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

Fourth Working Meeting

📅 Tuesday, 09 July 2024
⏰ 15:00 - 17:30 CET
📍 Room H-313, Building H, Palais des Nations, Geneva
Opening and Welcome Remarks (15:00-15:10)

Moderators

Christian Hudson
Chair, UNECE Team of Specialists
ESG Traceability

Nathalie Bernasconi
Vice-Chair, UNECE Team of Specialists
ESG Traceability

Elisabeth Türk
Director, Economic Cooperation and Trade, UNECE

Katrin Perlmutter
Senior Policy Officer, Federal Ministry for Economic Cooperation and Development, Germany
Item 1 - Transparency at scale for due diligence and ESG compliance in textiles (15:10-15:40)

Moderator

Christian Hudson
Chair,
UNECE Team of Specialists
ESG Traceability

Thomas Hesketh,
Head,
Sustainable Textile of the Asian Region (STAR) Network

Ninh Trinh,
Director Responsible Sourcing & Sustainability,
Target

Reference document: Matrix of initiatives to scale traceability and transparency ‘ESG ToS synergies and collaboration’ (draft)
Agenda

Moderator: Christian Hudson, Chair of the UNECE’s Team of Specialists on ESG traceability for Sustainable Value Chains

15:00-15:10: Opening and Welcome Remarks

15:10-15:40: Item 1 - Transparency at scale for due diligence and ESG compliance in textiles

15:40-16:10: Item 2 - ESG traceability in support to the objectives of data ecosystems

16:10-16:30: Item 3 - Governance of global ESG data sharing

16:30-17:10: Item 4 - ESG traceability in support of Digital Product Passports

17:10-17:20: Item 5 - Product Circularity Data Project – Updates

17:20-17:30: Closing
Item 1 - Transparency at scale for due diligence and ESG compliance in textiles

Process to date:

A) UNECE ToS meetings in November and February
   = potential for synergies between initiatives

B) Bilateral consultations
   = 1. clarification of these potential synergies
      2. capabilities needed for future transparency
      3. future exchanges or co-operations
Item 1 - Transparency at scale for due diligence and ESG compliance in textiles

- **Capabilities needed #1**

  1. High alignment of *data requested* in textiles value chains (including data formats) for:
     - Social-related data
     - Environment-related data
     - The categorisation and classification of facilities, operations and products
     - A ‘core set’ of key data points to be requested from all facilities/organisations, inc. SMEs,

  2. Commonly-used technological standards *facilitating interoperability and potential access* to data held by multiple organisations

  3. A common basis for matching of *different organisation’s Unique IDs* (for facilities, value-chain actors, and organisations/individuals giving access to data).
Item 1 - Transparency at scale for due diligence and ESG compliance in textiles

- Capabilities needed #2

1. Business models, **value propositions** or adequate rewards (of any kind) for the activities essential to generate, collect, clean, manage, transfer, or process data.

2. Ownership and access rights for data which i) ensure **trust around data access**, ii) support rewards for data activities, and iii) provide the transparency needed for civil society organisations to drive and recognise sustainability improvements.

3. **Multi-stakeholder governance processes** which promote future alignment and participation in access to data at scale, especially in **creating trust**.

4. Adequate **verification methodologies** and practices and norms for use of estimates/conversion factors
Item 1 - Transparency at scale for due diligence and ESG compliance in textiles

Finding Synergies between initiatives

1. Voluntary identification of where goals can be better achieved
2. Lead partners within wider ecosystem
3. Co-ordination between existing multi-stakeholder initiatives
4. UNECE ToS can help to convene where useful

Example consultation initiatives:

• Supply Chain Data Exchange - 30+ organisations, each with extensive networks
• apparel alliance - 4 leading organisations, with many members
• Fashion Pact - 1/3 of fashion industry by volume
Item 1 - Transparency at scale for due diligence and ESG compliance in textiles (15:10-15:40)

Reference document: Matrix of initiatives to scale traceability and transparency ‘ESG ToS synergies and collaboration’ (draft)
UNECE ESG WORKING GROUP

Tue 9th July
Mr. Thomas Hesketh
Head of Secretariat, STAR Network
GIZ Integrated Expert, TAFTAC

Thomas is the Head of STAR Secretariat and a GIZ Integrated Expert at TAFTAC. He coordinates the activities of the STAR Network. He specializes in private sector development, aiming to enhance trade and supply chain sustainability across Asia. He was previously Executive Director of the European Chamber of Commerce in Cambodia, and prior to that, held roles at Emerging Markets Consulting, BT Group, and Pfizer.
STAR
Sustainable Textiles of the Asian Region
2016

Founded with support of GIZ

FABRIC
2024

Establishing more formal structure
What is it?
A platform for dialogue and trust building, the STAR network helps members find solutions to the challenges they all face, particularly related to sustainability.
What is the purpose?

STAR works to raise the voice of suppliers so that they can engage on a more level playing field with the brands and buyers that dominate the industry.
Member Associations

Mr. Junaid Esmail Makda
PHMA

Mr. Fazlee Shamim Ehsan
BKMEA

Mr. Ken Loo
TAFTAC

Mr. Miran Ali
BGMEA

Mr. Muhammad Muzzammil Hussain
TMA

Mr. Azizullah Goheer
PTEA

Ms. Mai Nguyen-Thi-Tuyet
VITAS

Ms. Khine Khine Nwe (Rosaline)
MGMA

Mr. Xiaohui Liang
CNTAC
9
Member Associations
~35,962 Manufacturers
~30 million workers

6
Countries
China, Vietnam, Bangladesh, Cambodia, Pakistan, Myanmar

49%
% of GFT Export Market
From member countries (UNCTAD, 2021)

11
Asian Dialogue Events
+5 Publications

422
US$ Billion in Exports
From countries of STAR members (UNCTAD, 2021)

7+
International Partners
ILO, UNESCAP, ITMF, OECD, IAF, UN Fashion Alliance
Position Paper 1: Sustainable Terms of Trade
Position Paper 2: Addressing Audit Fatigue
<table>
<thead>
<tr>
<th>Objective</th>
<th>Key Points</th>
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<tbody>
<tr>
<td>Deliver a clear and impactful message</td>
<td>1. Current practices are counterproductive</td>
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<td>Summarize the situation</td>
<td>2. Social responsibility is a place for collaboration not for competition</td>
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<tr>
<td>Address the concerns regarding current practices bluntly and honestly</td>
<td>3. STAR is committed to the wellbeing of labor</td>
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<tr>
<td>The way forward</td>
<td>4.</td>
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</table>
Present and argue conventional wisdom used to perpetuate the status quo.

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<th>Key Points</th>
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</thead>
<tbody>
<tr>
<td>Present and argue conventional wisdom used to perpetuate the status quo</td>
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<td>Social audits are a means of differentiation</td>
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<td>Audits do not cost retailers anything</td>
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<td>Buyers are not willing to take any risks</td>
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<td>Audit companies have an interest</td>
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<td>Manufacturers have no influence</td>
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<tr>
<td>Addressing Tier 2 and 3 will give more business</td>
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<tr>
<td>Manufacturers are the most capable of making a difference</td>
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Objective

- Outline the roles of stakeholders each in their domain to reduce audit and standard fatigue

Key Points

Manufacturers
- Collaboration not duplication

Standard holders
- Mutual recognition & working with reliable existing solutions

Consumers
- There is a cost, support responsible brands

Buyers
- Improve buying practices
"This paper is a call to action. We urge all stakeholders—manufacturers, buyers, certifying bodies, and governments—to adopt a more unified approach to social and environmental compliance. By embracing shared audit frameworks and recognizing certifications, we can eliminate redundancies and focus our efforts on true improvements to the lives of workers."

Miran Ali, STAR Spokesperson
Position Paper 3: Calling for Improved Policies for Renewables (in development)
Position Paper 4:
To be confirmed, but we’re looking for ideas & partners.
HREDD First Impacts?
Country Guides

an introduction to
Cambodia

STAR Network

A focus on the garment sector
Author: Thomas Heselth, Head of STAR Secretariat
13 SEP 2023

an introduction to
Vietnam

STAR Network

A focus on the garment sector
Author: Thomas Heselth, Head of STAR Secretariat
13 SEP 2023

An introduction to
Pakistan

STAR Network

A focus on the garment sector
Author: Thomas Heselth, Head of STAR Secretariat
NOVEMBER 2023
Thank You!

Contact:
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star@giz.de
miran@bitopibd.com

Web:
https://asiagarmenthub.net/star-network
Item 1 - Transparency at scale for due diligence and ESG compliance in textiles (15:10-15:40)

Thomas Hesketh,
Head,
Sustainable Textile of the Asian Region (STAR) Network

Ninh Trinh,
Director Responsible Sourcing & Sustainability,
Target

Reference document: Draft matrix of initiatives and recommendations
Item 2 - ESG traceability in support to the objectives of data ecosystems (15:40-16:10)

Sotirios Kanellopoulos,
Policy Officer - Information and Reporting,
Strategy, Digitalization, Better Regulation & Economic Analysis,
Directorate General for Environment, European Commission

Marie Falk,
Sustainability Reporting Technical Manager,
European Financial Reporting Advisory Group (EFRAG)
The European sustainability reporting landscape

4th UNECE ToS working meeting on ESG Traceability

09 July 2024

Marie Falk – Sustainability Reporting Technical Manager
The views expressed in this presentation are those of the presenter, except where indicated otherwise. EFRAG positions, as approved by the EFRAG SRB, are published as comment letters, discussion or position papers, or in any other form considered appropriate in the circumstances.
Overview

- **Starting point**: EU Green Deal & Sustainable Finance Agenda
- **Mandatory reporting regime**, including (among others):
  - EU Taxonomy
  - SFDR
  - CSRD
- **Objective**: Enhancing transparency and supporting sustainable investments.

Corporate Sustainability Reporting Directive

- **Scope**: *Large and listed entities* for 2024 and 2025 year-ends; for *listed SMEs* with progressive phase-in (2026-2028); 2028 for *non-EU undertakings* with branches/subsidiaries
- **Key concept**: *Double materiality*
- **Accountability**: *Mandatory audit*
- **Accessibility**: *digital tagging*
- **Voluntary standard** for other SMEs & upcoming sector-specific standards

**European Sustainability Reporting Standards (ESRS) – one stop shop for comprehensive sustainability information**
The role of the ESRS for value chain data

Goal: addressing the quality issue of sustainability-related data by placing sustainability reporting on an equal footing with financial reporting.

• CSRD/ESRS is a mandatory regime and requires an investments from companies in systems and information collection, incl. value chain.

• Improved quality of information through standardisation & mandatory audit.

• Collaboration with value chain actors for data collection, especially beyond tier 1 where applicable.

• Accessibility of data through digitisation.

• Improving quality of information over time.

In ESRS:
• Value chain disclosure could be either qualitative and/or quantitative (e.g., scope 3 vs. violation of human rights)
• No limitation to tier 1 actors
Implementation support for value chain data

- **EU**: Voluntary SME standard for value chain undertakings.
- **Outside EU**: non-EU standards for companies in scope; high degree of alignment with ISSB standards, GRI and TNFD (incl. interoperability mapping).
- **Sector-specific standards** under development with further specifications.
- Accompanying **Implementation Guidance** to the ESRS for large and listed companies:
  - **EFRAG IG 2 Value chain**
EFGRAM is co-funded by the European Union through the Single Market Programme in which the EEA-EFTA countries (Norway, Iceland and Liechtenstein), as well as Kosovo participate. Any views and opinions expressed are however those of the presenter only and do not necessarily reflect those of the European Union, the European Commission or of countries that participate in the Single Market Programme. Neither the European Union, the European Commission nor countries participating in the Single market Programme can be held responsible for them.
Item 2 - ESG traceability in support to the objectives of data ecosystems (15:40-16:10)

Sotirios Kanellopoulos, Policy Officer - Information and Reporting, Strategy, Digitalization, Better Regulation & Economic Analysis, Directorate General for Environment, European Commission

Marie Falk, Sustainability Reporting Technical Manager, European Financial Reporting Advisory Group (EFRAG)
Item 3 - Governance of global ESG data sharing
(16:10-16:30)

Eric Pol,
Chair of the board,
MyData

Anthony Zacharzewski
President,
Democratic Society
Governance of global ESG data sharing

4th Working Meeting of the UNECE Team of Specialists on Environmental, Social and Governance Traceability of Sustainable Value Chains in the Circular Economy
09 July 2024

Eric Pol
Chair of the Board, MyData Global
eric@mydata.org, mydata.org
ESG and supply chain data – an ecosystem in flux

- ESG as a response to pernicious accountability challenges and environmental impact
- Proliferation of ESG data monitoring platforms
- Limited amount of actual data sharing
- Concerns about the validity of ESG data and the problem of proxy indicators
Fair, sustainable and prosperous digital society through a human-centric approach to personal data

Need

People get value from their data and set the agenda on how it is used.

For organisations, the ethical use of data is always the most attractive option.

Offer

FROM FORMAL TO ACTIONABLE RIGHTS
FROM DATA PROTECTION TO DATA EMPOWERMENT
FROM CLOSED TO OPEN ECOSYSTEMS
Technological solutions for privacy concerns

Technical protocols and advances

- Health
- Skills
- Retail
- Mobility

The B# Ecosystem for supply chains

- Piloted for garment workers and rice farmers
- Personal data stores enable privacy, control and monetization
- Enables SDG monitoring and supply chain accountability
MyData vision

The core idea is that individuals should be in control of the data about themselves.

The MyData approach aims at strengthening digital human rights while opening new opportunities for businesses to develop innovative personal data-based services built on mutual trust.
MyData Principles

1. Human-centric control of personal data
2. Individual as the point of integration
3. Individual empowerment
4. Portability: access and re-use
5. Transparency and accountability
6. Interoperability
The Operator Model for Human-Centric Intermediation

- White papers
- Reference models and specifications
MyData is a Global Community
MyData: a vision and a movement

Global community
- 100+ businesses and organisations
- 400+ formal members and 3k+ active community members
- 16 local hubs on 6 continents (+ 38 emerging or latent)

Finding the way forward
- White papers and infrastructure design
- Standards and reference architectures
- Thematic working groups on health, data models, children, and more.

Showcasing what works
- The MyData awards best practice
- Defining and promoting sustainable business models
MyData is an idea... what does it mean for ESG?
A nested vision of governance for data-sharing

Policy and regulation

Ecosystem governance (codes of conduct, administrative rules, oversight bodies, contracts)

Relationship of technology providers to individuals
Item 3 - Governance of global ESG data sharing (16:10-16:30)

Eric Pol,
Chair of the board,
MyData

Anthony Zacharzewski
President,
Democratic Society
Item 4 - ESG traceability in support of Digital Product Passports (16:30-17:10)

Steven Capell
Managing Director, GoSource Pty, and UN/CEFACT Vice-Chair (online)

Carolynn Bernier
CIRPASS-2 Consortium Coordinator, Alternative Energies and Atomic Energy Commission (CEA)

Reference documents: UNECE draft Recommendation 49 Transparency at Scale; Briefing Note on Draft Recommendation No. 49, the United Nations Transparency Protocol and Digital Product Passport
Item 4 – Traceability and Digital Product Passports

UNECE Recommendation 49
United Nations Transparency Protocol (UNTP)

Steve Capell
UNTP Project lead

https://uncefact.github.io/spec-untp

Date: 08-07-2024
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
3. Low confidence means no price differential
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

Consumer confidence improves and businesses compete on quality of claims.
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.

10 million UN DPPs per day. Our goal.
The UNTP aims to achieve that scale with 5 pillars

**SECURE** the data
- Decentralised Access Control (DAC)
  - Prove authority to access sensitive data, no matter where it is located.
- Digital Identity Anchor (DIA)
  - Get proof of identity and role from a trust authority and use it anywhere.
- Verifiable Credentials Profile (VCP)
  - Make all credentials tamper-proof, verifiable, revokable & interoperable.

**FIND** the data
- Identity Resolver (IDR)
  - Get list of links
- Digital Traceability Event (DTE)
  - Traceability
  - Get the data
- Digital Product Passport (DPP)
  - Transparency
  - Get the data
- Digital Conformity Credential (DCC)
  - Trust
  - Lookup meaning

**UNDERSTAND** the data
- Sustainability Vocabulary Catalogue (SVC)
  - Maps to catalogs
  - 1000's Sectoral/local rules
  - Global references
  - IFRS/GRI etc
  - ISO/IEC etc
  - UNEP/FAO etc
  - ESRS/SEC etc

**VALUE** the data
- Business Case Template (BCT)
  - Individual organisation business case for UNTP implementation.
- Community Activation Program (CAP)
  - A community level business case for collective action.
- Value Assessment Framework (VAF)
  - Ongoing post-implementation reporting to track value.
Lets look at the UNTP DATA

The core idea is that trustworthy traceability and transparency data is always discoverable from product IDs.

Digital Traceability Event
- Sensor data
- Organization (inspect, test, ...)
- Transaction (sell, ship, transfer, ...)
- Transformation (manufacture, ...)
- Aggregation (consolidate, ...)
- Association (assemble, package, ...)
- Product ID
- Location ID
- Party ID

Digital Product Passport
- Organisation
- Facility Data
- Provenance Data
- Sustainability Claims
- ESG Metric Value
- Item/Batch Data
- Traceability Events

Digital Conformity Credential
- Accreditation
- Scheme or Regulation
- Conformity Attestation
- Assessment Body
- Conformity Assessment
- Products / Facilities
- Criteria / Metrics
- Assessed values

Digital Identity Anchor
- Member Name
- Linked DIDs
- Scope

Link resolver

Human
- Scan barcode

Machines
- Scan barcode

Trust
- Verify accreditation
- Verify identity
- Verify ownership

Discoverable & resolvable identifiers
- Backed by strong governance

Trusted Authority

Sustainable and Digital Trade Facilitation Week | 8-12 July 2024 | Geneva
And what happens across a supply chain

Each party can act independently – the UNTP works even when there are breaks and gaps. It can reach across industry and national boundaries. Data is decentralised and traceability is like pulling on a thread.
But let’s really focus on the UNTP DPP VALUE

**SECURE the data**
- Decentralised Access Control (DAC)
  - Prove authority to access sensitive data, no matter where it is located.
- Digital Identity Anchor (DIA)
  - Get proof of identity and role from a trust authority and use it anywhere.
- Verifiable Credentials Profile (VCP)
  - Make all credentials tamper-proof, verifiable, revokable & interoperable.

**FIND the data**
- Identity Resolver (IDR)
  - Get list of links
- Scan barcode on the box or the document
  - Humans
  - Machines

**VALUE the data**
- Business Case Template (BCT)
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**UNDERSTAND the data**
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- Digital Product Passport (DPP)
- Digital Conformity Credential (DCC)
  - Get the data
  - Transparency
  - Traceability
  - Trust
  - Lookup meaning

**the DATA**
- IFRS/GRI etc
- ISO/IEC etc
- UNEP/FAO etc
- ESRS/SEC etc
- 1000’s Sectoral/local rules
- Global references
- Sustainability Vocabulary Catalogue (SVC)
  - maps to

**GLOBAL SEEKS**
- ABNT
- ABN
- ASC
- ASCO
- IRMA
- MLA
- NGER
- TSM
- ESRS/SEC etc

- IFRS/GRI etc
- ISO/IEC etc
- UNEP/FAO etc
- ESRS/SEC etc
Benefits must exceed costs for adoption at scale

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.

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.

**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

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.
Lets examine just one of the benefits - disclosures

Few jurisdictions (so far) are planning to mandate DPPs. We hope others will follow the EU example. However, many jurisdictions are mandating corporate level sustainability disclosures to help drive their net zero commitments. Most corporates are using industry averages to account for their scope 3 (supplier) footprint. But without product level data, how will brands have the information to select supply to meet their corporate obligations? Will the market punish forms that don’t improve? Supplier DPPs provide the data. Just as payments, when coded to a GL account roll up to corporate financial statements, so DPPs when coded to IFRS categories, will roll up to corporate sustainability disclosures.
Startup costs may stall action even for positive cases

On challenge is that early movers may face higher costs as they blaze the path for their industry. In some cases, startup costs are easily justified by future value streams. In other cases, future value may be too low to justify capital investments.

Benefits scale up as volume of sustainable product trade increases. Benefits include:
- Preferential trade finance
- Unit price uplift
- Market access uplift
- Entity capital value uplift

Costs face an initial investment hump then drop to steady level. Costs include:
- Sustainable practices
- Third party certification
- IT system integration
- Consulting services

<table>
<thead>
<tr>
<th>Monthly $$</th>
<th>Discovery phase</th>
<th>Alpha phase</th>
<th>Beta phase</th>
<th>Live phase</th>
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<td>Self-funded flywheel</td>
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Community level incentives can help.

When UNTP implementation is planned at community level and led by industry / member associations then a collection of motivated stakeholders with aligned incentives can come together to create a value flywheel that helps with up-front costs and ongoing value. This is the purpose of the UNTP Community Activation Program (CAP)

- **United Nations**
  - Brings a trusted forum / governance, access to nations and governments via our regional commissions, the UNTP standards and implementer platforms

- **Development banks**
  - Bring innovative financial products and grant funding to assist the suppliers achieve sustainability targets

- **Industry Associations**
  - Bring their members that want sustainability data from their suppliers

- **Trust marks (e.g. WWF, etc.)**
  - Bring endorsement and expertise to the sustainability targets that underpin the funding

- **Supply chain actors**
  - **Brands**: Bring their suppliers and IT solution providers to implement traceability at scale and liaise with Development Banks to set up supply chain finance programs.
  - **Suppliers**: receive supply chain finance, implement traceability at scale, bring visibility to their N-tier suppliers to also implement

- **IT Solution Providers**
  - Conform to interoperability protocol, allowing themselves to exchange and receive data with other platforms, thus ensuring their long-term survival
Call to Action – engage your communities on UNTP

Thank you!

Steve Capell
UNTP Project lead
https://uncefact.github.io/spec-untp
Date: 08-07-2024
UNTP and EU DPPs: complementarities?

UNECE Team of Specialists on Environmental, Social and Governance Traceability of Sustainable Value Chains in the Circular Economy - Fourth Working Meeting

Carolynn Bernier, CEA

July 9, 2024
What are CIRPASS and CIRPASS-2?

- Funded by the European Commission under the **Digital Europe Programme**
- **Duration:** 18 months (from Oct 2022 to March 2024)
- **Coordination and Support Action (CSA)**
- 2M euros budget
- 31 partners

- Funded by the European Commission under the **Digital Europe Programme**
- **Duration:** May 2024 – April 2027
- **Innovation Action (IA)**
- 12,6M euros budget
- 49 partners

*Build consensus on a standards-based DPP system*

*Deploy at scale Digital Product Passports in four target value chains and demonstrate data-enabled B2B activities that promote circularity*
The DPP is mentioned in many policy and regulatory texts of the European Commission. The most important are:

- **Battery Regulation**
  - Formally adopted summer 2023.
- **Ecodesign for Sustainable Products Regulation (ESPR)**
  - Adopted, May 2024.
  - Preparatory work for ESPR delegated act for textiles, iron and steel are currently ongoing.

But also:

- **Construction Products Regulation**
- **Toys regulation**
- **Detergents regulation**
- **Packaging and Packaging Waste Regulation**
- **Critical Raw Material Act**

- Link to CSRD → carbon reporting on steel and aluminum
DPP design

All standards and protocols related to the IT architecture, like standards on:

- Data carriers and unique identifiers
- Access rights management
- Interoperability (technical, semantic, organisation), including data exchange protocols and formats
- Data storage
- Data processing (introduction, modification, update)
- Data authentication, reliability, and integrity
- Data security and privacy

- The DPP registry

Possible Track & Trace identifiers:

- Economic operator’s name, registered trade name
- Global Trade Identification Number or equivalent
- TARIC code
- Global location number
- Authorised representative
- Reference of the back-up data repository
- ...

Example of potential attributes:

- Description of the material, component, or product
- Recycled content
- Substances of concern
- Environmental footprint profile
- Classes of performance
- Technical parameters
- ...

(to be developed before DPP deployment)

Digital Product Passport

(to be identified when developing product-group specific secondary legislation)
Policy requirements

- No proprietary solutions
- Open standards and interoperable formats
- Decentralized data storage
  - Both static and dynamic data
  - Public and private access data
- Currently, no focus on data quality!

Business requirements

- Acceptability: Maximum reuse of legacy systems and legacy data
- Accommodate both regulatory and non-mandatory (business-model-specific) and evolving information requirements.
- Future-proof and easy to deploy: A DPP system with built-in flexibility based on state-of-the-art technologies but sufficiently mature to support DPPs in 2027
Possible connections between the EU DPP and the UNTP DPP

- A logical way to provide high quality supply chain data to regulatory DPPs:

**Focus of the UNTP DPP**

- For a detailed comparison of EU DPP and UNTP DPP: “**DPP Prototypes**” available [https://cirpassproject.eu/project-results/](https://cirpassproject.eu/project-results/)
Standardisation & CIRPASS-2 - Timelines

- Standardisation CEN/CENELEC JTC 24
- Mandatory DPPs (batteries)
- Mandatory DPPs (textiles)

Year 1 → Year 2 → Year 3

Proposal for the DPP system

2023 → 2024 → 2025 → 2026 → 2027

Proposal for the DPP system standards

NOW
## Comparison between the EU DPP system and the UNTP DPP (1/2)

<table>
<thead>
<tr>
<th></th>
<th>EU DPP System</th>
<th>UNTP DPP</th>
</tr>
</thead>
<tbody>
<tr>
<td>Architecture</td>
<td>(Mostly) decentralized (EU-operated registry for product IDs); Product centric</td>
<td>Decentralized ; Product centric</td>
</tr>
<tr>
<td>Mandatory</td>
<td>Yes, for regulated products</td>
<td>No</td>
</tr>
<tr>
<td>Conformity Credentials</td>
<td>No, but could be linked to DPP data in the future</td>
<td>Yes</td>
</tr>
<tr>
<td>Verifiable traceability events</td>
<td>No, but could be linked to DPP data in the future</td>
<td>Yes</td>
</tr>
<tr>
<td>System integration</td>
<td>agnostic</td>
<td>agnostic</td>
</tr>
<tr>
<td>Interoperability standards</td>
<td>CEN CENELEC standardisation request for DPP system standards in 8 areas of standardisation</td>
<td>W3C VC &amp; DID standards, product &amp; entity identifier schemes, vocabularies such as vocabulary.uncefact.org, GS1 EPCIS-LD</td>
</tr>
<tr>
<td>Are “system” aspects clearly distinguished from “data” (payload)?</td>
<td>Yes. “DPP System” will be standardised through CEN/CENELEC standardisation request. “DPP Data” will be defined through ESPR delegated acts.</td>
<td>Yes. “System” aspects are the resolution protocol and the VC envelope (issuer, date, id, signature, etc). The “Data” aspects (ie the payload of the VC) are one of three types: a UN DPP, a Conformity credential, a traceability event.</td>
</tr>
<tr>
<td>Does the standard or recommendation cover « system » only?</td>
<td>Yes</td>
<td>No.</td>
</tr>
</tbody>
</table>

Table extracted from: “**DPP Prototypes**” available [https://cirpassproject.eu/project-results/](https://cirpassproject.eu/project-results/)

Text in red corresponds to CIRPASS proposal for the DPP system
Comparison between the EU DPP system and the UNTP DPP (2/2)

<table>
<thead>
<tr>
<th></th>
<th>EU DPP System</th>
<th>UNTP DPP</th>
</tr>
</thead>
<tbody>
<tr>
<td>Payload format</td>
<td>Linked data</td>
<td>Linked data</td>
</tr>
<tr>
<td>Selective privacy mechanisms</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Implementation support</td>
<td>Digital Europe and Horizon Europe Pilot projects. Other support mechanisms will be provided by EU and member states.</td>
<td>Supporting materials such as schema, vocabularies, and test services <a href="https://github.com/uncefact">https://github.com/uncefact</a> <a href="https://uncefact.github.io/spec-untp/docs/specification">https://uncefact.github.io/spec-untp/docs/specification</a></td>
</tr>
<tr>
<td>Is there an identifier for the DPP itself?</td>
<td>Optionally yes</td>
<td>Yes, URI</td>
</tr>
<tr>
<td>DPP issuer</td>
<td>Economic operator responsible for placing the product on the EU market</td>
<td>Any actor in the supply chain</td>
</tr>
<tr>
<td>(Backup) Resolver with links to the data</td>
<td>In case provided links go stale (e.g., bankruptcy), links to backup data will be available in the EU registry.</td>
<td>The issuer of IDs should provide a service on their registry to host a pointer to where the data is.</td>
</tr>
<tr>
<td>Does the Data carrier on the product contain an URI?</td>
<td>Not necessarily</td>
<td>Not necessarily</td>
</tr>
</tbody>
</table>

Table extracted from: “DPP Prototypes” available [https://cirpassproject.eu/project-results/](https://cirpassproject.eu/project-results/)
Thank you!

www.cirpass2.eu

Contact us : info@cirpass2.eu
Item 5 - Product Circularity Data Project – Updates
(17:10-17:20)

Virginia Cram-Martos,
CEO, Triangularity and
UN/CEFACT Project Lead

Gerhard Heemskerk,
CEO, Triangularity and
UN/CEFACT Project Lead

Reference document: UNECE-UN/CEFACT BRS on Product Circularity Data Use Case
On 09 April 2024, the UN/CEFACT Bureau approved the Product Circularity Data Standard, an extension of the existing traceability and transparency standard for textile and leather, providing business requirement specifications (BRS) supporting standardized data exchange for circular business models.
Product Circularity Data use case - project

The project’s purpose is to update and publish the Textile and Leather BRS (Business Requirement Specification) with an additional use case and data structure to support the reuse and recycle stages of the value chains through a digital representation and exchange of circular product and material data.

Project participants roles: contributors, observers, reviewers

(not a full list..)
Product Circularity Data use case – project timeline

- **Requirements Gathering**
  - JAN-23

- **Draft Development**
  - JUN-23

- **Public Review BRS**
  - JAN/FEB 24

- **Publication BRS**
  - APR/24

- **Data Submission UN Library**
  - MAY/24

- **Validating Submission**
  - JUL/AUG/24

- **Publication UN Library**
  - OKT/NOV/24
The resulting harmonized product circularity data categories based on the referenced DDP initiatives

- 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
The core data & possible sectoral extensions enable scalability

UN Transparency Protocol (UNTP) Core Data

- Product data
- Component Materials
- Sustainability Characteristics (metrics, criteria, etc.)

Sectoral Extension Classifications (e.g. Textiles Exchange)

- e.g. Sectoral Product Characteristics
- e.g. Textile Exchange Classification
- e.g. Sector Specific Sustainability Characteristics

Sectoral Data Extensions

- Core data
  - “Yarn Count”
- “When generic”
- e.g. Yarn Count, Sustainably Sourced Fibre, Colour
- Sustainability characteristic:
  - “Sustainably Sourced Fibre”
Thank you!

Download link for Business Requirement Specification of the Product Circularity Data use case

Gerhard Heemskerk
Independent eBusiness Consultant
UN/CEFACT expert, Lead editor Product Circularity BRS

Virginia Martos-Cram
CEO, Triangularity and UN/CEFACT Project Lead Product Circularity BRS

Date: 09 I JUL I 2024
Save the dates: ToS meetings in 2024 & 2025

Next meetings of the Team:


- **10-12 December 2024**, (exact date TBC), 5th working meeting during 43rd UN/CEFACT Forum, Rome, Italy

- **March 2025** (exact date TBC), 6th working meeting, online and/or side meeting during OECD Due Diligence Forum on Garment and Footwear (TBC)