C. Substantive segment – Technical dialogue and deliverables
TECHNICAL DIALOGUE ON GLOBAL SOLUTIONS FOR DIGITAL, SUSTAINABLE AND RESILIENT VALUE CHAINS IN SUPPORT OF THE GREEN AND DIGITAL TRANSFORMATIONS

Documents:

- Draft Recommendation No.49: Transparency at Scale (ECE/TRADE/C/CEFACT/2024/6)
  - For information

- Briefing Note on Draft Recommendation No.49, the United Nations Transparency Protocol and Digital Product Passport (ECE/TRADE/C/CEFACT/2024/INF.4)
  - For information

- Economic Commission for Europe and Economic Commission for Latin America and the Caribbean Study: Improving the Sustainability of Used Clothing: Global, European and Chilean Perspectives (ECE/TRADE/484)
  - For information
Item 5: Technical dialogue on global solutions for digital, sustainable and resilient value chains in support of the green and digital transformations
UN/CEFACT Plenary

UNECE Recommendation 49
United Nations Transparency Protocol (UNTP)

Steve Capell
UNTP Project lead
https://uncefact.github.io/spec-untp
Date: 11-07-2024
Greenwashing is ubiquitous

53.3% of examined environmental claims in the EU were found to be vague, misleading or unfounded and 40% were unsubstantiated.

Of the 247 businesses reviewed during the sweep, 57 per cent were identified as having made concerning claims about their environmental credentials.

The number of instances of greenwashing by banks and financial services companies around the world rose 70% in the past 12 months from the previous 12 months.

“three-quarters of executives said most organizations in their industry would be caught greenwashing if they were investigated thoroughly.” Moreover, almost “60% say their own organization is overstating its sustainability methods.”
And it devalues genuine sustainable behaviour

We need to address greenwashing and generate value for sustainability – so we can turn the tide and win the race to the top.

**We are in a race to the bottom**  
*Greenwashing is ubiquitous and undetectable*

1. It’s easy to fake claims
2. Consumer confidence drops
4. Even genuine businesses must fake claims to survive.

**But we need to race to the top**  
*Greenwashing is rare and has nowhere to hide*

1. It’s hard to fake claims
2. Consumer confidence improves
3. Higher prices are justified
4. Businesses compete on quality of claims

Higher prices are justified
Transparency is the sunlight that exposes greenwashing

But it has to work AT SCALE to have any impact
UNTP is an interoperability protocol, not another platform

Thousands of platforms, millions of value-chains, billions of transactions

1 million UN DPPs per day by 2030
The UNTP achieves scale by building on open standards

**SECURE the data**
- Integrity
- Privacy
- Identity
- Guidance on use of W3C®
- Verifiable Credentials (VC)
- Decentralised Identifiers (DID)

**FIND the data**
- From Identifiers to data (ISO 15459)
- Tracing the value chain (ISO 19987)

**VALUE the data**
- Business case templates
- Measuring uptake and value

**UNDERSTAND the data**
- Semantic Libraries
- Mapping to disclosures (ISO 59040)

**the DATA**
- Traceability
  - Digital Traceability Event (DTE)
- Transparency
  - Digital Product Passport (DPP)
- Trust
  - Digital Conformity Credential (DCC)

**GUIDANCE on use of**
- From Identifiers to data (ISO 15459)
- Tracing the value chain (ISO 19987)

- Rec 46, Circ BRS, DPCCE
Following an open and transparent governance process.

Process & membership
- The UN/CEFACT Open Development Process (ODP) allows contributions from any registered expert and ensures that all IP remains UN owned and freely available.
- The UNTP project currently has approximately 70 contributors from around 20 countries.

Transparency
- Weekly meetings are video recorded, full text transcribed, summarised (minutes) and published for public access. As of 11 July 2024, 23 meetings have been published.
- All points of discussion are recorded on a public issue log full auditable transparency of the team deliberations on each question. As of 11 July 2024, 76 issues are recorded and discussed.
- Every change to the published material is recorded and is traceable to a corresponding public discussion. As of 11 July 2024, 184 changes can be seen in the public change log.

Public exposure invites expert feedback which improves the quality of the final product.
In collaboration with all relevant external groups.

Collaboration and alignment

- Under the existing **ebMOU with ISO/IEC/ITU** we collaborate with other SDOs to maintain alignment. For example, UNTP builds upon and aligns with ISO-59040 (Product circularity), ISO-19987 (traceability), ISO-15459 (resolvable identifiers)
- Together with DG-GROW, UN/CEFACT is part of the **DPP landscaping** of supporting standards, which includes UN/CEFACT standards in the priority list
- There is minor overlap with **CEN/CENELEC DPP** system standards (noting UNTP also includes DPP data, traceability, and conformity which is not in CEN scope). We have requested formal CENELEC liaison.
- Sector specific initiatives such as the Global Battery Alliance (**GBA battery passport**) are participating in UNTP project meetings so that industry product passports can leverage the UNTP common core specifications to construct digital product passports that can be interoperable across industry boundaries.
- Ubiquitous Industry standards such as GS1 vocabularies and identifiers. UNTP must ensure that our standards **do not require the use of GS1 identifiers**. But at the same time, we must also ensure that the 100,000’s of organisations that have chosen to use GS1 identifiers may continue to do so.

In support of these collaborations, members of ITU, ISO, CEN, GS1, CIRPASS, UNEP, the EU Commission, Canadian and Australian Governments, were contributors to UNTP sessions at the forum this week.
A logical way to provide high quality supply chain data to regulatory DPPs:

Focus of the UNTP DPP

EU DPP

“Responsible Economic Operator”

For a detailed comparison of EU DPP and UNTP DPP: “DPP Prototypes” available [https://cirpassproject.eu/project-results/](https://cirpassproject.eu/project-results/)
This is critical for transparency because even large downstream brands cannot reach back to primary production (e.g., automotive leather seats to cattle farmer).
Positive feedback from industry & regulators

During the **8 week first public review period** feedback was received from multiple industry and government parties.

**Industry** (several organisations in each category)
- **Textile Industry** - UNTP unlocks any dependencies on specific commercial platforms.
- **Agriculture Industry** - UNTP opens up market access (eg EUDR compliance)
- **Software platforms** – UNTP increases value to their customers by extending their reach.
- **Product Conformity** – UNTP increases trust by making existing conformity assessments digitally verifiable

**Regulators**
- **Canada (NRCan)** – UNTP helps Canadian mineral exports prove their conformity to strong regulation.
- **EU (DG-ENV)** – UNTP helps importers lift confidence in the sustainability of upstream supplies.
- **Australia (DAFF)** – has tested UNTP as a toolkit to further enhance the AU national traceability framework.
- **US (DHS)** - Is interested to test the feasibility of UNTP as a means to improve import border risk assessment.
DPPs roll up to corporate disclosures and national net zero obligations

Although only a few jurisdictions are considering product passport mandates, many have mandated corporate disclosures. But most have no data from supply chains to inform disclosures – so use averages. But this is unlikely to lead to improvements year-on-year. Which also impact national net-zero commitments.

- Digital product passports provide the transactional ESG data to inform corporate disclosures
- Corporate disclosures provide the entity ESG data to inform national performance.
Incentives should drive action even without regulation

Mandates aside, implementers will need a positive business case to support the investments necessary to drive implementation of traceability & transparency measures. The UNTP Business Case Template (BCT) will help implementers to quickly prepare sound cases for investment.

**Benefits**
- Brand reputation
- Share price uplift
- Unit price uplift
- Trade finance access
- Improved Disclosures
- Reduced fines
- Tariff reduction
- Market Access

**Value**

**Costs**
- Unit cost increase
- License fees
- Certification Fees
- Sustainable practices

Despite consumer appetite for more sustainable products, there is little evidence of significant unit price uplift. Total combined value may be between 0% and 5% of sales.

Standardisation reduces costs through commoditisation. ERP systems may offer UNTP support at low marginal cost.

It will be critical to minimise costs associated with DPP implementation and 3rd party certification are minimised so that there is margin left to improve sustainable practices.
Governments have an important role to play

- **Implement a national traceability and transparency framework.** This will position countries to compete effectively in global markets that increasingly demand sustainable products. Recommendation 49 and UNTP provide a toolkit to help accelerate national frameworks.

- **Enhance government services to support transparency.** The key activity here is to provide trust to support national transparency by uplifting existing business registers, permit systems etc to issue digital and verifiable certificates, permits, and registrations. Recommendation 49 and UNTP provide guidance and tools to help regulators add digital evidence to their existing services.
The roadmap for Recommendation 49 and UNTP

### Recommendation 49

- **Draft Development**: July 2023
- **Public review**: April 2024
- **Continued feedback**: 2024 plenary
- **Final release**: 2025 plenary

### UN Transparency Protocol

- **Raw draft development**: July 2023
- **AU Pilot**: Dec 2023
- **Final draft development**: April 2024
- **Industrial pilots & review**: Sept 2024
- **Final release**: 2025 plenary
Reporting on impact and outcomes

Recommendation 49 and UNTP will track uptake, impact, and outcomes.

- Number of UNTP implementers by type (software systems, supply chain actors, regulators & registry operators, certifiers).
- Volume of Digital Product passports issued.
- Uptake by country, industry sector, ESG category (emissions, water, biodiversity, etc)
- Case studies on impact on UN SDGs.

Expect performance metrics at the 2025 and subsequent plenaries
Thank you!

Steve Capell
UNTP Project lead
https://uncefact.github.io/spec-untp
Date: 11-07-2024
Item 5: Technical dialogue on global solutions for digital, sustainable and resilient value chains in support of the green and digital transformations
Feedback on Recommendation No. 49 for Technical dialogue on global solutions for digital, sustainable and resilient value chains in support of the green and digital transformations

30th UN/CEFACT Plenary, GENEVA, July 11th, 2024

Thomas Knothe and Thomas Roedding

Chair and Co-Chair of CEN CENELEC JTC 24 Digital Product Passport System and Architecture
EU Green Deal is driving DPP standardization. Global impact is considered from the beginning.

A global perspective on DPP is needed in particular for a global Quality Infrastructure.

Example Feedback from SRAHG to European Commission in July 2023: “Clarify the need of infrastructure for exchanging DPP relevant data in global supply chains.”

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**EU Green Deal**

- **Eco-Design for Sustainable Products Regulation (ESPR)**
- **Others Regulation**

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**Adoption of Proposal**

- Mar 2022

**Standardisation Request for DPP System**

- May 2023

**June / July 2023 Standardisation Adhoc Group (SRAHG)**

**Regulation enters into force**

- June of 2024

**Secondary legislation process**

- 42 months

**ESPR adoption**

- Sep 2027

**Battery Regulation Adoption**

- Feb 2027

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**End of 2025**

- Publication of Harmonized Standards

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**Oct 2023**

- “Semi-Final” Standardisation Request

**Jan 2024**

- JTC24 Starts work Kick Off JTC December 2023

**End of 2025**

- Eco-Design for Sustainable Products Regulation (ESPR)
EU DPP System Principle

Co-existence of standards/technologies

Core EU DPP system standards perspective

- Application of different Data Carriers
- Allow different principles of Unique Identifiers
- Routing to different distributed DPP Systems
- Application of different data management technologies
- Secure and reliable supply chain data acquisition and exchange

- Seamless and secure provision of access to different stakeholder groups with sector specific policies and rules
- Cross-domain interoperability across different data spaces
- Realise connectivity to products for dynamic data acquisition in use and r-phases
- How to align with global DPP initiatives (sector, country)

Global value stream perspective

Upstream supply chain

Downstream

European Commission central services

Passport data services

Registry

Support services

Third party services

Backup services

Economic operators distributed DPP system services

Translator services

NGSI + LD

AAS

SQL
Advise for Draft Recommendation 49

- **Role and Scope – Regionality and federated as much as possible:**
  - **Organizational Scope – Regionality**
    - Support of ongoing standardization in ISO/IEC and regional ones (e.g. CEN CLC) instead of creating another parallel one
    - Keep regional responsibility of authorities and stakeholder about DPP system
  - **Content Scope - Federation:**
    - Aim: Focus on interconnectivity between different systems
    - Level of Granularity: High level framework instead of defining standards of a system

- **Interoperability, technological openness, neutrality and sovereignty**
  - **Avoid** any technology, vendor or solutions *specifics* (e.g. in Rec. 49 there is 13 times mentioned a specific solution from one organization)
  - Implement **principle of co-existence** of standards as much as possible
  - Foresee **modularity** to simplify, keeping consistency and avoid vendor lock-in: E.g. separate purposes of DPP (e.g. traceability) and data model from system architecture
  - Utilize **data security** as applied in **data spaces** for **data sovereignty** as key prerequisite
Item 5: Technical dialogue on global solutions for digital, sustainable and resilient value chains in support of the green and digital transformations
Item 5: Technical dialogue on global solutions for digital, sustainable and resilient value chains in support of the green and digital transformations

ROUNDTABLE DISCUSSION: REFLECTIONS ON THE WAY FORWARD

Mariam Soumaré  
Community Engagement Specialist, Global Alliance for Trade Facilitation, World Economic Forum

Elisa Tonda  
Chief of Resources and Markets Branch, UNEP

Maria Teresa Pisani  
Chief ad interim, Trade Facilitation Section, UNECE
Reversing direction in the used clothing crisis: Global, European and Chilean perspectives

Background

- Surge in the production and sales of low-cost, disposable apparel over the past decades
- Sevenfold increase in global discarded clothing volumes over the past forty years, with an average annual growth exceeding 10%
- Export of large volumes of second-hand clothes and textiles waste from developed countries unwilling or unable to circulate them in their home markets
- Dumping and incineration in developing countries of imported waste clothes

Figure 1: Global Exports of used clothing, 1992-2021, million USD
Reversing direction in the used clothing crisis: Global, European and Chilean perspectives

This study from ECE and ECLAC presents:

➤ The perspective of importing countries using the example of Chile, including field work in the Tarapacá region and a comparison to other LATAM countries

➤ The perspective of exporting countries using the example of the EU, including and overview of value chain actors involved

➤ Global trade flows of second-hand clothes and their long-term drivers

➤ Policy recommendations targeting trade agreements, exportin countries as well as importing countries

Policy Recommendations

- Adjust international trade agreements to improve the quality of used clothing trade (EU-Chile example)
- Pursue domestic policy action in exporting countries to minimize the export of textile waste
- Pursue domestic policy action in importing countries to minimize waste imports and deal more effectively with those that occur
The Product Circularity Data Model

- Component Materials
- Sustainability Score
- Conformity & Compliance
- Labels
- Product characteristics
- Recycled Content Material
- Circularity Performance
- Voluntary Standards
- Data Carrier
- Additional Information
- Packaging
- Emission Performance
- Regulations
- DPP
- Images
- Substance of Concern
- Consumption Performance
- Waste Transport
- Economic Operator
- Circular Design Strategy
- Instructions (e.g. recycle)
- Environment Footprint
- Finishing Treatments
- Sustainability Characteristics (metrics, criteria)
- Facility

Generic by design

Cross-Industry
TECHNICAL DIALOGUE ON GLOBAL SOLUTIONS FOR DIGITAL, SUSTAINABLE AND RESILIENT VALUE CHAINS IN SUPPORT OF THE GREEN AND DIGITAL TRANSFORMATIONS

Proposed Plenary decision:

Plenary decision 24-06 to be noted:

• As a response to the outcomes of the 70th Commission session, the Plenary welcomed the technical dialogue on digital, sustainable and resilient value chains and highlighted its relevance to inclusive and resilient value chains and sustainable development.

• The Plenary acknowledged progress on United Nations Economic Commission for Europe (ECE) Recommendation No. 49: Transparency at Scale (ECE/TRADE/C/CEFACT/2024/6), and on its accompanying global solutions including the United Nations Transparency Protocol for Digital Product Passports and requests that the project team enters into exchange with national, regional DPP standards initiatives regarding scoping and to avoid incompatibilities, wasted effort, and envisage a global framework. It also took note of the next steps towards the finalization of these and related deliverables in view of its next session in 2025.

• Furthermore, the Plenary recognized the importance of effective coordination among international initiatives in this sphere, which is directly related to the ECE strategic priorities of the digital and green transformations to advance the circular economy in the ECE region and beyond.