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Team of Specialists on Sustainable Fisheries / Sustainable Value Chains

Revised Mandate and Terms of Reference of the Team of Specialists on Environmental, Social and Governance Traceability of Sustainable Value Chains in the Circular Economy

Submitted by the secretariat for decision

Summary

The United Nations Economic Commission for Europe (UNECE) Team of Specialists (ToS) on Sustainable Fisheries has been established to support the development and implementation of standards for data exchange throughout the supply chain of the fishery sector. With its initial work programme successfully completed, this team will broaden its scope to support environmental, social and governance traceability systems in priority sectors for more responsible consumption and production patterns (United Nations Sustainable Development Goal 12) and for the transition to a circular economy.

Building upon the United Nations Centre for Trade Facilitation and Electronic Business (UN/CEFACT) e-business standards for agriculture and agri-food; fishery; garments and footwear; the transboundary movement of waste; the trade of products under sanitary or phytosanitary control; and the trade of endangered species of wild fauna and flora (CITES), this objective will be achieved by integrating such tools into the development of environmental, social and governance traceability approaches and standards for sustainable value chains. It will be further supported by the establishment of a multi-stakeholder collaborative mechanism for the collection and exchange of experiences, and for capacity building of key industry actors and vulnerable groups in particular, including in countries with economies in transition.

This document presents the mandate and terms of reference of the team of specialists, with the annexed proposed programme of work for the period 2021-2023 and is submitted by the secretariat to the twenty-seventh UN/CEFACT Plenary for decision.



I. Mandate

1. At the 26th Plenary of the UN/CEFACT in November 2020, member States endorsed the Report of the Team of Specialists (ToS) on Sustainable Fisheries (ECE/TRADE/C/CEFACT/2020/23) and took note of the overview of activities (ECE/TRADE/C/CEFACT/2020/INF.9). Furthermore, they decided that, with its initial work programme successfully completed, this ToS shall broaden its scope to support traceability systems in priority sectors for more responsible consumption and production patterns (United Nations Sustainable Development Goal 12) and for the transition to a circular economy.
2. The secretariat was requested to prepare a proposal for a new mandate and terms of reference to broaden the scope of the ToS to cover sustainable value chains in priority sectors for the circular economy (ECE/TRADE/C/CEFACT/2020/2).

II. Objectives and activities

3. The overall objective of the ToS is to contribute to better and more informed decisions for sustainable production and consumption by promoting, facilitating and supporting policy and regulatory compliance through environmental, social and governance (ESG) traceability approaches and systems for the exchange of data and information along international value chains in priority sectors for the circular economy, such as the agri-food, fishery, garment and footwear, mining, transport and waste management sectors.
4. To achieve this objective, the ToS will:
 - (a) promote policies, standards and tools for ESG traceability of information exchange related to sustainability and circularity in international trade;
 - (b) propose updates to relevant UN/CEFACT standards for ESG traceability of information exchange in global value chains to advance sustainable and circular production and consumption patterns;
 - (c) develop and share best practices on ESG traceability for sustainable production and consumption and develop supporting training materials, guides and capacity building activities; and
 - (d) provide a platform for stakeholders to share experiences and lessons learned on the implementation of ESG traceability approaches and systems.
5. Under the guidance of the UNECE secretariat and within the framework of the UN/CEFACT Terms of Reference for Liaison with other Organizations (ECE/TRADE/C/CEFACT/2016-14), the ToS may invite the participation of other organizations exploring the applications of ESG traceability systems for advancing sustainability and circularity of value chains or their membership. These may include the Food and Agriculture Organization (FAO), the International Labour Organization (ILO); the International Trade Centre (ITC), the United Nations Environmental Programme (UNEP), the United Nations Development Programme (UNDP), the World Bank, the Organization for Economic Co-operation and Development (OECD), the World Economic Forum (WEF), other relevant standards development organizations, non-governmental organizations (NGOs) and think-tanks.

III. Composition, its membership and participation in its meetings

6. The ToS will be composed of specialists with the collective expertise to address the specific tasks defined for it. In line with the “Guidelines for the establishment and functioning of teams of specialists” (ECE.EX.2/Rev.1), members should be drawn from the following areas:

- (a) Government institutions;
- (b) International organizations;
- (c) Civil society;
- (d) Business community;
- (e) Academia and research institutions;

7. Participation in the ToS will be on a voluntary basis. All members should register as experts of UN/CEFACT, in accordance with relevant procedures.

8. The ToS can establish subgroups of specialists to prepare projects requiring specific expertise, which are expected to become a part of its general activities.

9. The ToS will meet virtually at least once every two months and face-to-face at least once per year. This may be in conjunction with an official UN/CEFACT meeting such as the Forum.

IV. Governance

10. The ToS is guided by its chair, supported by one or two vice-chairs, in accordance with the “Guidelines for the establishment and functioning of teams of specialists” (UNECE ECE/EX/2/Rev.1).

11. It is the responsibility of the chair that the objectives of the ToS are met and follow the programme of work.

12. Members of the ToS, as resources permit, undertake the substantive work, including the preparation of substantive documentation for the meetings and the reports to be submitted to the UN/CEFACT Plenary.

13. The secretariat, within available resources, provides necessary support to the ToS and its subgroups.

V. Funding

14. Members of the ToS shall support its activities and are encouraged to find the necessary resources to do so.

VI. Reporting

15. The ToS will report to the UN/CEFACT Plenary on an annual basis and will keep the UN/CEFACT Plenary Bureau informed of its activities on an intersessional basis, as necessary.

Annex: Proposed Programme of Work of the Team of Specialists on Environmental, Social and Governance Traceability of Sustainable Value Chains in the Circular Economy

I. Background

1. Consumption and production drive the global economy, but also wreak havoc on planetary health through the unsustainable use of natural resources. The United Nations Environment Programme (UNEP) reports¹ that if current consumption and production patterns continue, the planet will need 183 billion tonnes of material every year by 2050. This is three times today's amount and impossible to sustain. Every year, 4.8 to 12.7 million tonnes of plastic are dumped into our oceans and over 40 million tonnes of electronic waste are generated (increasing annually by 4 to 5 per cent), causing severe damage to ecosystems, livelihoods, and our health. And one third of food produced every year is wasted, yet food security is a growing concern.

2. Enhancing resource efficiency and practices to reduce consumption in the future is more than ever a priority. The COVID-19 pandemic offers an opportunity to pursue a recovery that will reverse current trends and shift our consumption and production patterns to a more sustainable course. A successful transition will involve improvements in resource efficiency, consideration of the entire life cycle of economic activities, and active engagement in multilateral environmental agreements.

3. Advances towards sustainable consumption and production will spur progress in all the United Nations Sustainable Development Goals (SDGs). Complex global value chains, with production facilities scattered all over the world and practices of illegitimate subcontracting and undeclared informal work make it very hard to gain accurate information about how and where environmental and socioeconomic impacts occur.

4. In order to increase the industry's ability to manage its value chain more sustainably, both consumers and businesses must first be aware of the nature and magnitude of these risks. Improving both environmental, social and governance (ESG) traceability and transparency of value chains has therefore become a priority. Presenting the information in a standardized way supports common understanding, accessibility, clarity and comparison and fosters credible communication towards consumers and the general public.

5. The 2030 Agenda for Sustainable Development Goal 12 aims to achieve sustainable consumption and production patterns as well as environmentally sound management of toxic chemicals. By tracing sustainability data relating to the production, transport and distribution of products, companies and consumers can factor this information into their decision process and drive supply chains towards sustainability.

6. The UNECE, through its Centre for Trade Facilitation and electronic Business (UN/CEFACT) provides a large set of standards and tools, which directly relate to the sustainability of production, the use of environmentally sensitive resources and the compliance to social standards, including labour standards along the supply chain.

7. For example, UN/CEFACT developed the United Nations Fisheries Language Universal eXchange standard (UN/FLUX). This standard is mandatory for all European

¹ See the United Nations Environment Programme (UNEP) Issue Brief SDG 12: https://wedocs.unep.org/bitstream/handle/20.500.11822/25764/SDG12_Brief.pdf?sequence=1&isAllowed=y.

Union reporting on fisheries. It allows national governments and regional fisheries management organizations (RFMOs) to receive just-in-time information from fishing vessels on vessel identification and location, catch areas, fishing times, fishing gear and labour conditions. This information is highly relevant to generate statistics to set sustainable quotas and to fight Illegal, Unregulated and Unreported (IUU) fishing. The UN/FLUX data can be further conveyed along the supply chain using UN/CEFACT traceability standards to support certification schemes helping to protect the future of our oceans and of our live stocks.

8. The Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES) aims to implement an end-to-end electronic traceability and control system to fight against illegal trade in wildlife and to strengthen sustainability of trade in endangered species. The CITES Conference of Parties explicitly recommends to the Parties to implement their systems based on the relevant UN/CEFACT e-business and traceability standards. UNECE, jointly with the Economic and Social Commission for Asia and the Pacific (ESCAP), has recently set up a task force where interested management authorities can exchange experiences on pilot implementations and discuss new approaches to trace and control CITES trade transactions.

9. In the garment and footwear industry traceability of origin and compliance with human rights, environmental, health and safety standards are becoming market drivers. Visibility of the entire value chain and the accountability of companies to their claims are requirements for the provision of easier informed choices for consumers and businesses. The UNECE project “Enhancing Transparency and Traceability of Sustainable Value Chains in the Garment and Footwear Sector”, jointly implemented with the International Trade Centre (ITC), and with the financial support of the European Union, developed policy recommendations, implementation guidelines and information exchange standards, and launched a call to action to gather industry pledges and facilitate the exchange of good practices and lessons learned.

10. The UNECE ESG traceability standards provide industry actors with a harmonized and standardized approach for exchanging data about the sustainability performance of their products, processes and facilities. By further integrating widely applied UN/CEFACT e-business standards for exchange of regulatory and compliance information into traceability systems, governments, industry and consumers will be able to assess the sustainability of a trade transaction and make conscious choices.

11. Recognizing the importance of ESG traceability in achieving SDG 12 and considering the rich body of expertise and standards already available through UNECE, the secretariat proposes to broaden the focus of the Team of Specialists (ToS) on Sustainable Fisheries and focus on the ESG traceability of sustainable consumption and production in the circular economy in general.

12. The present document sets out the Programme of Work (PoW) of the Team of Specialists on Environmental, Social and Governance Traceability of Sustainable Value Chains (ToS SVC) in the Circular Economy for 2021-2023.

II. Scope, overall objective, activities, work areas

A. Scope

13. The activities of the PoW are open to the participation of experts from all United Nations member States, government administrations, international organizations, business actors, civil society representatives, academia and think-tanks, and other stakeholders that

regulate or manage environmental and socioeconomic sustainability aspects of international trade.

14. The ToS will build upon the existing policy recommendations, standards and tools for traceability systems developed by the UN/CEFACT Agriculture Domain, the UNECE Team of Specialists on Sustainable Fisheries, and the experience and expertise gained in the framework of the UNECE project “Enhancing Transparency and Traceability for Sustainable Value Chains in the Garment and Footwear Sector”.

B. Objective

15. The objective of the ToS is to contribute to better and more informed decisions for sustainable production and consumption, through ESG traceability approaches and systems for the exchange of data and information along international value chains.

C. Activities

16. To achieve this objective the ToS will:

- (a) promote policies, standards and tools for ESG traceability of information exchange related to sustainability and circularity in international trade;
- (b) provide a platform for stakeholders to share experiences and lessons learned on the implementation of ESG traceability systems;
- (c) develop and share best practices on ESG traceability for sustainable production and consumption and develop supporting training materials, guides and capacity building activities; and
- (d) propose updates to relevant UN/CEFACT standards for ESG traceability of information exchange in global value chains to advance sustainable and circular production and consumption patterns.

D. Work areas

17. The PoW is structured around the following work areas (WA):

- WA1: Policy dialogue and guidance
- WA2: Technical monitoring, assessment and advice
- WA3: Capacity building and partnerships
- WA4: Communication and outreach

WA1: Policy dialogue and guidance

18. This work area involves support to the uptake and implementation of standards on a policy level and encompasses active engagement with policymakers on a global scale. Activities of this work area include the following:

- Enhance policy dialogue by widening key actors’ participation and engagement in a multi-stakeholder policy dialogue platform;
- Contribute to relevant regional and international policy conferences, conventions and fora, such as those organized by international organizations. These include CITES, the European Commission, FAO, ILO, ITC, OECD, the United Nations Conference

on Trade and Development (UNCTAD), UNDP, UNEP, the United Nations Global Compact, the United Nations Framework Convention on Climate Change (UNFCCC), and other key industry actors; and

- Produce research papers and policy briefs to enhance national, regional, and international policy and regulatory frameworks to advance sustainable value chains through ESG traceability and transparency of performance on labour and human rights, environmental sustainability, responsible and ethical business conduct, and the circular economy.

WA2: Technical monitoring, assessment and advice

19. This work area facilitates and supports the development and implementation of ESG traceability approaches and systems on a technical level. Activities of this work area include the following:

- Identify the needs for the development and implementation of ESG traceability standards for responsible consumption and production;
- Develop practical and user-friendly tools and guidance targeting industry decision makers for sharing good practices and experiences on technical implementation matters;
- Provide briefings of general information on what it takes to adopt ESG traceability standards (regulatory, financial, IT requirements, etc.); and
- Provide technical support on implementation requirements through an expert group.

20. Innovation and advanced technologies like blockchain technology, the internet of things (IoT), and artificial intelligence (AI) play a key role in supporting ESG traceability for sustainability, accelerating the transition and facilitating the connection among value chain actors. Technology-based solutions can guarantee, upon data relevancy and accuracy, the exchange of reliable and trusted information for use in ESG traceability systems.

WA3: Capacity building and partnerships

21. By seeking partnerships, this work area will establish a solid foundation for the promotion and implementation of ESG traceability approaches and standards and work on sustainable trade. It will also support of the implementation of relevant targets under SDG 12 on responsible consumption and production, as well as SDG 8 on decent work and economic growth; SDG 13 on climate action; SDG 14 on the conservation and sustainable use of oceans, seas and marine resources; SDG 15 on the protection, restoration and promotion of sustainable use of terrestrial ecosystems, sustainably managed forests, the combating of desertification, the halting and reversing of land degradation and on halting biodiversity loss; and SDG 17 on partnerships.

22. Special attention, advice and support will be given to local communities, smaller actors and smallholders, particular in transition and developing economies, which have neither the knowledge nor the financial means to adopt and implement ESG traceability approaches and standards.

23. Collaborations have already been established, and need to be further developed, with(in) the following entities and focus areas:

- The Basel Convention (on electronic exchange of notifications to support a prior informed consent procedure and related traceability of movements);
- The CITES Convention (on cross-border exchange of electronic permits for end-to-end traceability of trade in endangered species);

- The European Union represented by the Directorate General for Maritime Affairs and Fisheries (DG MARE) and the Directorate General for International Cooperation and Development (DG DEVCO);
- The FAO and the World Health Organization (on health-related issues and the CODEX Alimentarius²);
- Branch organizations (e.g. International Sustainable Seafood Foundation) in supply chain and certification organizations (e.g. FAIRTRADE, Marine Stewardship Council);
- ILO Better Work Programme;
- ITC Sustainable Trade programme;
- The World Customs Organization; and
- The World Trade Organization Standards and Trade Development Facility and the International Plant Protection Convention (to support the implementation of electronic phytosanitary exchanges).

WA4: Communication and outreach

24. Activities of this work area are as follows:

- Disseminate handbooks and implementation guides on ESG traceability for responsible consumption and production;
- Develop information on the work of the ToS via policy briefs, press briefs, and flyers;
- Develop the website of the ToS, contribute to content design and maintenance, and use social media and videos, as appropriate;
- Participate in and contribute to relevant conferences, fora and events to promote the work of the team;
- Perform outreach activities to highlight the benefits of other approaches and standards for sustainable trade, such as tracking and tracing and risk management; and
- Cooperate with other standards-setting and certification bodies on sustainable trade.

III. Guiding principles

25. The work of the ToS and the execution of this programme of work are guided by the following principles:

- Expert advice;
- Respect and mutual acceptance of any level of involvement or contribution;
- Full alignment of the work of the ToS with the terms of reference and relevant UN rules and regulations;
- Development cooperation in support of small actors and vulnerable groups, particularly in developing and transition economies

² Codex Alimentarius International Food Standards website: <http://www.fao.org/fao-who-codexalimentarius/about-codex/en/>