in reducing the risk of counterfeiting and improve the traceability of products. The technology can help in reducing the risk of counterfeiting and improve the traceability of products.

Roadmap

In January 2020, and over a two-year period, the United Nations Economic Commission for Europe (UNECE) implemented a pilot project for a blockchain-based cotton value chain to support cotton companies in their efforts to comply with relevant norms and standards for sustainability and circularity. In line with the Sustainable Development Goals (SDGs), it is crucial to ensure that cotton value chains are sustainable and circular. The project is part of the UNECE pilot project on sustainable circular cotton value chains (2019). The project follows the full lifecycle of cotton, from the growing and harvesting stage to the global market.

This proof of concept report provides the key findings from the pilot that involved representatives of the global cotton industry. It testifies to the application of an UNECE technology framework to a blockchain system, with use of DPA standards, to trace products with a multi-stakeholder and global value chain approach. The report also provides key recommendations regarding key challenges and opportunities for sustainability in the textile fiber and cotton sectors.

The pilot was implemented with the support of the UNECE United Nations Centre for Trade Facilitation and Electronic Business (UN/CEFACT), which is working to enhance the traceability and transparency of supply chains in the global cotton industry. The project was implemented with the support of the International Trade Centre (ITC) and the European Commission.

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Upcoming industry experts and peer consultations

UNECE
THE SUSTAINABILITY PLEDGE
INTERNATIONAL TRADE CENTER
In Collaboration with ITC
Funded by the European Union
The Pilots’ Collaborative Framework, Tools and Claims Methodology for Traceability and Transparency

Claudia di Bernardino
Lawyer, TMSHELL Law Firm and UNECE Legal Project Expert

25 March 2022 – Hilton City Hotel, Tashkent
The pilots’ collaborative framework, tools and methodology for TT

THE DEVELOPMENT OF A COOPERATION FRAMEWORK

SUSTAINABILITY CLAIMS
Show a picture of sustainability products, processes and facilities

COLLABORATION
Work with businesses partners to increase reliability of claims

ENGAGEMENT
Move from the UNECE toolbox to its application
The pilots’ collaborative framework, tools and methodology for TT

**TOOLS FOR THE COOPERATION**

**Guidelines on Claims**

**Data Collection Template**

**Collection of evidences substantiating the claims**

**Claims Methodology serving for Guiding Partners Use Cases**

**Starting Point**

**Policy Recommendation**
The pilots’ collaborative framework, tools and methodology for TT

CLAIMS VERIFICATION PROCESS

Assurance Types developed within the pilots
The pilots’ collaborative framework, tools and methodology for TT

Adding an assurance level to the assessment type

Assurance provided through internal mechanisms

- Self Declared
- Self Assessed

Assurance provided through external mechanisms

- Second Party Verified
- Third Party Certified

Assurance provided by related organisations or other competent bodies

Levels of Assurance

Assurance Types

Fund by the European Union
The pilots’ collaborative framework, tools and methodology for TT

DATA COLLECTION

1. Information on Traceable Assets, Claims and Partners
2. Documents related to Transactions
3. Documents related to Sustainability Claims

Shipping Notes ➔ Commercial Invoices ➔ Delivery Notes ➔ Packing Lists ➔ Transportation Documents ➔ Certificates ➔ Audit/Inspection Reports ➔ Laboratory Test Results Reports ➔ Self Declarations

Traceability Evidences ➔ Transparency Evidences
The pilots’ collaborative framework, tools and methodology for TT

WHAT IS YOUR CLAIM ABOUT?

✓ Identify the product or component of the product, process or facility the claim refer to
✓ Define in which step of the value chain do you want to test the claim and which stage of the life cycle would you consider
✓ Determine the sustainability hotspots you want to address
✓ Check if your claim exceed legal requirements in both countries of production and countries of consumption
✓ Decide to whom you want to make available the documentation supporting your claim

Description of the Sustainability Claims (existing or in development)
WHAT ARE YOUR EVIDENCES?

✓ Verify the evidences you have to substantiate your claims
✓ Define if the claim is self-assessed, self-declared, verified by a second party or certified by a third-party
✓ Identify the standard, guideline or other document that the claim refers to
✓ If the data is verified by a third body check the type of certifications you can provide to support the claim
The pilots’ collaborative framework, tools and methodology for TT

FROM INFORMATION TO ACTION
Claim On Fiber Content: Organic Cotton

Objective for Responsible Sourcing

UNECE Recommendation No46

USE CASE

Traceable asset
The Cotton of this T-shirt

Claim Statement
Contains 100% Organic Cotton

Verification Criteria
Certified by GOTS

Material

Cotton

Evidence

Certificate

Assessment Type

Third Party Certified
The pilots’ collaborative framework, tools and methodology for TT

DISCLOSURE: DEFINE WHAT TO DISCLOSE AND TO WHOM

**WHO**
WILL HAVE ACCESS TO YOUR INFORMATION?

**WHAT**
TRACEABILITY AND TRANSPARENCY INFORMATION ARE YOU WILLING TO SHARE?
The pilots’ collaborative framework, tools and methodology for TT

DATA DISCLOSURE

B2B  B2C

A  B

01 Country
02 + Region/Province
03 + Company Name and Address
04 + Certificate/Assessment Report Type
05 + Copy of Certificate/Assessment Report
Ensure the reliability of supply chain data and claims

Provide visibility both in upstream and downstream activities

Support companies in addressing environmental and social risks
The pilots’ collaborative framework, tools and methodology for TT

BLOCKCHAIN CHALLENGES

- Farmers, Producers and SMEs
- Data Protection

UNECE • THE SUSTAINABILITY PLEDGE • International Trade Centre • Funded by the European Union
Deep dive into the UNECE blockchain system for due diligence and sustainability

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25 March 2022 – Hilton City Hotel, Tashkent
The Blockchain Platform

www.unecettbcpilot.ch

UNECE Traceability & Transparency Blockchain pilot

Username: Username
Password: Password

Login
Blockchain pilot user interface

The system is a browser-based platform enabling different users to register EPCIS document based standard events

- **Transactions** (incoming / outgoing shipments)
- **Transformations** (internal organizations processes/materials)
- **Certifications** / assessments

➢ All transaction events are always controlled and verified by two different users seller/supplier + buyer/customer users
Blockchain = Immutable ledger

Transaction registered in a blockchain system can not be corrected or deleted

- In a pilot environment this is often not ideal
- **Manual data** entry always generates errors and mistakes
- This is the first reason why we are currently running in a **Testnet**

**First lesson learned**

→ **API integration** is a must for an industrial application
Blockchain is not for free

The second reason we are running in a Test environment are costs related single transactions

- Users and companies need to be linked to blockchain accounts (wallets)
- Users and companies need to fund every single transactions using blockchain internal cryptocurrencies

Second lesson learned

→ Regardless of the technological platform, to gain blockchain adoption users and companies need to be educated
Blockchain = decentralized database

Data management is different from conventional databases

- Data are registered inside specific structures called smart contracts
- Data ownerships and visibility is reflected in user-oriented structures
- Each company is associated with a specific smart contract containing:
  - Company internal process details and declared standards
  - Materials details,
  - supply chain of every single material,
  - received certificates, ...
- The supply chain of every single material is delivered to the next partner of the supply chain as internal details of every single trade transaction
Privacy & Confidentiality

Public blockchain are transparent database visible to all

- Using instruments like Blockchain Explorers all data is visible to everyone
- Uploading sensitive information on public and accessible environment is not what companies want
- Encryption is what enable to obfuscate information uploaded into public environment
On the blockchain everyone is identified by a pseudonym
Mario Rossi= 0x4F9bEBE3adC3c7f647C0023C60f91AC9dfFA52d5
0xMario for simplicity purposes

Any write operation on a blockchain discloses to everyone:

The pseudonym (0xMario) of the Writer

The written information

Read Inquiries Are Anonymous
PRIVACY BY DESIGN SOLUTION ADOPTED IN THE BLOCKCHAIN PLATFORM

Only information Encrypted for a Specific Party Are Stored in the Blockchain

Encrypted Information Can Be Seen by Everyone but Understood Only by the Permitted Party

Permissions Are Enforced through Encryption
Encryption, permissions and private keys

PRIVACY BY DESIGN SOLUTION ADOPTED IN THE BLOCKCHAIN PLATFORM

The Ginner publishes encrypted information for the Spinner

The Spinner is the only actor able to read it

The Ginner is the only actor that can provide information about the Farmer to the Spinner

PUBLIC KEY CRYPTOGRAPHY
Tapered jeans value chain - a real example

- 7 business partners
- 15 users
- From farmers (Turkey) to customers (UK)
Learn about the methodology through a use case - End-to-end digital and physical traceability

Piera Solinas,
CSR Manager, Filmar SpA and UNECE Project Expert Cotton Value Chain

25 March 2022 – Hilton City Hotel, Tashkent
Block Chain allows us to connect a very complex supply chain and register data that are immutable and visible to all permitted parties.

Digital transformation process aims at creating a unique digital identity for every product – a digital twin – to trace it from raw material onwards.

Filmar started to do so in the framework of the UNECE project where we and our value chain partners were given the possibility to upload data on the Block Chain platform.
1. MARK fibers with unique DNA-based markers
   at Filmar Nile Textile spinning mill we give the product a
   unique identity corresponding to the origin claim referred
   to mélange yarns made with 50% of spinning waste

2. VERIFY at different nodes of the supply chain
   Filmar Nile textile and its supply chain partners verified with 3
   party tests at different nodes to upload documents on the Block
   Chain Platform thus connecting the physical product to the
   digital claim associated with the DNA marker

3. Upload documents and certifications on the Block Chain
   platform

Project scope of Filmar pilot
TO PHYSICALLY AND DIGITALLY TRACE REPURPOSED COTTON FIBERS FROM INTERNAL PROCESSES IN MELANGE
YARNS

defined material quality and composition, selected claim and product name
Defined a claim for mélange yarn and final product
Defined business processes for application of marker
Produced yarn and sent to test
Integration of physical and digital traceability

Physical markers are important tools to ensure that fiber, yarn or fabric does not get mixed or exchanged throughout different processing steps. Blockchain then stores information in an immutable way to provide documental evidences for physical traceability.
CLAIM ON FIBER ORIGIN TRACED WITH PHYSICAL MARKER: the process

Haelixa marker ID EC280521A

Spinner
DNA TEST LAB on yarn

Knitter
DNA TEST LAB on garment

Claim to consumer

CLAIMS
WATER LOW
REDUCED USE OF CHEMICALS
REDUCED ENVIRONMENTAL IMPACT
Traceability of cotton fibers in final garment shown on the Block Chain platform

1. Repurposed fibers sprayed at spinning mill in Egypt
   **Evidence:** Manufacturer Self declaration

2. Mélange yarn spun with sprayed cotton tested by third party
   **Evidence:** Third party certificate

3. Final product knitted and tested by third party
   **Evidence:** Third party certificate

Documents uploaded on the Block Chain Platform to market a product with a traceable origin and with a verified sustainability claim
IFC x Indorama Use Case – UNECE cotton pilot

Prakash Kejriwal
Director, Indorama Group

25 March 2022 – Hilton City Hotel, Tashkent
ICF x Indorama Use Case – UNECE cotton pilot

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Haelixa – Proof of origin and traceability through DNA markers

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Better Cotton Traceability Programme

Rachel Beckett
New Country Start-up Manager, Better Cotton Initiative

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Insights from our membership on traceability

84% of suppliers indicate a business need to know where their purchased cotton was grown

58% of suppliers are usually or always asked for cotton origin / traceability information

Based on responses from 1500+ suppliers who source mass balance Better Cotton – Oct 2021
Challenges cotton suppliers face

30% of suppliers find it extremely or very challenging to meet buyer origin / documentation needs. Challenges faced by our members include:

- Manual and retrospective data sharing and administration
- Inconsistent and changing expectations from buyers
- Commercial sensitivities around data sharing
Addressing challenges through blockchain

Manual and retrospective data sharing and administration?
• Near real-time data collection and sharing
• Structured approaches to data collection through common platforms

Inconsistent and changing expectations from buyers?
• Immutable ledger generates trust between buyer and supplier
• Generates an auditable chain of custody built on common data standards

Commercial sensitivities around data sharing?
• Potential for zero knowledge proofs – no need to share commercially sensitive documentation unless you have to
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