



**Executive summary of the 3<sup>rd</sup> session report of the UNECE Team of Specialists on Environmental, Social and Governance (ESG) Traceability of Sustainable Value Chains in the Circular Economy ('the Team') held at Palais des Nations, Geneva, 23<sup>rd</sup> November 2023**

**BACKGROUND:**

The aim of the Team is to promote, facilitate and support policy and regulatory compliance through ESG traceability approaches and systems for the exchange of data and information along global value chains. Its focus is on sectors such as the agri-food, garment and footwear, mining, transport, fishery and waste management, which are critical for the digital, green and circular transitions.

The Team's 3<sup>rd</sup> annual session aimed to define the modalities and engagement needed for a global collaboration to scale traceability and transparency, to help deliver on sustainable and inclusive growth benefitting all. Traceability and transparency are key to enabling international collaboration along global value chains, and support compliance in the UNECE region and beyond with a fast-changing policy and regulatory landscape for responsible consumption and production choices.

The 3<sup>rd</sup> session considered the following questions:

1. Where is global collaboration needed to achieve transparency and traceability at greatly increased scale and which opportunities exist to achieve it?
2. What will be the role of the Team of Specialists in supporting this collaboration?

**CHALLENGES:**

The main challenges described in the session included:

- Alignment around core/reduced data models;
- Interoperability of traceability data across platforms and standards, including better understanding of the benefits to scaling-up;
- Digitization of transactions and facilities to enable interoperability;
- Data collection from actors in the whole value chain, incl. beyond the point of sale;
- Management of very large data volumes and improved quality required at scale;
- Affordable solutions for value chain actors, especially the vulnerable ones, and appropriate incentives for data access.

These challenges lead to the need to establish global collaborations across the ecosystem of actors throughout the value chain, from raw materials producers to end consumers and beyond the point of sale (e.g. collectors, sorters, recyclers, etc.).

**OUTCOMES OF DISCUSSION:**

**Priority 1: Scaling-up access to social and environmental data through interoperability:** defining collective needs, identifying synergies, and aligning on transformative solutions (see Team decision 2023-01<sup>1</sup>).

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<sup>1</sup> Refer to the decisions in the UNECE's report of the Team of Specialists on ESG Traceability for Sustainable Value Chains in the Circular Economy on its Third session: <https://unece.org/trade/documents/2023/12/reports/report-session>



### Team's response:

- UNECE secretariat to coordinate action across multiple issues, stakeholder interests and sectors within the Team, at its working meetings and annual session.
- Participating technology providers suggested that the Team identifies the minimum data points to facilitate platforms' interoperability, seeking alignment around core/reduced data models;
- The Team could usefully provide a platform for collective creation of an open 'wiki' of information on data requirements of sustainability regulation for large and small industry actors globally, allowing existing and future research to be shared and reviewed, and used to identify synergies and differences.

**Priority 2: Providing a neutral, open platform for convening and aiding coordination of collaborative initiatives:** tackling normative fragmentation, lack of interoperability and incentives for data sharing and implementation experiences (see Team decision 2023-02).

### Team's response:

- Several collaborations of stakeholders may emerge to develop collective positions on key challenges and solutions for scaled-up traceability and transparency, connected under the umbrella of the UNECE Team.
- Leading brands and retailers decided to stimulate the convening of a working group on traceability challenges, led by a suitable convening organisation, open to the whole industry sector. Such group may look at best practices and ways forward, with support of the technical expertise of UNECE-UN/CEFACT, including the framework of Recommendation No. 49 on "Transparency at scale".
- The recently launched **International Trade Centre's Certified Business Registry**, a global repository of sustainable businesses, may become a focal point for standard-setting bodies to take steps towards interoperability of (scope) certificates.
- The ongoing **GIZ's Global Textiles Transparency Governance project** will develop suitable models for governance and incentivization of data access and generation to reduce fraudulent information and generate trust in access to high-quality data through value chains, in line with the global public good.
- **UNECE's Task Force on Access to Information on Product Information (under Aarhus Convention)** and the Team could identify collaboration opportunities in 2024 to integrate their efforts to advance access to product information for B2G, B2B, B2C, tackling greenwashing, towards common instruments e.g. ecolabelling, eco-auditing, green procurement, digital product passports (DPPs).
- **On 21 February 2024, the Team will host a meeting at the OECD Due Diligence Forum** (by invitation only). The meeting will convene leading actors from different stakeholders' groups to discuss how collaborative initiatives can complement each other to find joint solutions. The expected outcome is the fostering of synergies between initiatives, under the convening of UNECE.



**Priority 3: Scaling traceability, transparency and trusted information exchange in value chains:** providing guidance for governments and industry actors through a UNECE Recommendation (see decisions 03-2023 and 04-2023).

**Team’s response:**

- The ongoing development of UNECE-UN Centre for Trade Facilitation and Electronic Business (UN/CEFACT) [draft Recommendation No. 49 ‘Transparency at Scale’](#) will be used to catalyze discussions on technical interoperability across platforms and standards.
- This future UNECE Recommendation No. 49 aims to support interoperability between platforms to allow traceability data to move across actors in the value chain, for key sectors, including textiles, agri-food and critical raw materials. The Recommendation will support the future agreement on a UN Transparency Protocol.
- The Recommendation intends to tackle the issues of multiple traceability platforms, disparate standards, privacy and confidentiality, costs and the lack of business incentives to scale transparency, from pilots to global adoption.
- The Team’s participants were invited to engage in the next stages of development and future pilot implementation of the UN Transparency Protocol of Recommendation No. 49.
- The Recommendation will go out for public review from February 2024 for 60 days prior to adoption at the 30<sup>th</sup> UN/CEFACT plenary (11-12 July 2024) (see figure 1).

*Figure 1: Next stages of development of Recommendation No. 49 (Project Lead: Steve Capell, UN/CEFACT Vice Chair, Australia)*

<b>December – January 2024</b>	Draft development
<b>February – March 2024</b>	Public review (60 days)
<b>April –May 2024</b>	Adoption of the draft by UN/CEFACT Bureau Editing, formatting, translation
<b>11 – 12 July 2024</b>	Adoption at the 30 <sup>th</sup> Plenary of the Working Party UN/CEFACT.

**Priority 4: Providing interoperability for multi-stakeholder (B2B, B2G and B2C) product-related lifecycle information exchange solutions,** such as digital passports at global level (see decision 2023-05).

**Team’s response:**

- The Team could develop a crowd-sourced mapping of existing DPP-related initiatives, to ensure alignment between several DPPs, including with consideration to scales of implementation, across global and regional levels.



- UNECE developed a [note](#) flagging the relevance of existing UN/CEFACT standards to support DPPs development, especially for B2B, B2C, B2G information exchange in global value chains, considering the needs of all implementing actors, particularly in developing countries.
  - The Team could ensure systems alignment between CEN-CENELEC's standardization request, CIRPASS and the upcoming UN Transparency Protocol.
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