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

Project's Experts monthly meeting
General update

Maria Teresa Pisani and project team

1st I 07 I 2021, WebEx Meeting

UNECE
UN/CEFACT

Agenda

Project's Experts Meeting 1st July 2021 (15:00 -16:30) CEST

I. Capacity-building and Outreach (15:00-15:30)

1. **Multi-stakeholder dialogue UNECE-SDA BOCCONI event 21-22-23 September 2021: programme and modalities** - *Maria Teresa Pisani, Francesca Romana Rinaldi*
2. **The Sustainability pledge launch and other updates** - *Sarah Harris*

II. The Blockchain Pilots (15:30-16:15)

1. **Memorandum of Understanding, Rules book on data management, intellectual property rights and disclosure levels -** *Claudia di Bernardino*
2. **Cotton Blockchain Pilot implementation progress : in the run up to the Proof-of Concept -** *Andrea Redaelli, Olivia Chassot, Giacomo Poretti*
3. **Leather Blockchain Pilot implementation progress: from gap analysis to scoping the pilot -** *Deborah Taylor*

Q&A, next steps and closing (16:15-17:00)

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Maria Teresa Pisani, Francesca Romana Rinaldi

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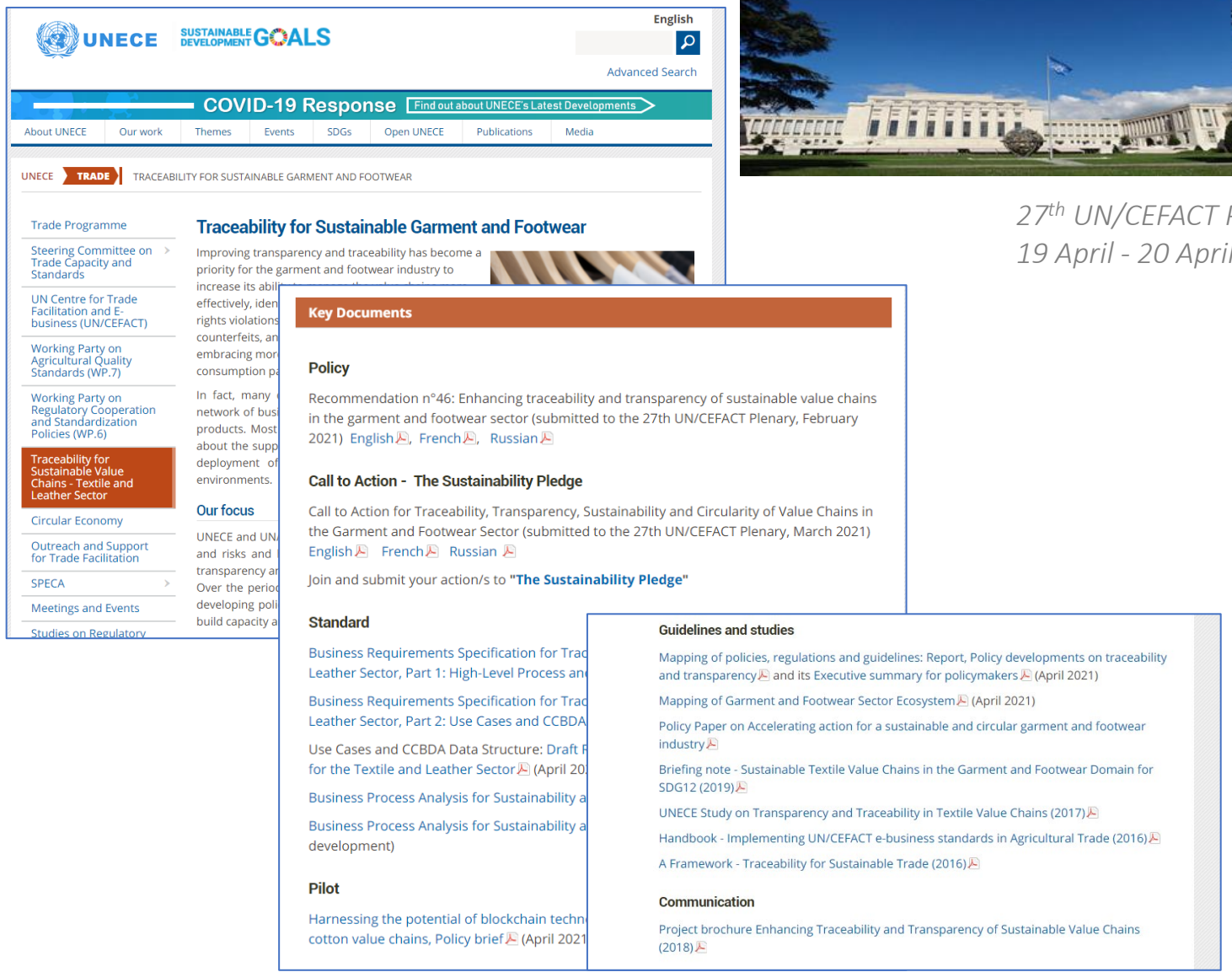
Sarah Harris

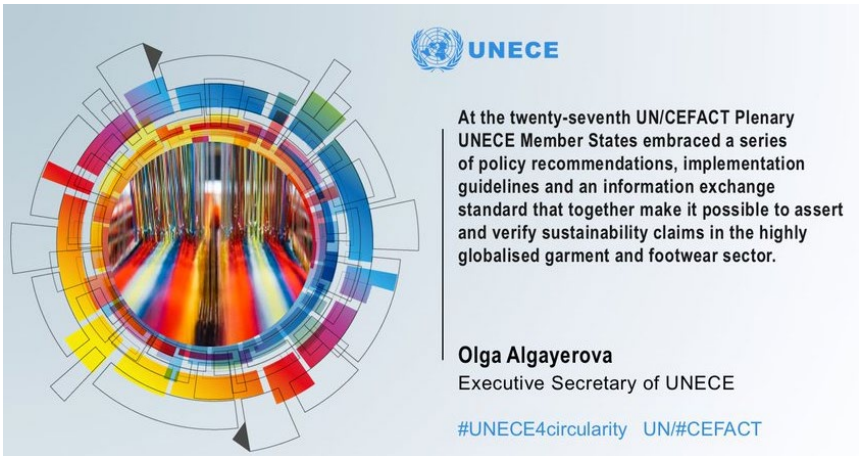
Outcomes of the 27th UN/CEFACT Plenary and 69th ECE Session

https://unece.org/trade/traceability-sustainable-garment-and-footwear



27th UN/CEFACT Plenary
19 April - 20 April 2021

UNECE 69th Commission Session
20 April - 21 April 2021



Multi-stakeholder dialogue UNECE-SDA BOCCONI event 21-22-23/09/2021: programme

8 modules → 3 days duration → key beneficiaries

UNECE

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

****DRAFT** Programme UNECE-SDA BOCCONI event 21-22-23 September 2021**

Accelerating action for the sustainable and circular garment and footwear industry of the future

Harnessing the potential of innovation for due diligence and informed consumers' choices

DAY 1 (morning) 21 September 2021		
Time	**Activity**	**Speakers**
9.00-9.30	*Coffee & Registration*	
9.30-10.00	Institutional introduction	▪ SDA Bocconi, Giuseppe Soda, Dean - Master of Ceremony ▪ UNECE, Olga Algayerova, ES ▪ Italy, Vittorio Colao, Minister Innovation and Digital Transition Or ▪ Roberto Cingolani, Minister Environment and Ecological Transition ▪ EC DG INTPA, Deputy Director-General, Marjeta Jager
10.00-10.15	Inspirational video	▪ Dana Thomas/Vanessa Friedman ▪ & Ryan Gellert, CEO of Patagonia ▪ Anna Favella & Alessandro Gasmann ▪ Emma Watson / Lily Cole
10.15-11.00	UNECE Policy Recommendations for Enhancing Traceability and Transparency of Sustainable Value Chains in the Garment and Footwear Sector	UNECE, Elisabeth Tuerk, Director ECTD **Discussants:** ▪ France, Mayis Souque, OECD National Contact Point ▪ Kering, Marie-Claire Daveu, CSO ▪ ACPGS, Mr. Escipión Gómez, ASG ▪ Clean Clothes Campaign, Paul Roeland, TL
11.00-11.30	*Coffee break*	
11.30-11.45	UNECE call to Action and SDA Bocconi Circular Fashion Manifesto	Companies of the Monitor for Circular Fashion SDA Bocconi present the pledge to the UNECE Call to Action Vivienne Westwood-Candiani Denim
11.45-13.00	Monitor for Circular Fashion 2021: research findings (key points from brands, ingredient brands, upstream actors, tech providers)	▪ Intro Sustainability Lab Director, Francesco Perrini, ▪ SDA Bocconi, Francesca Romana Rinaldi ▪ Enel X, Nicola Tagliafierro ***Discussants:*** ▪ UNEP, Bettina Heller ▪ EURATEX, Mauro Scalia ▪ Ellen MacArthur Foundation, Joss Bériot
13.00-14.00	*Lunch*	
13:30-14:00	*Press-Conference*	

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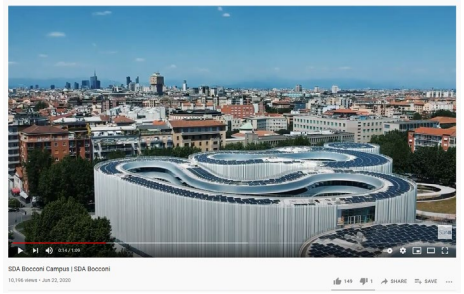
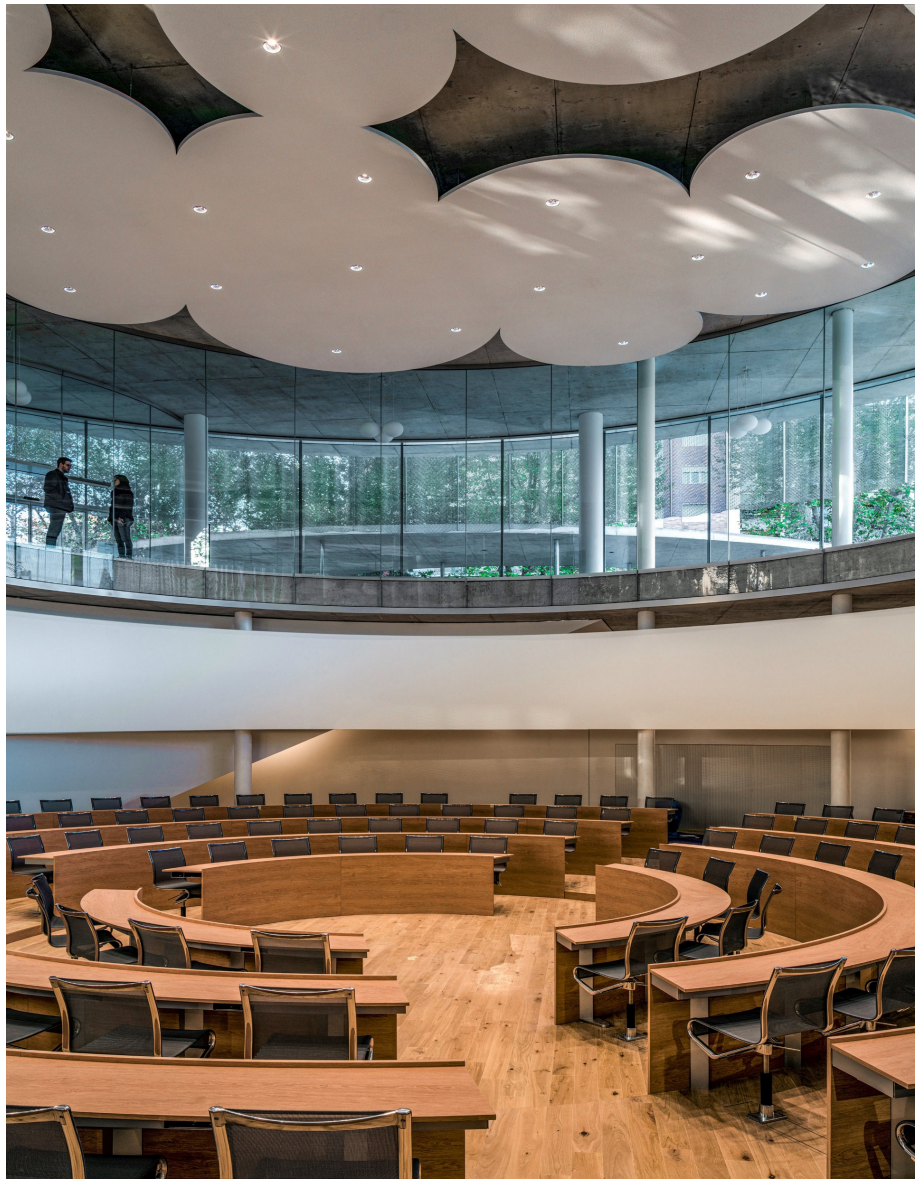
Multi-stakeholder dialogue UNECE-SDA BOCCONI event 21-22-23/09/2021: modalities

- **Blended** format (physical/virtual participation)
- **70** participants on-site
- Priority given to the project's Experts
- Limit of **one** representative per company for physical participation (full three days); no limit for virtual participation in the modules
- "**First come first served**" criteria (physical participation)
- Deadline for expression of interest for physical participation to be notified to Secretariat by **12th July**
- For virtual participation **registration form** soon available



SDA Bocconi Campus | SDA Bocconi
https://www.youtube.com/watch?v=rXx3PfJxDLc&t=9s



Circular Fashion Manifesto and UNECE

SDA Bocconi research of the Monitor for Circular Fashion connection with UNECE project

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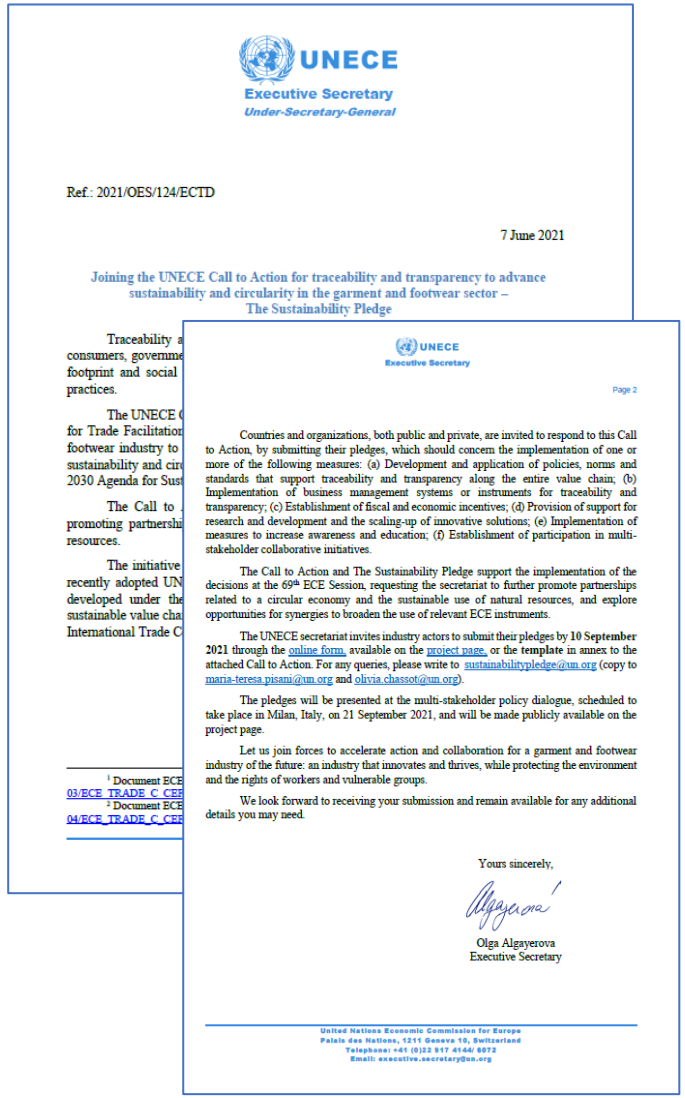
Letter from the UNECE Executive Secretary to UNECE member States

Invitation to join the UNECE Call to Action traceability and transparency – Sustainable pledge

Invites all actors in the garment and footwear industry

Accelerates action for sustainable and circular value chains in garment and footwear

Establishes a mechanism to support the implementation of the measures laid out in the Recommendation No. 46



UNECE
Executive Secretary
Under-Secretary-General

Ref.: 2021/OES/124/ECTD

7 June 2021

Joining the UNECE Call to Action for traceability and transparency to advance sustainability and circularity in the garment and footwear sector – The Sustainability Pledge

Traceability a
consumers, governme
footprint and social
practices.

The UNECE
for Trade Facilitation
footwear industry to
sustainability and cir
2030 Agenda for Sust

The Call to
promoting partnershi
resources.

The initiative
recently adopted UN
developed under the
sustainable value cha
International Trade C

[1] Document ECE
03/ECE_TRADE_C_CE
[2] Document ECE
04/ECE_TRADE_C_CE

UNECE
Executive Secretary

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Countries and organizations, both public and private, are invited to respond to this Call to Action, by submitting their pledges, which should concern the implementation of one or more of the following measures: (a) Development and application of policies, norms and standards that support traceability and transparency along the entire value chain; (b) Implementation of business management systems or instruments for traceability and transparency; (c) Establishment of fiscal and economic incentives; (d) Provision of support for research and development and the scaling-up of innovative solutions; (e) Implementation of measures to increase awareness and education; (f) Establishment of participation in multi-stakeholder collaborative initiatives.

The Call to Action and The Sustainability Pledge support the implementation of the decisions at the 69th ECE Session, requesting the secretariat to further promote partnerships related to a circular economy and the sustainable use of natural resources, and explore opportunities for synergies to broaden the use of relevant ECE instruments.

The UNECE secretariat invites industry actors to submit their pledges by **10 September 2021** through the online form, available on the project page, or the **template** in annex to the attached Call to Action. For any queries, please write to sustainabilitypledge@un.org (copy to maria-teresa.pisani@un.org and olivia.chassot@un.org).

The pledges will be presented at the multi-stakeholder policy dialogue, scheduled to take place in Milan, Italy, on 21 September 2021, and will be made publicly available on the project page.

Let us join forces to accelerate action and collaboration for a garment and footwear industry of the future: an industry that innovates and thrives, while protecting the environment and the rights of workers and vulnerable groups.

We look forward to receiving your submission and remain available for any additional details you may need.

Yours sincerely,

Olga Algayerova
Executive Secretary

United Nations Economic Commission for Europe
Palais des Nations, 1211 Geneva 10, Switzerland
Telephone: +41 (0)22 917 4144/ 8072
Email: executive.secretary@un.org

Private initiative

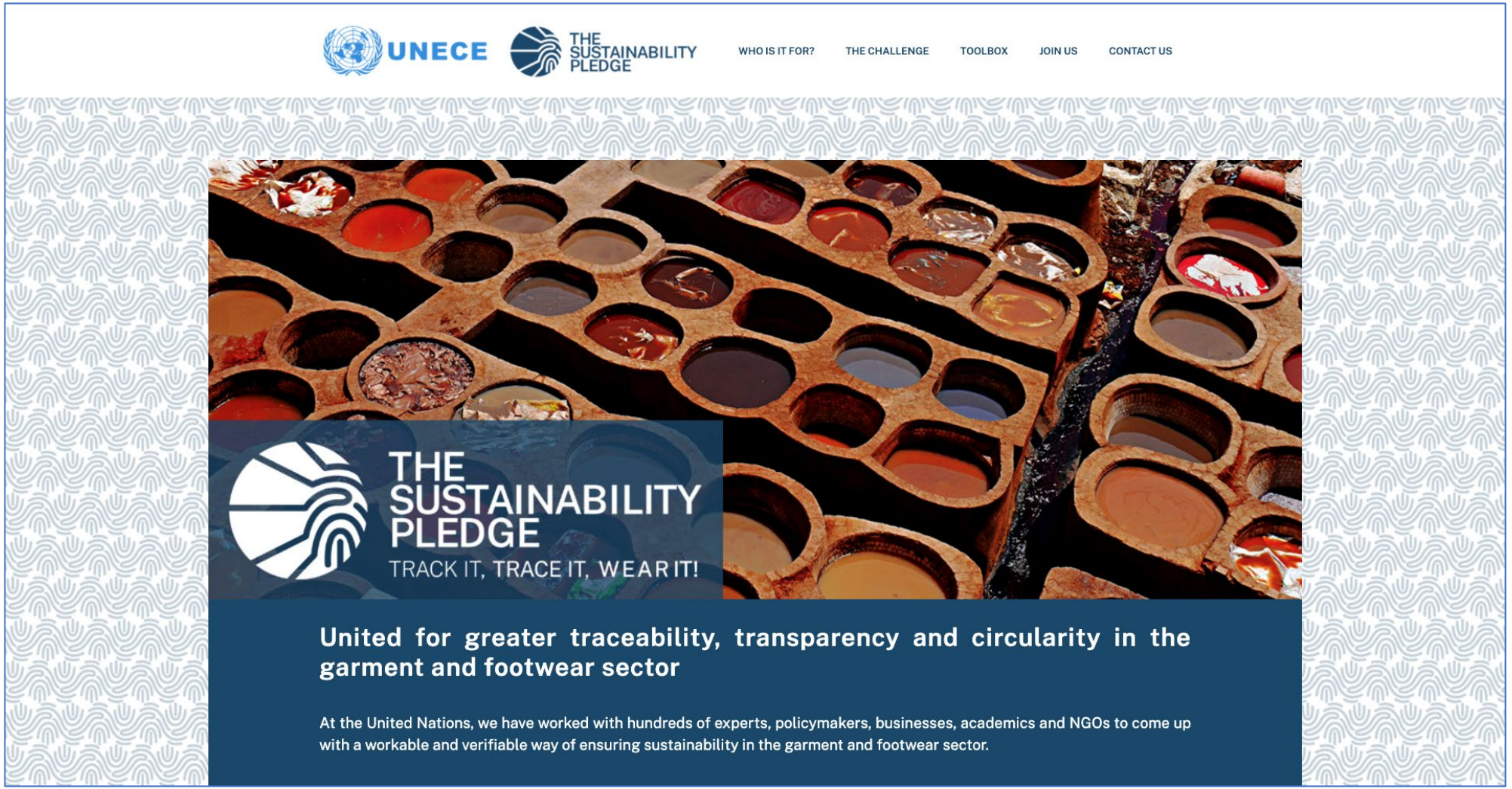
Public initiative

Public-private initiative

Civil society collaboration initiative

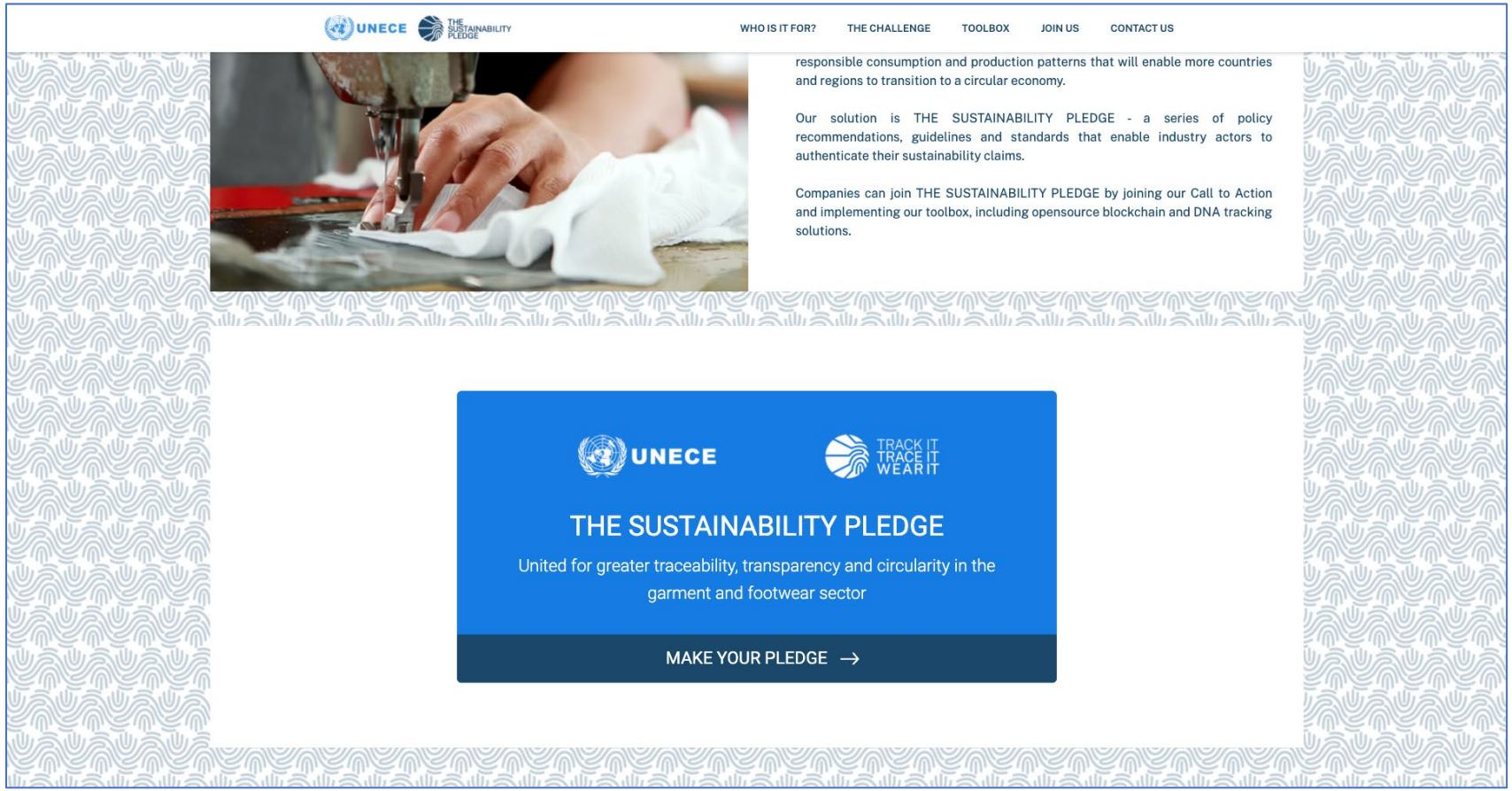
Foundation/ Association initiative

Communication: website



TRACK IT
TRACE IT
WEAR IT

Communication: www.thesustainabilitypledge.org



- 15 Pledges received to date
- More than 40 companies/ entities representated

(including Vivienne Westwood, Scottish Leather Group and TUV Rheinland)

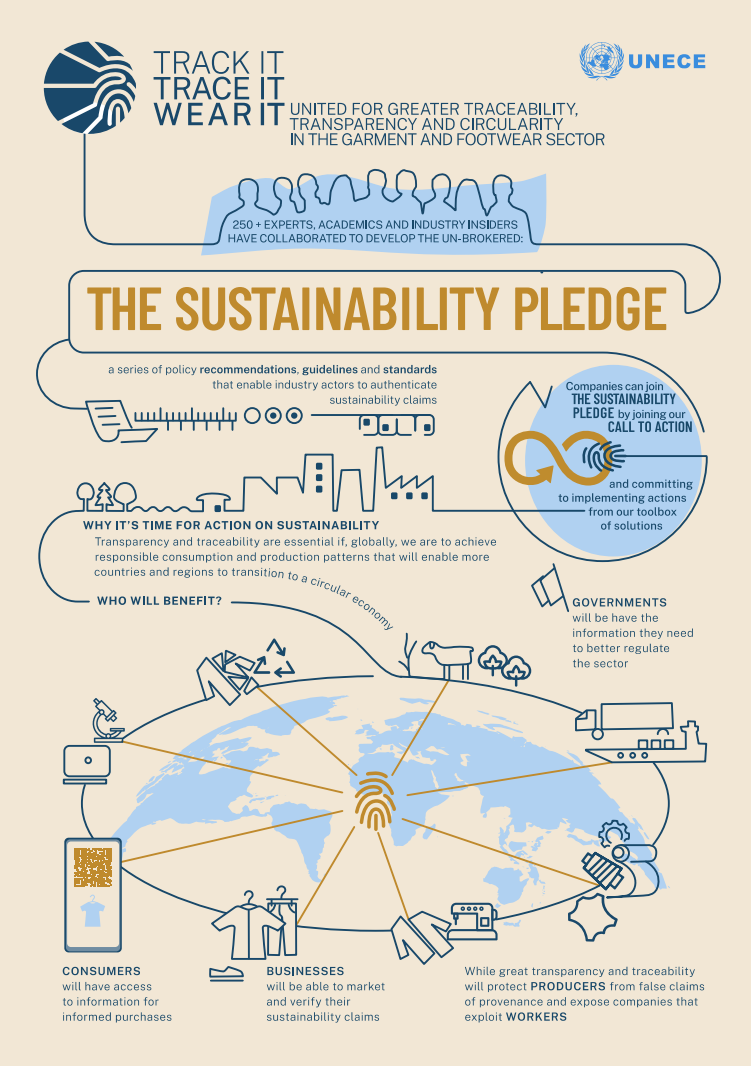
Example of pledge - Circular Fashion Manifesto

Circular Fashion Manifesto, sustainability is no craze

From the School's Sustainability Lab to the United Nation's "Sustainability Pledge"

SHARE ON

Materials



- Infographics, social media cards
- Distributed through the Newsletter
- #TheSustainabilityPledge

Multi-Stakeholder Dialogue

Multi-Stakeholder Dialogue

21-23 September in Milan, Italy

- Day 1: press conference
- Please share press contacts

II. The Blockchain Pilots (15:30-16:15)

1. Memorandum of Understanding, Rules book on data management, intellectual property rights and disclosure levels

Claudia di Bernardino

2. Cotton Blockchain Pilot implementation progress : in the run up to the Proof-of Concept

Andrea Redaelli, Olivia Chassot, Giacomo Poretti

3. Leather Blockchain Pilot implementation progress: from gap analysis to scoping the pilot

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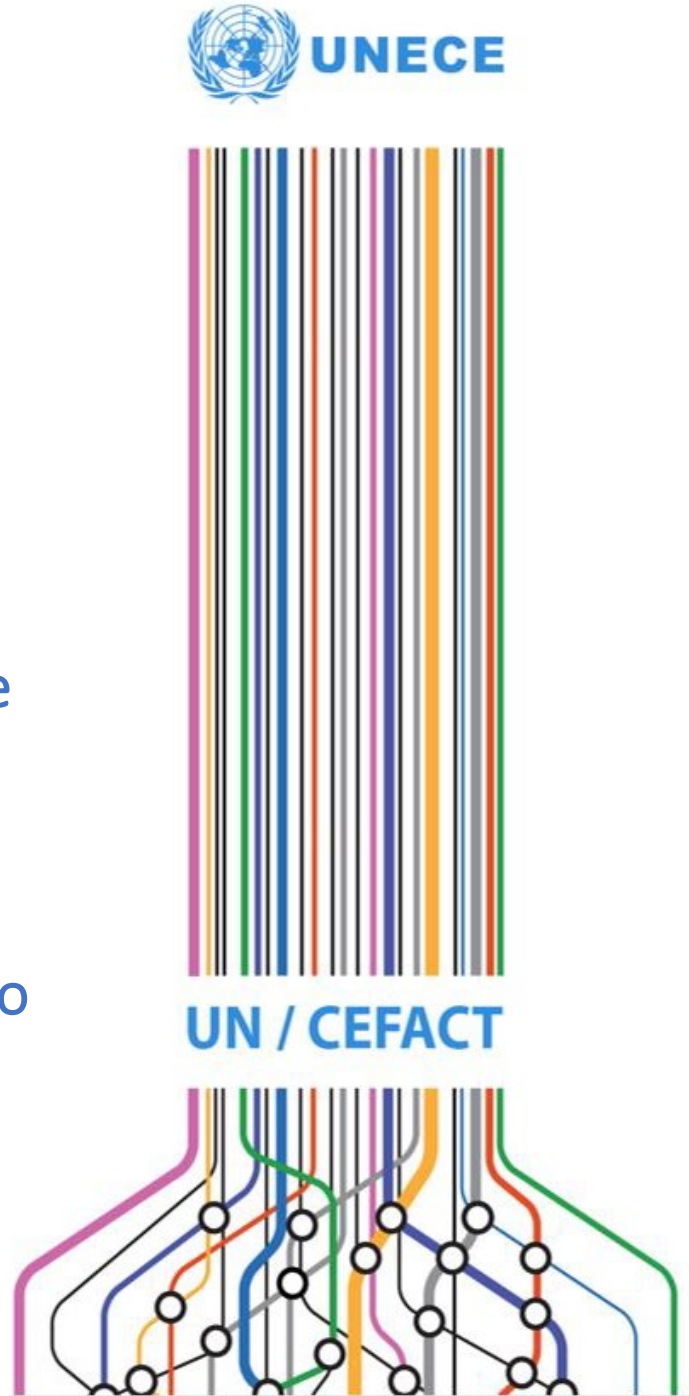


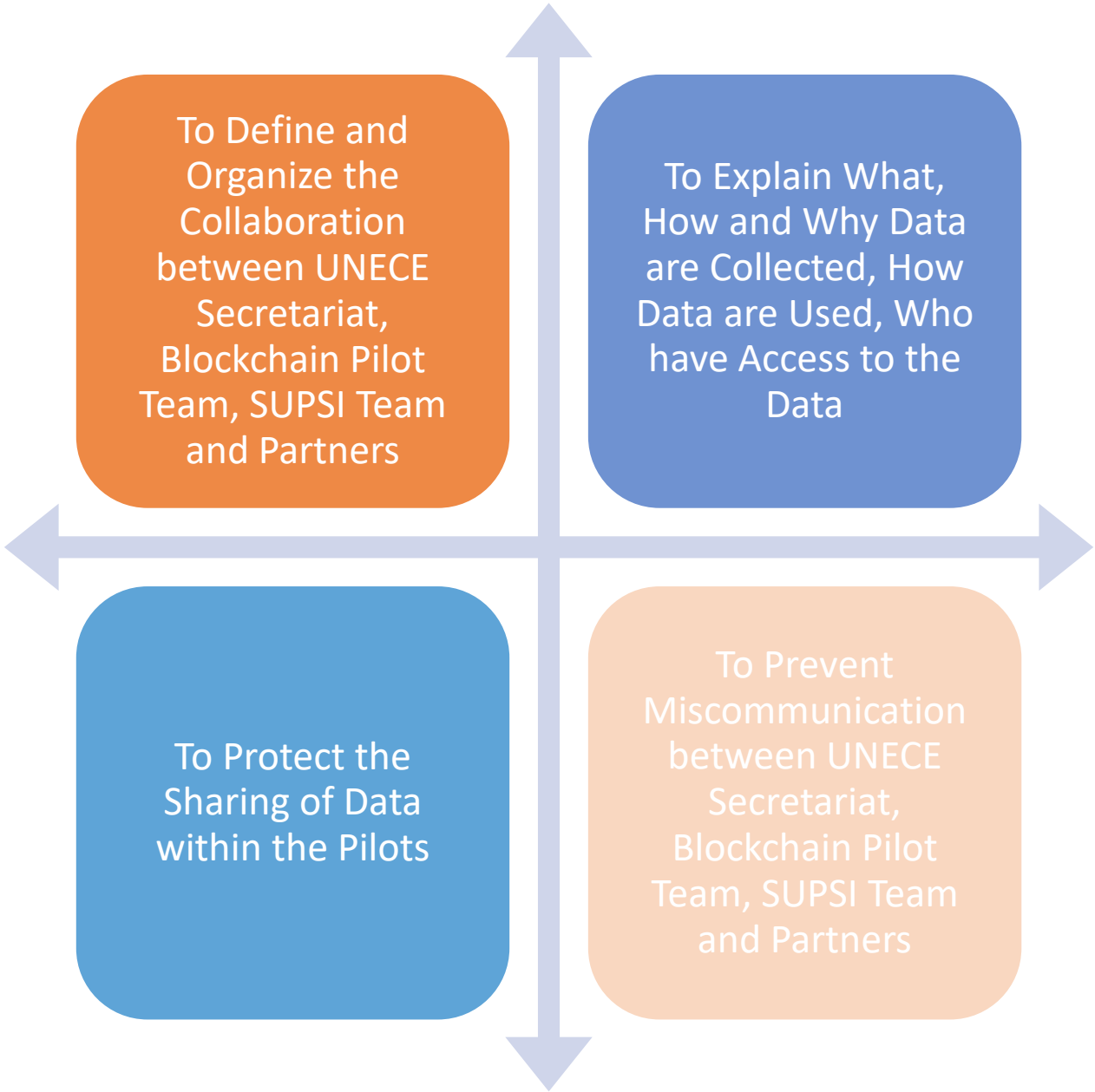
Framework of Cooperation between UNECE and Partners

MoU → Agreement between a lead organization and a partnering entity

Rules Book on Data Management and Intellectual Property Rights → Project Document explaining the rules of the collaboration

1. Memorandum of Understanding – Rules Book

Why We Developed the MoU and Rules Book



1. Memorandum of Understanding – Rules Book

What is addressed in the MoU and the Rules Book

MAIN PROVISIONS

- Timeframe of agreement
- Overall project background, goals and outcomes
- Roles and responsibilitie of the parties
- Confidentiality
- Data Collection and Data Sharing
- Intellectual Property Rights
- Termination clause
- Signatures of the party representatives

1. Memorandum of Understanding – Rules Book

Where Do We Stand

Next Steps

Approval of the MoU by the UN Legal Office

Finalization of the Rules Book

Sharing of the MoU and Rules Book with the Pilot Partners

Signature and Adoption of the MoU by UNECE and Partners

2. Levels of Traceability and Transparency Disclosure

VISIBILITY

Knowing which companies, products / materials and processes the whole supply chain comprises, how they relate to each other

TRACEABILITY INFORMATION

basic data - 5Ws

Why, Who, What, Where, When

Information on the movement of an asset forward and backward through specified stages of the extended supply chain

DISCLOSURE

Making available data of companies, products / materials and/or processes to trading partners, shareholders, customers and consumers

TRANSPARENCY INFORMATION

additional (sustainability) data

How

Information substantiating a claim on sustainability performance of companies, products/materials and/or processes

Transparency is about accountability, compliance to sustainability plus the disclosure of information to trading partners, shareholders, customers and consumers

Disclosure: Define What to Disclose and to Whom

WHO

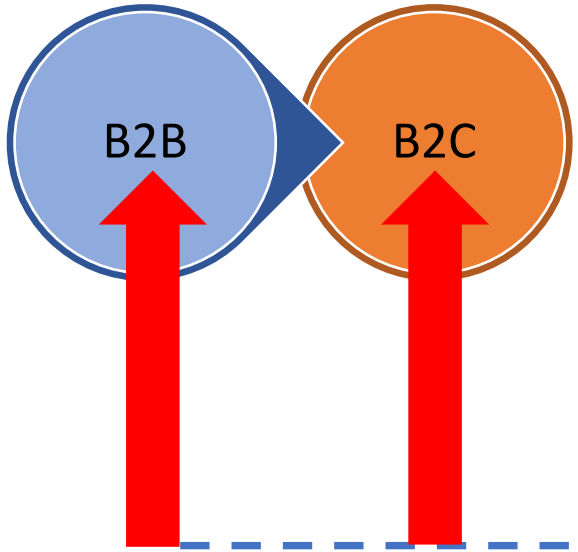
WILL HAVE ACCESS TO YOUR INFORMATION?

WHAT

TRACEABILITY AND TRANSPARENCY INFORMATION ARE YOU WILLING TO SHARE?

Users (Supply Chain Actors) decide which information can be disclose

Identification of Disclosure Levels



A

B

Availability of different data disclosure levels by the blockchain platform

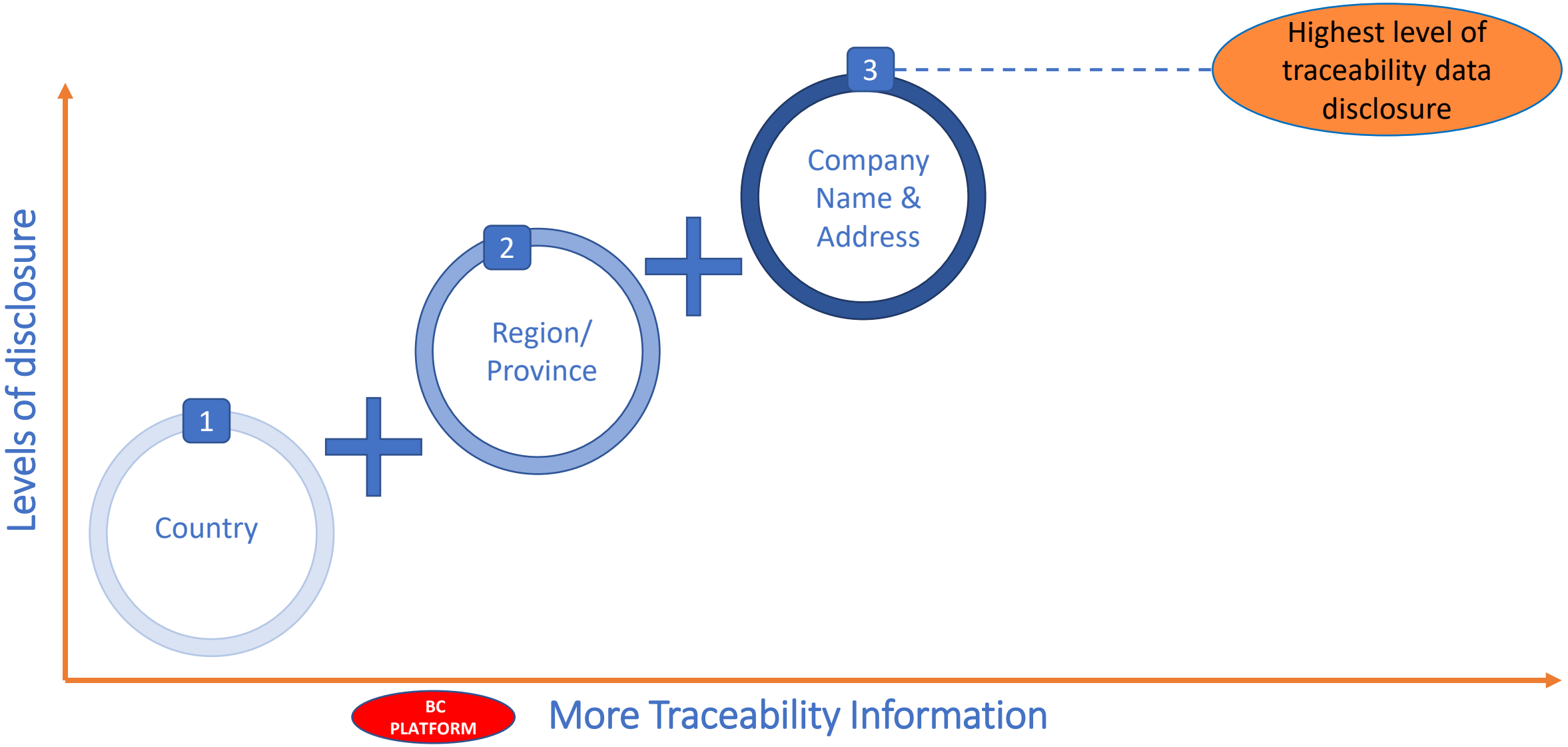
Chosen level of data disclosure by the business partners

BLOCKCHAIN PLATFORM

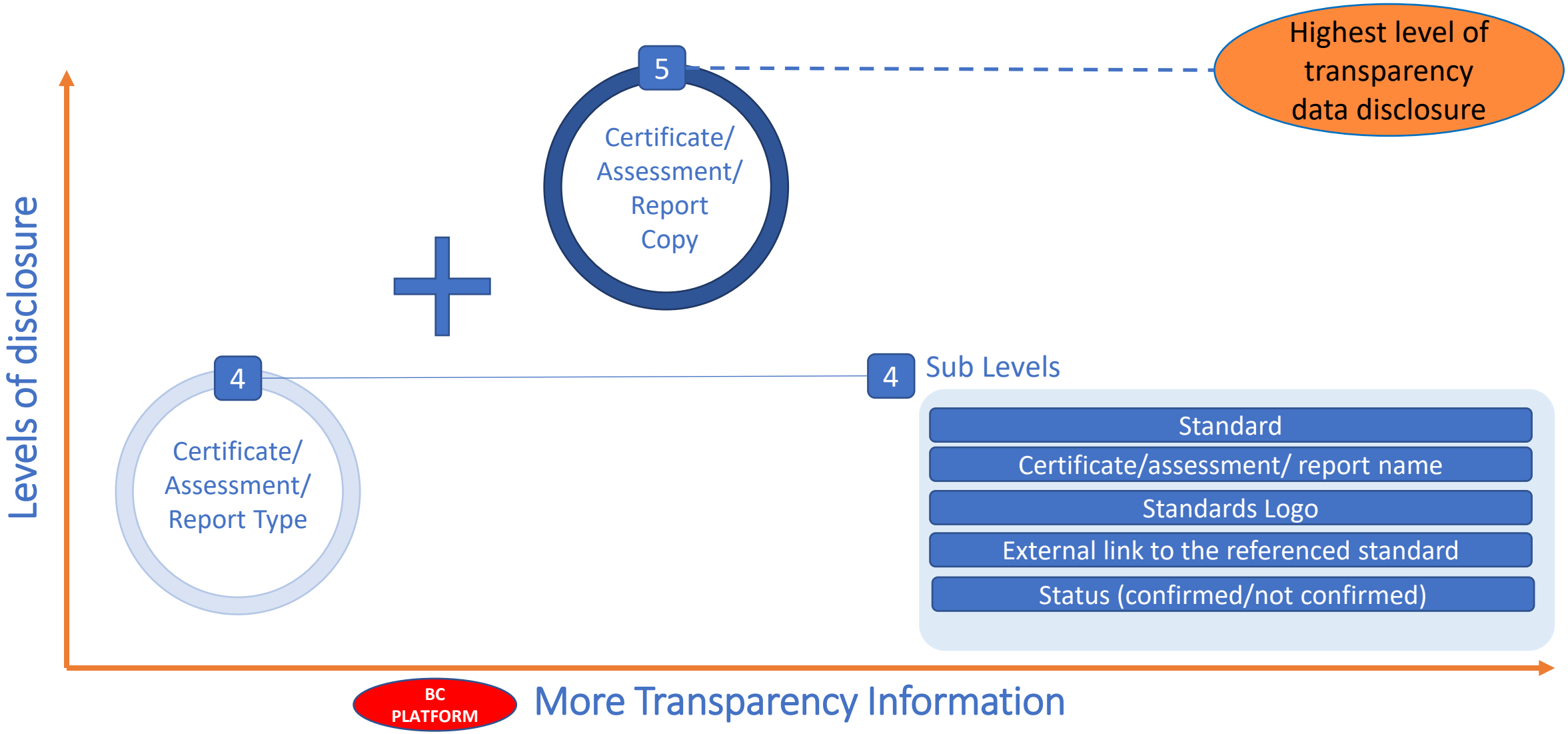
Levels of disclosure

01	02	03	04	05
Country	+ Region/ Province	+ Company Name and Address	+ Certificate/ Assessment Report Type	+ Copy of Certificate/ Assessment/ Report

Data Disclosure Levels of Traceability Information

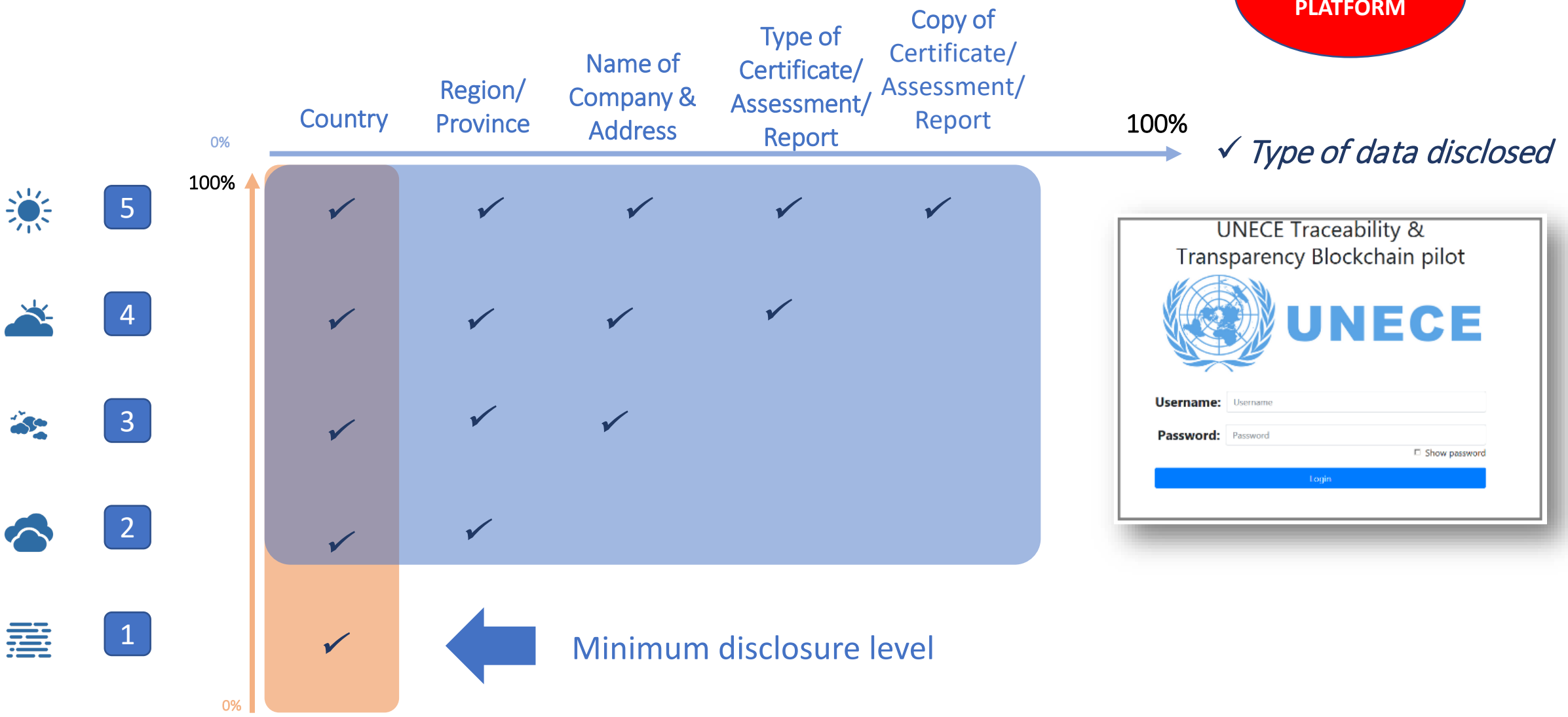


Data Disclosure Levels of Transparency Information



The 5 Disclosure Levels in the Platform

BLOCKCHAIN PLATFORM



2. Levels of Traceability and Transparency Disclosure

Where Do We Stand

Next Steps

Availability of different data disclosure levels by the blockchain platform

Cotton Pilot Partners identified their levels of disclosure at the B2B and B2C level

Cotton Pilot Partners are inserting their data in the platform specifying the level of disclosure

Leather Pilot Partners explore the levels of disclosure within the platform and start to define their level of disclosure

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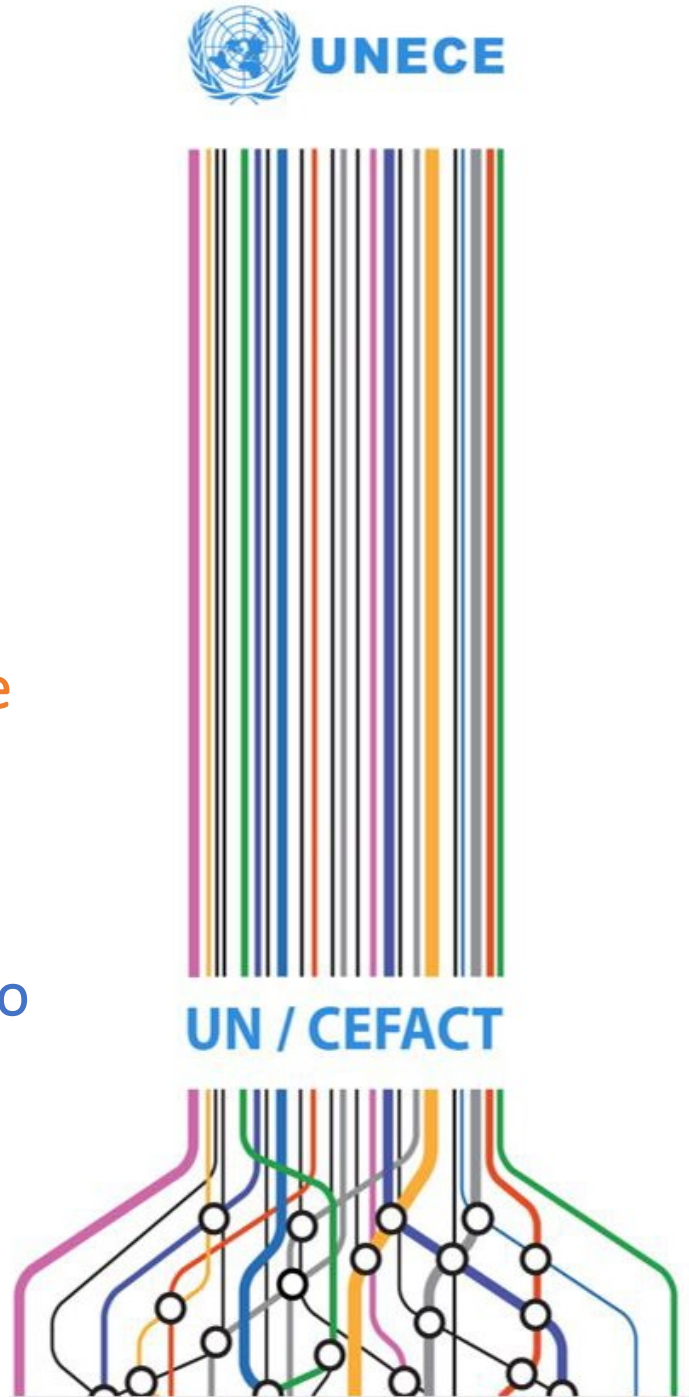

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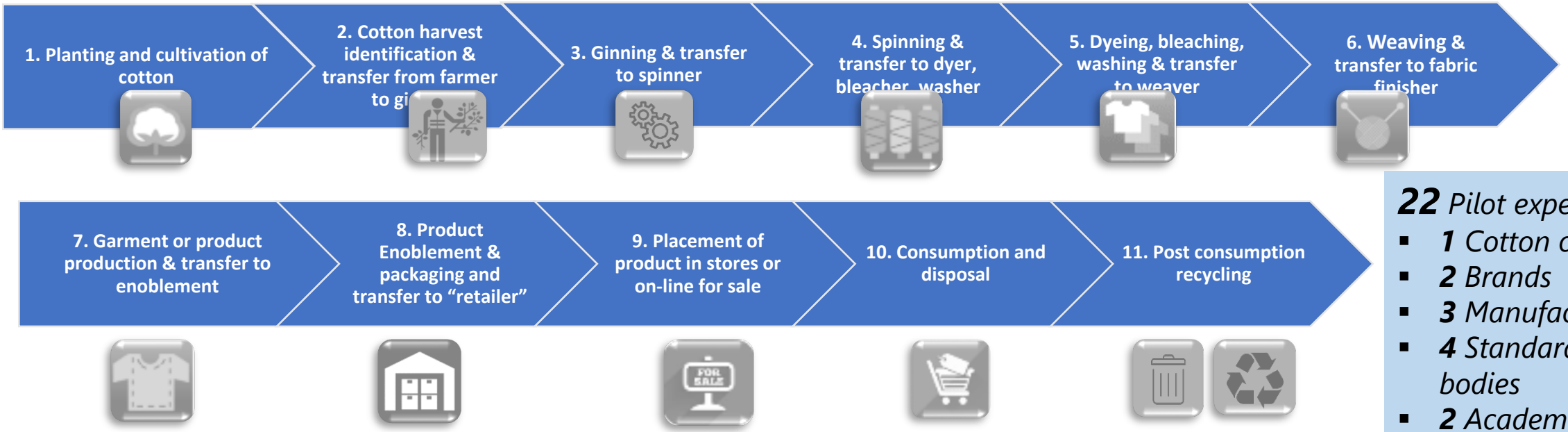
The cotton value chain

Piloting UNECE traceability framework in a blockchain environment

Standard Cotton value Chain



VALUE CHAIN
- *Egyptian Cotton*
- *LAM Cotton*
- *US Cotton*
- *…*

MATERIAL
- *Fiber*
- *Yarn*
- *Fabric*
- *Finished Good*

PARTNER
- *Supplier*
- *Producer*
- *Retailer*
- *…*

PROCESS (VC STEP)
- *Cultivation*
- *Weaving*
- *Production (incl. transformation phases)*

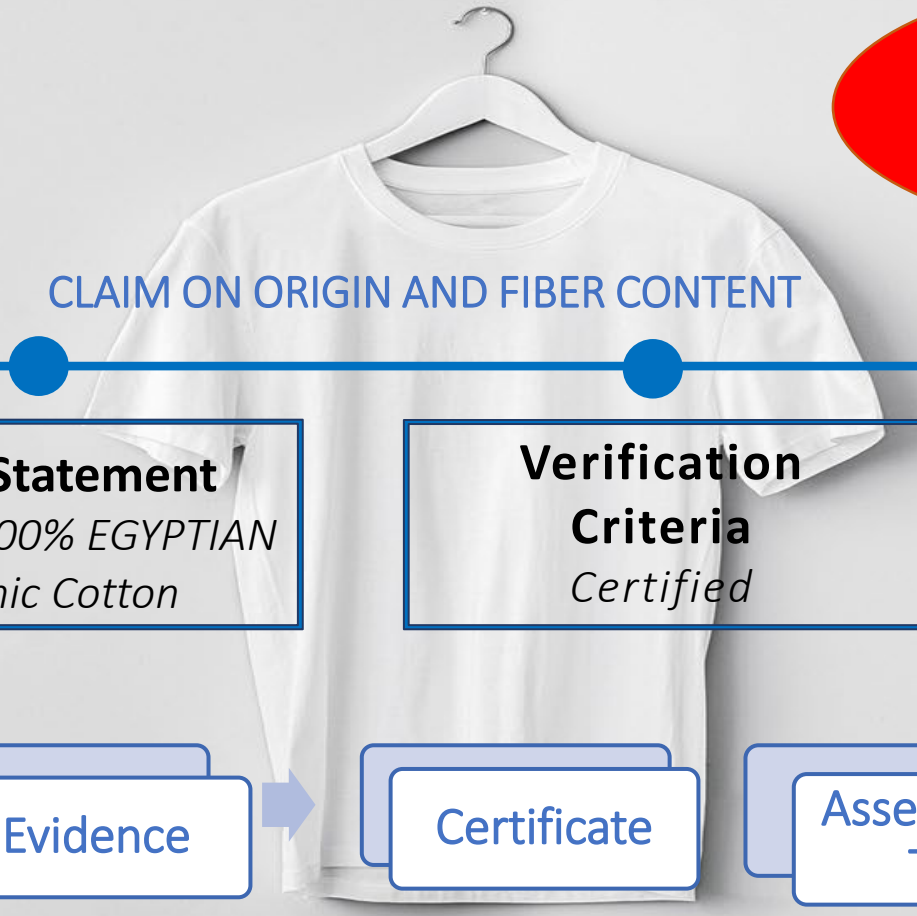
***22** Pilot experts*
- ***1** Cotton cooperative*
- ***2** Brands*
- ***3** Manufacturers*
- ***4** Standard-setting bodies*
- ***2** Academia-think tanks*
- ***1** DNA solution provider (start-up)*

- Europe (Germany, Italy, Switzerland, UK)
- Africa (Egypt)
- USA
- Latin America (*in progress*)
- Central Asia (*in progress*)

Claim on fiber origin: Egyptian cotton

Example CLAIM

UNECE Recommendation No 46



CLAIM ON ORIGIN AND FIBER CONTENT

Traceable asset
The Cotton of this T-shirt

Claim Statement
Contains 100% EGYPTIAN Organic Cotton

Verification Criteria
Certified

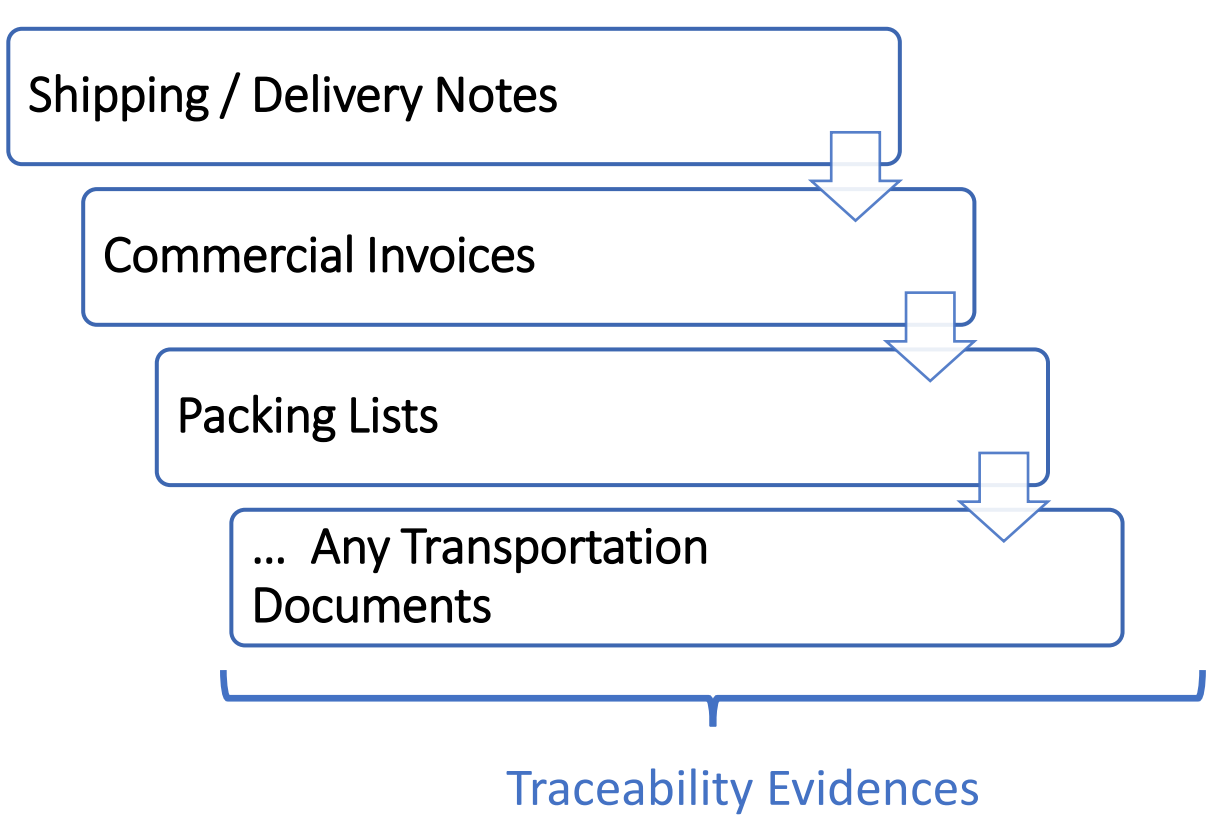
Objective
Responsible Sourcing, Environmental and social compliance

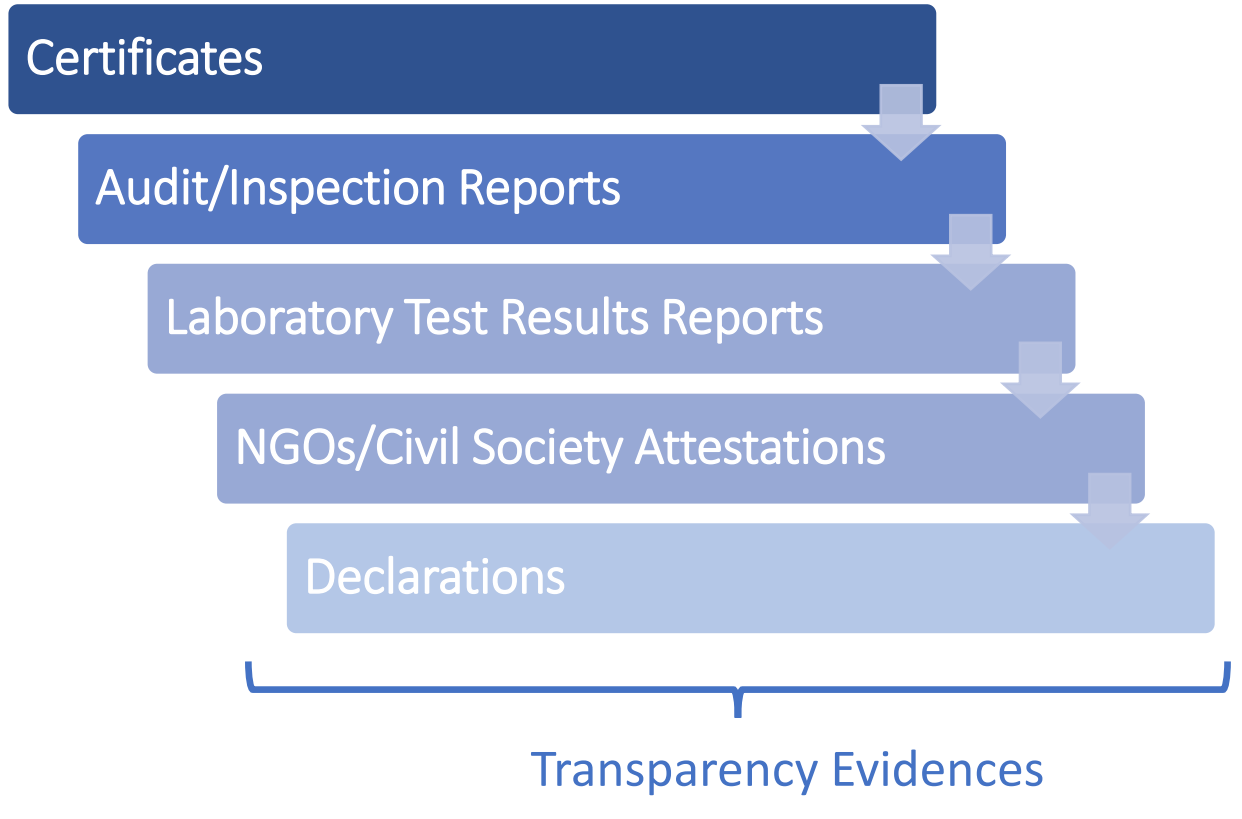
Material → Cotton → Evidence → Certificate → Assessement Type → Third Party Certified

Claims concepts for traceability and transparency

DATA COLLECTION

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

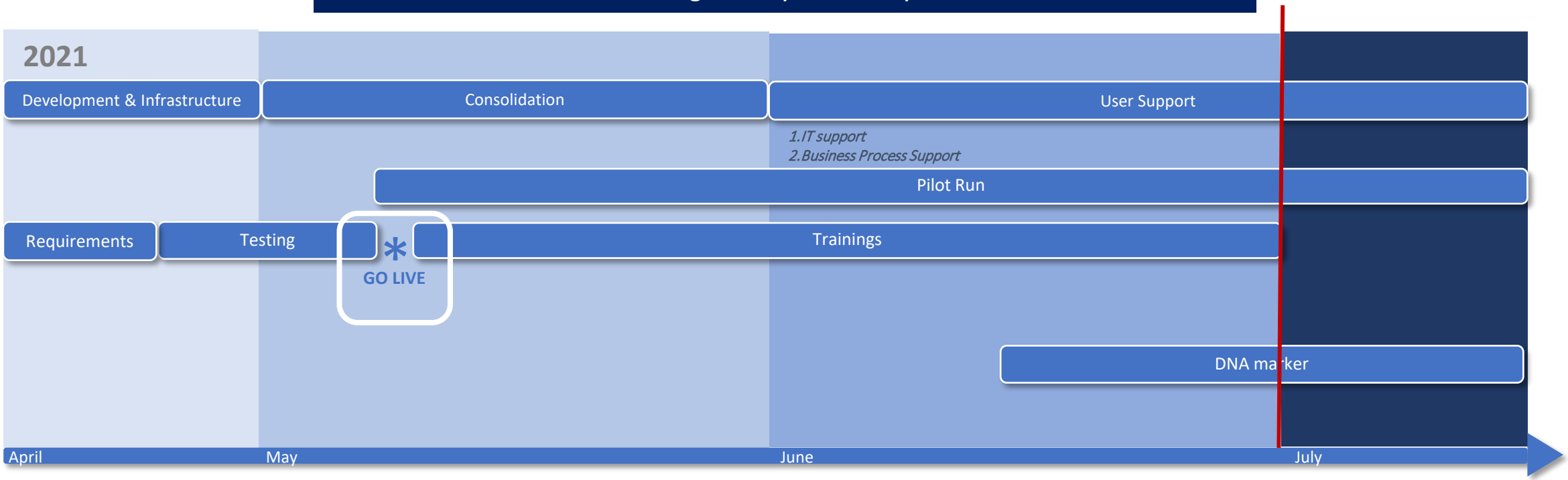




Cotton blockchain pilot – Zoom into June activities

Piloting UNECE traceability framework in a blockchain environment

17 May
Pilot Run > Kick-Off
June 2021
- **3** trainings delivered by project team
- **21** persons trained
- **6** weekly stand up meetings (Q&A)
- 1 DNA tracking activity underway with Haelixa



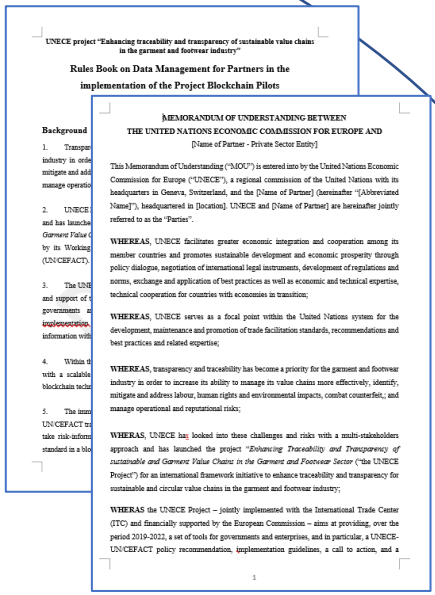
Blockchain Pilots: Onboarding Package

Piloting UNECE traceability framework in a blockchain environment

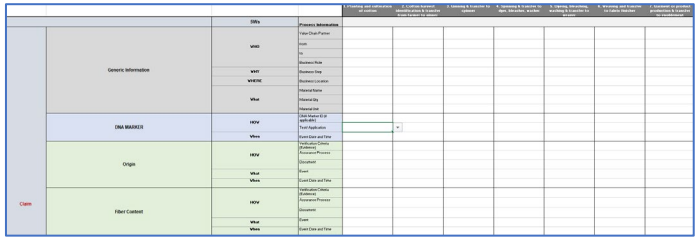
UNECE TT BC platform

http://www.unecettbcpilot.ch/

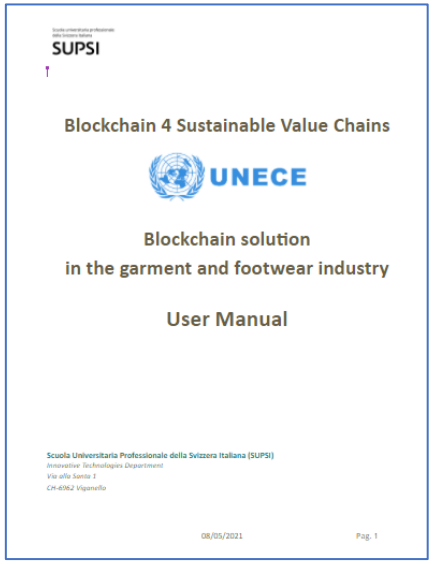
Introduction Booklet &
Guide to create a user story



Memorandum of Understanding
Rules book for data management



TT matrix data collection template



Blockchain Platform User Manual

Key learnings – gap analysis from cotton to leather pilot

VALUE CHAIN ALIGNMENT:

- Identification and early engagement of upstream and downstream partners;
- Consider the granularity level and complexity of the value chain selected

KNOWLEDGE SHARING:

- Training of partners/value chain suppliers and empowering all value chain actors;
- Terminology and process understanding;
- Build Knowledge and trust for long-lasting partnerships and win-win cooperation;

GOVERNANCE

- Central coordination vs. self-coordination of the activities along a Value Chain (B2B)
- UNECE Secretariat as a neutral moderator of business operational activities

DATA MANAGEMENT

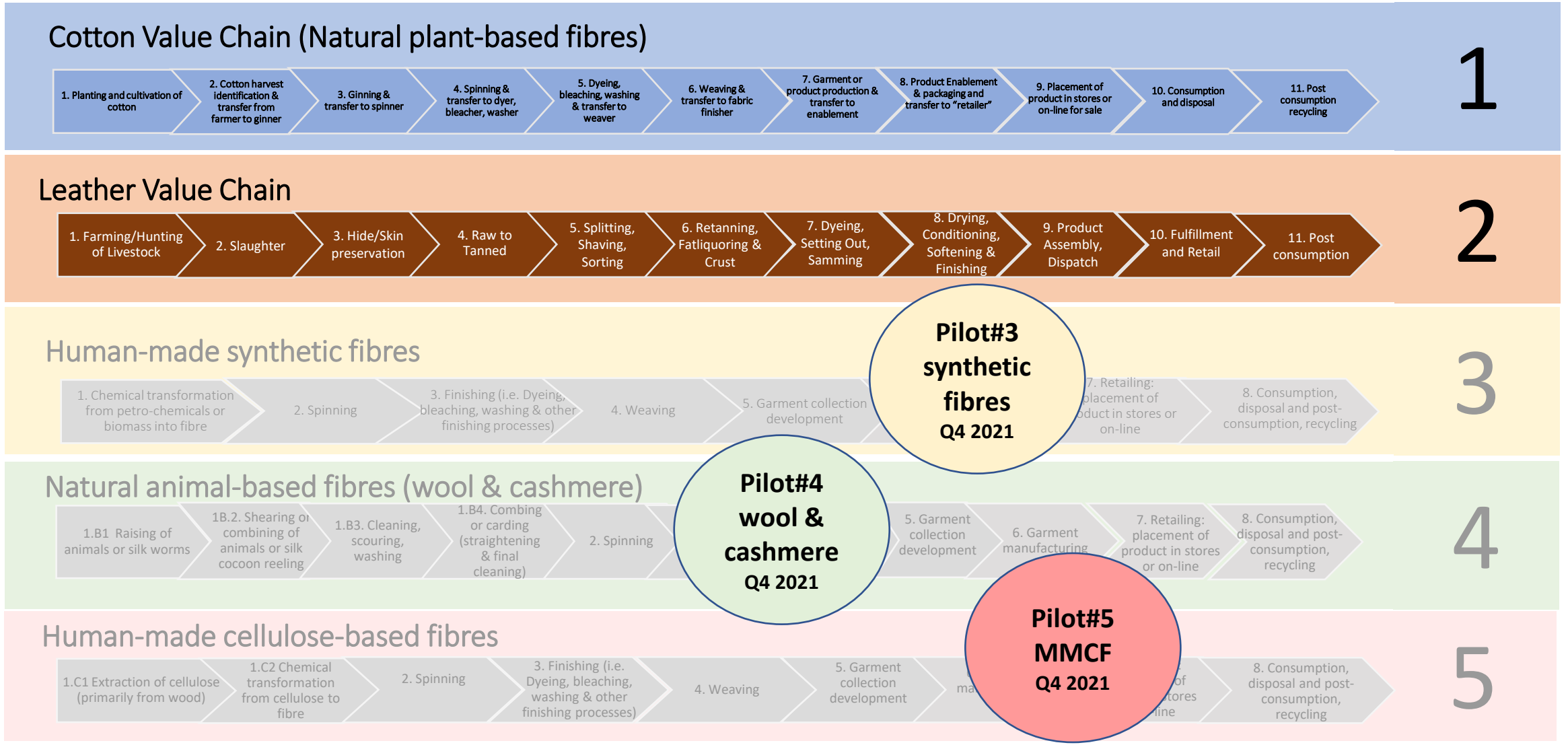
- Data Confidentiality and Privacy vs. Data Transparency Levels

TECHNOLOGY

- Open-source approach to share project documents
- Academy as an independent technology provider

Blockchain Pilots: Business Process Analysis groundwork

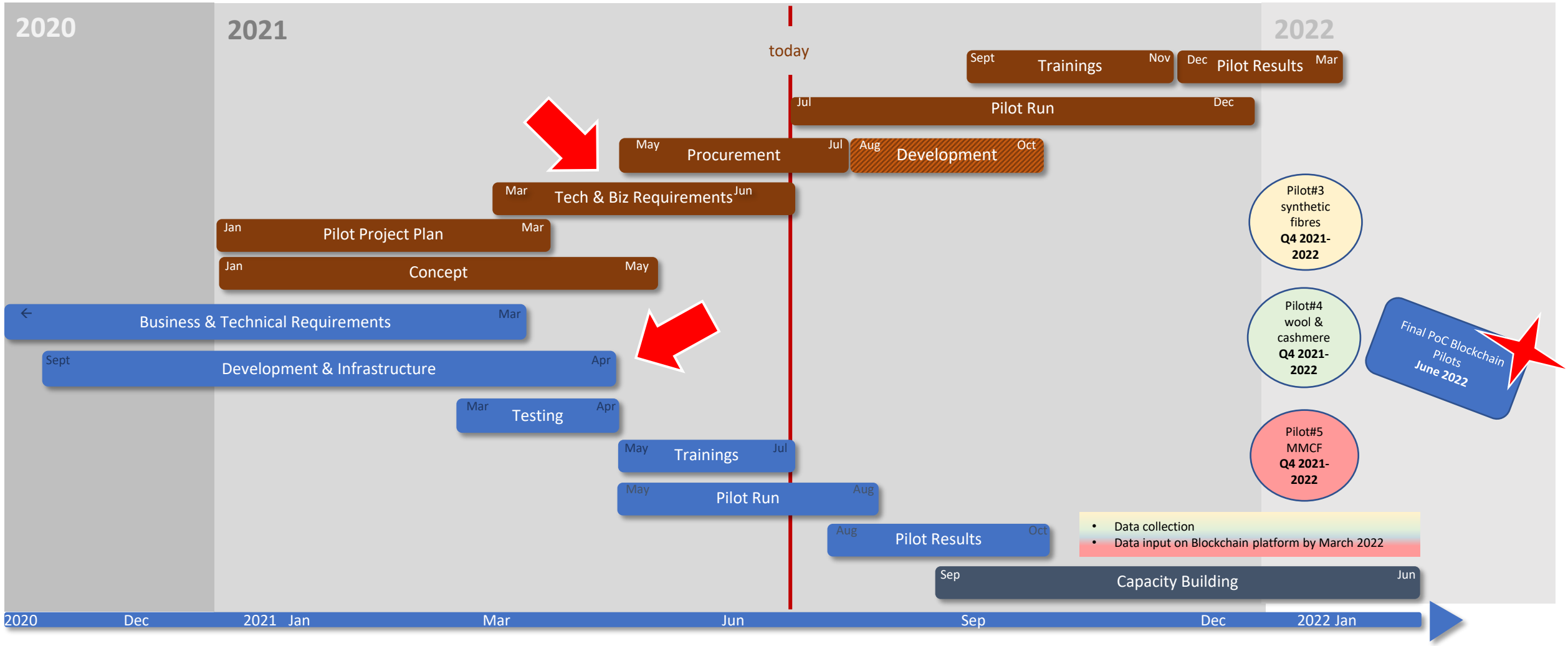
Piloting UNECE traceability framework in a blockchain environment



Linear Value Chains are the starting point, Circular Value Chains could be also considered

Blockchain Pilots: timeline and milestones

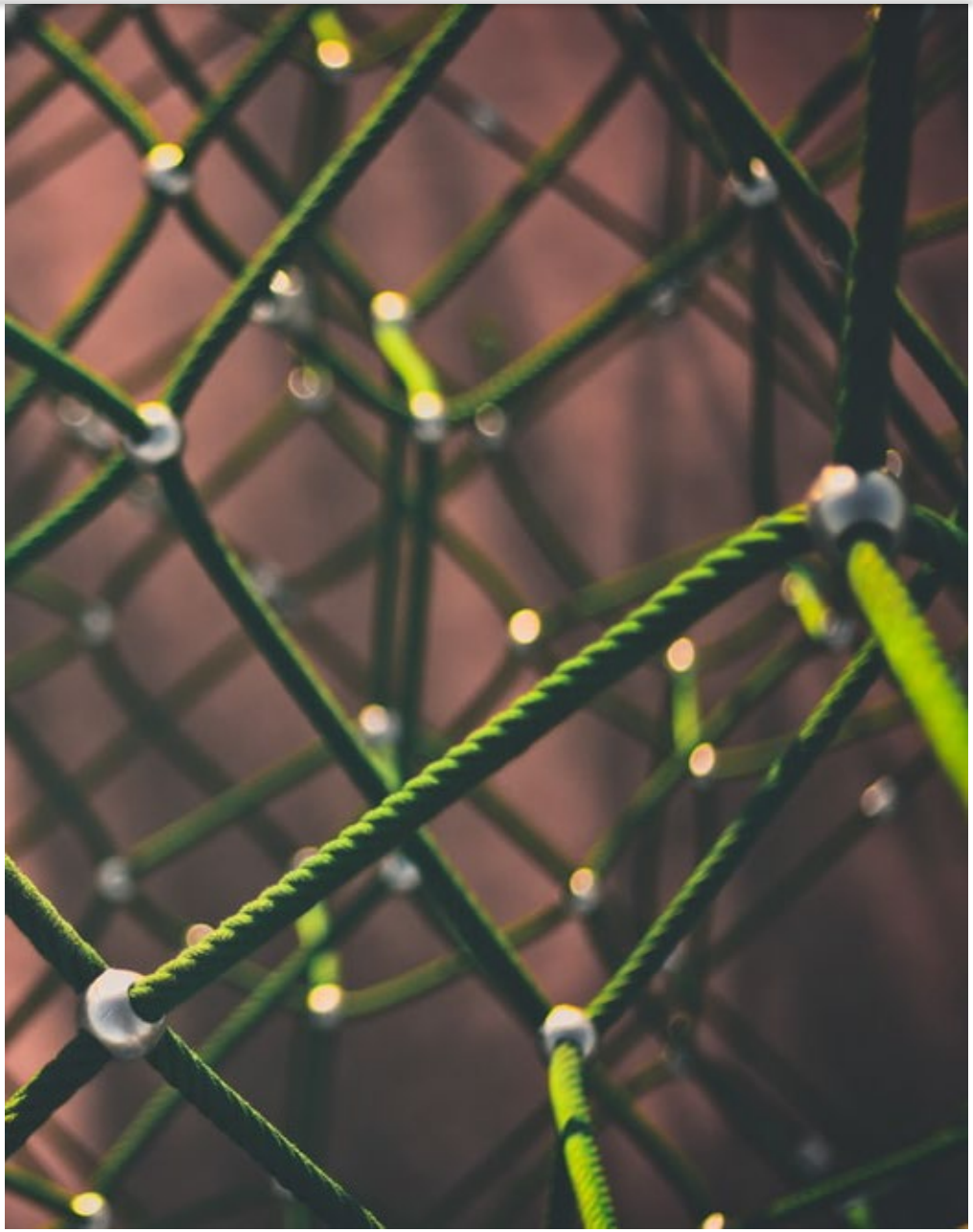
PROJECT TIMELINE, MILESTONES



Pilot #1 – COTTON
Pilot #2 – LEATHER

The Blockchain Platform

www.unecettbcpilot.ch



The Blockchain Platform

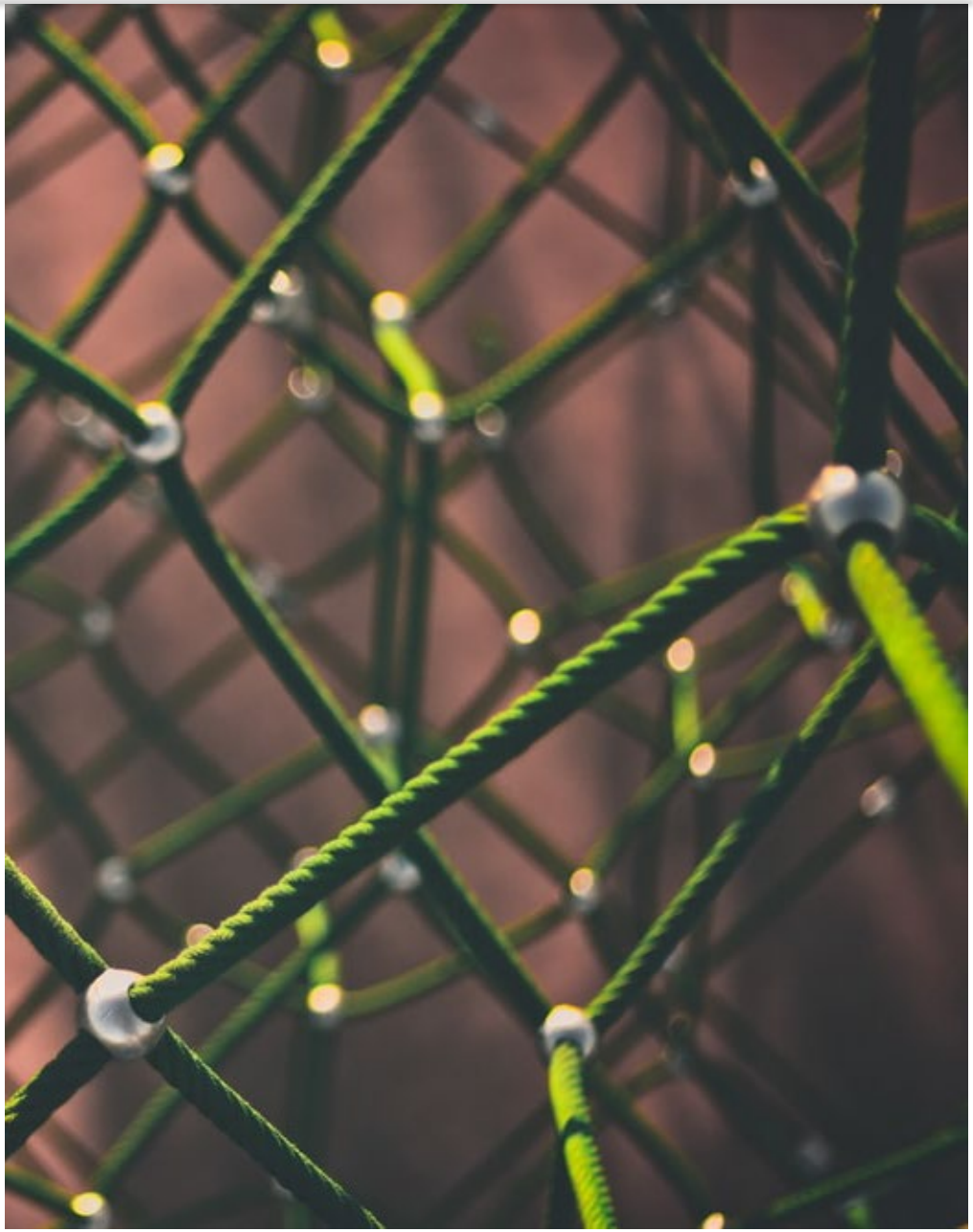
Traceability & Transparency definitions

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)



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

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Why Blockchain

Shared and common registration of trade, transformation and certification events

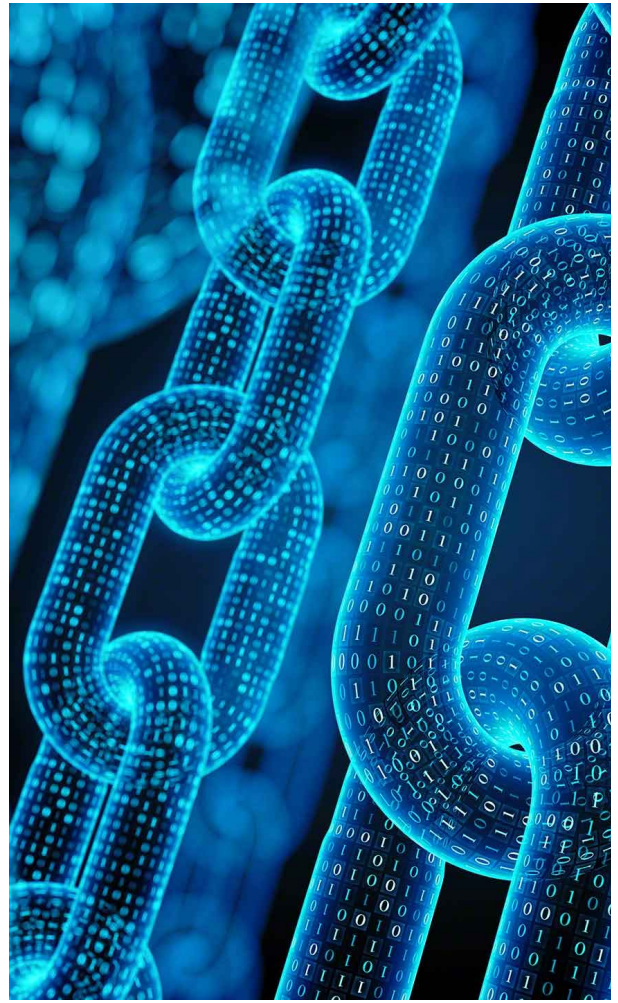
Reduce risk of fake documents / information

System not controlled by single authorities

System objective: enabling verification of sustainability claims linked to standards

Information available to all value chain parties in a standardized way

- **Common understanding**
- **Accessibility**
- **Clarity**
- **Comparison**



Privacy and confidentiality

- To prevent privacy and confidentiality problems all information disclosed from Supplier to Buyers are **encrypted with Buyer's public key**, while the buyer will decrypt received information using its private key.

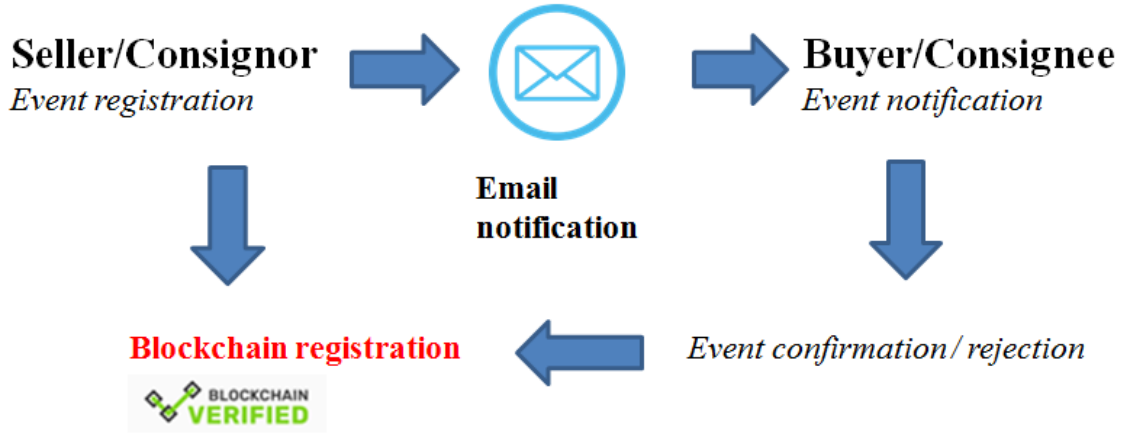
- Each business partner is able to decide whether or not to share possibly sensitive data

- Through visibility levels users define what to disclose – concerning companies suppliers and material history - to next partners in the supply chain

Blockchain pilot user interface

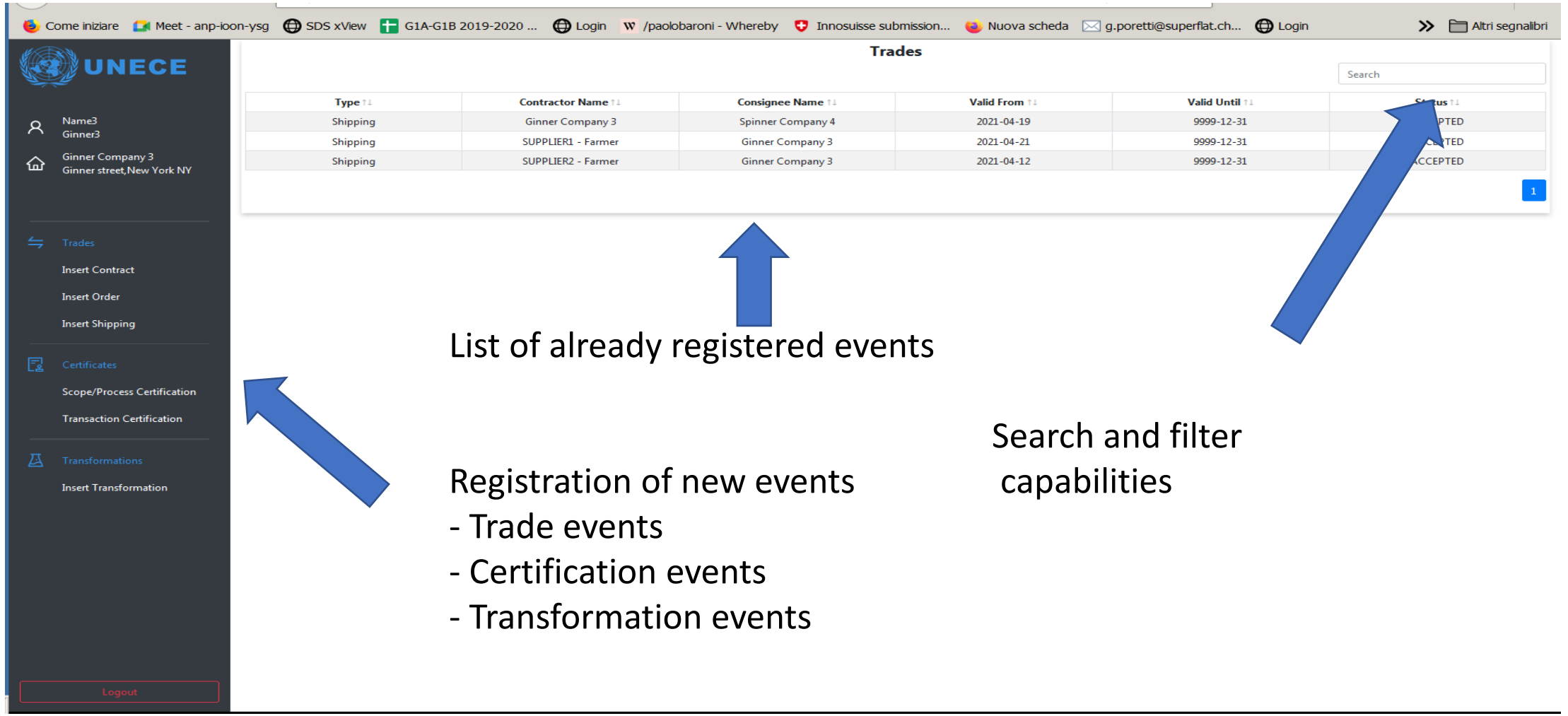
The system is a browser-based platform enabling to register

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



All B2B events are always controlled and verified by seller/consignor + buyer/consignee users

Blockchain pilot client web app

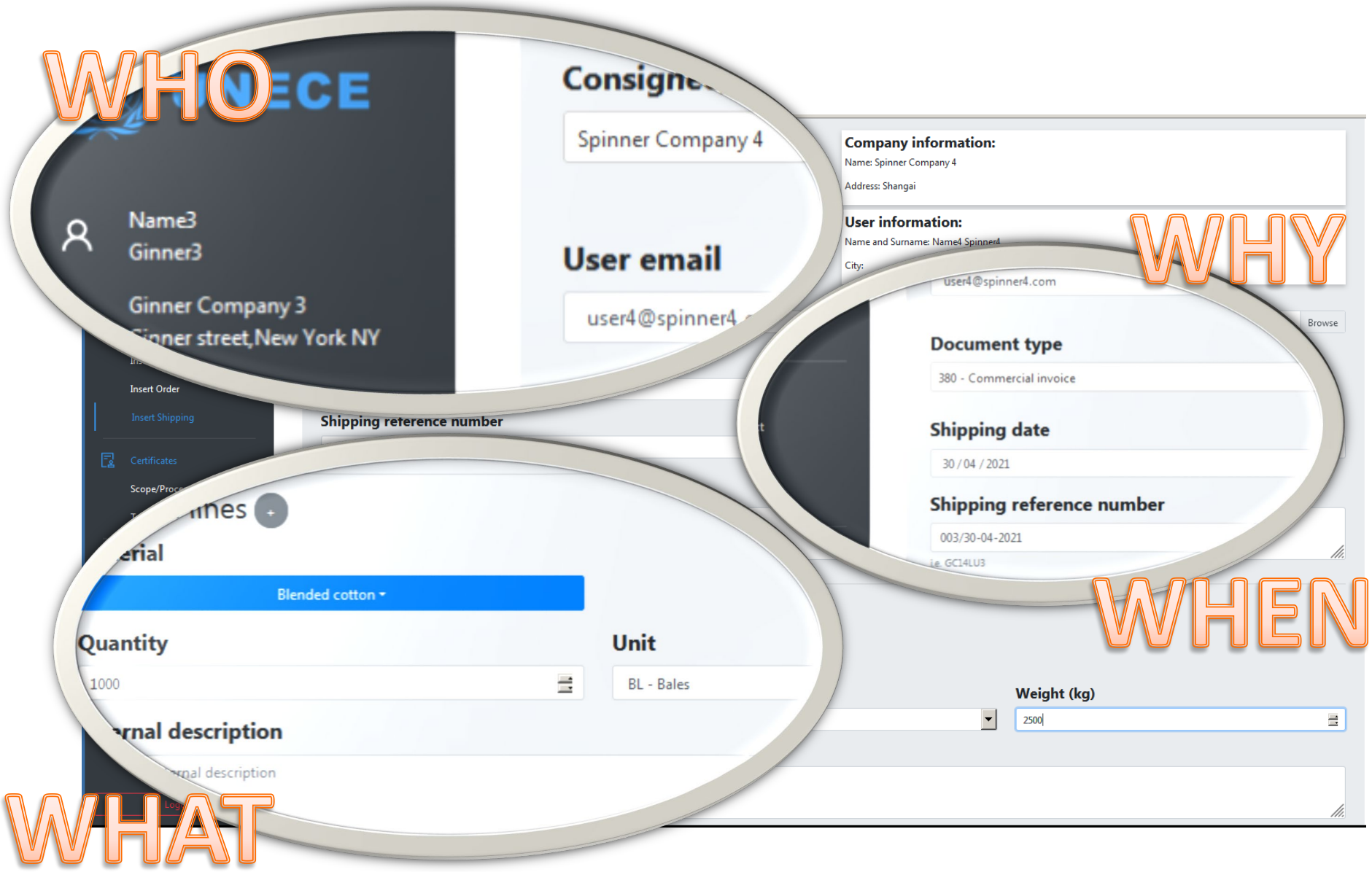


List of already registered events

Search and filter capabilities

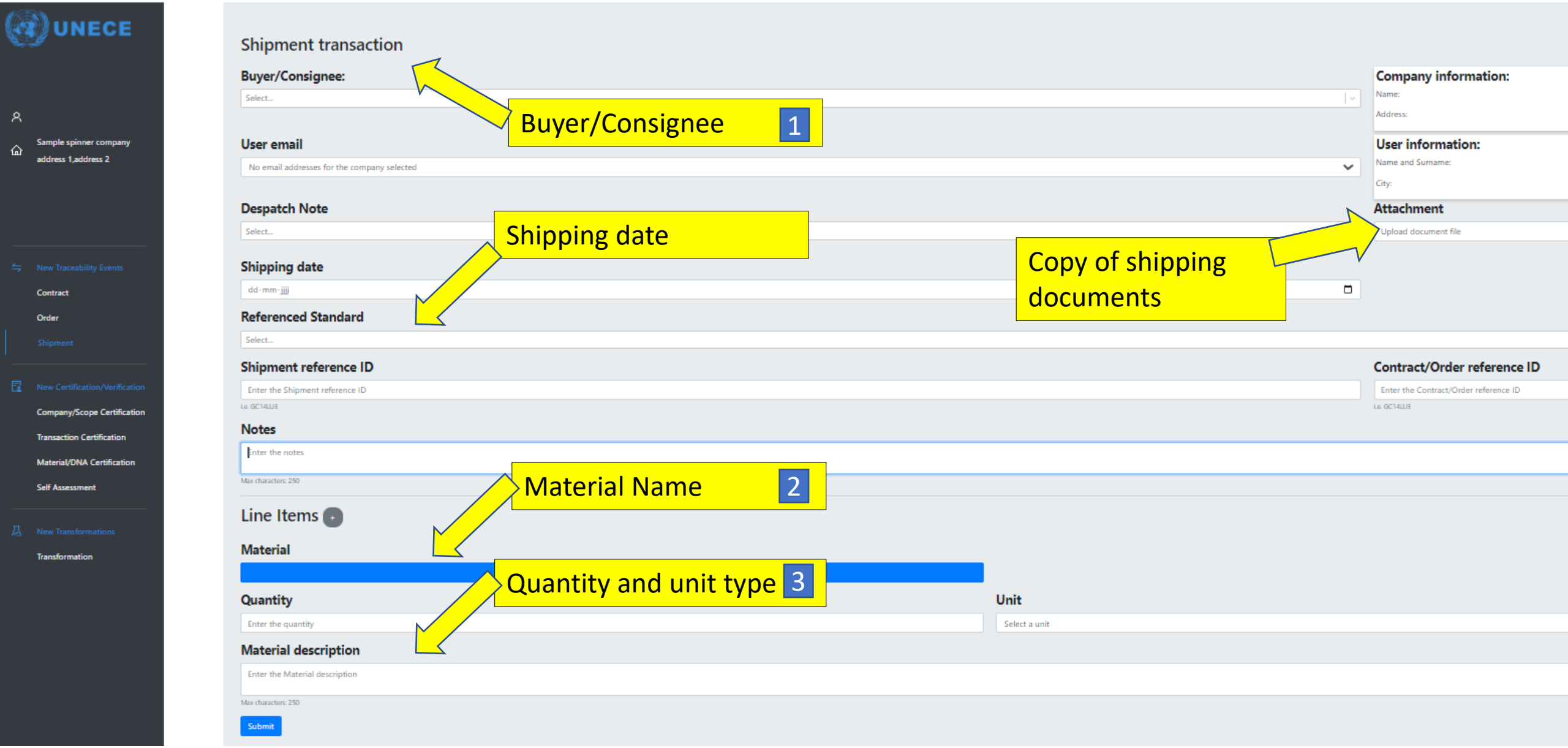
Registration of new events
- Trade events
- Certification events
- Transformation events

Registration of events



EPC Information Services (EPCIS) Standard enables disparate applications to **create and share visibility event data**, both within and across enterprises.

Example: tracking the shipment from dyer to weaver



Example: uploading a certification

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Sample spinner company
address 1,address 2

New Traceability Events
Contract
Order
Shipment

New Certification/Verification
Company/Scope Certification
Transaction Certification
Material/DNA Certification
Self Assessment

New Transformations
Transformation

Transaction certificate

Company

Select...

User email

No email addresses for the company selected

Verification type

Select...

Referenced standard

Select...

Shipments

Select...

Issue date

dd-mm-jjjj

Certificate ID

Enter the certificate ID

i.e. GC14LU3

Notes

Enter the notes

Max characters: 250

Submit

Company information:
Name:
Address:

User information:
Name and Surname:
City:

Attachment

Upload document file

Assessment type

Select...

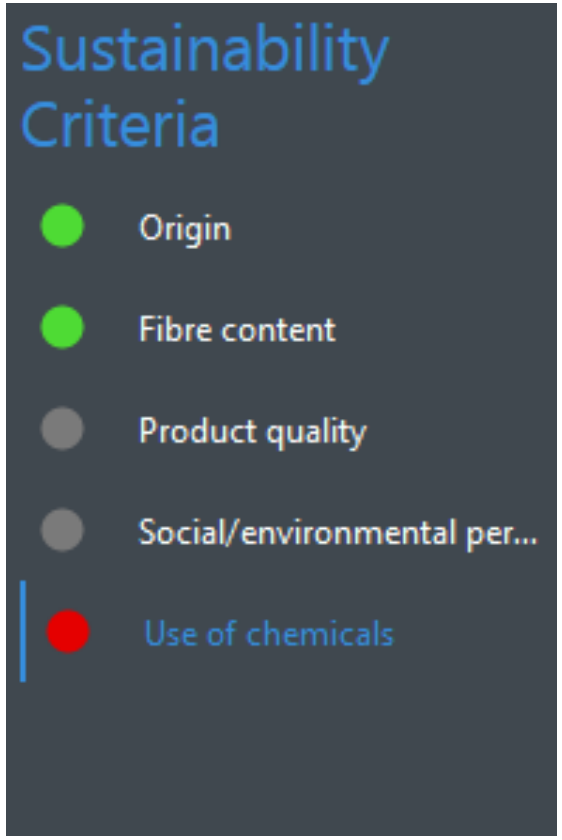
Copy of Certificate

Referenced standard (s)

3rd Party Certified (for certificates)
Assessment modes for self assessments/verifications

Showing the Value Chain and verification of claims

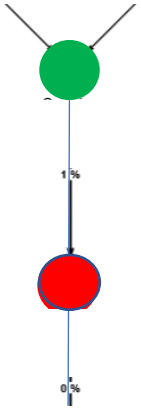
System objective is to enable the verification of sustainability related claims, linked to relevant referenced standards



Green : all certificates related to the selected Criteria have been disclosed

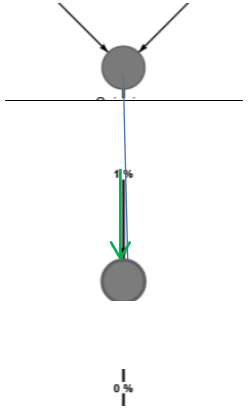
Orange : some of the certificates have been disclosed

Red : none of the requested certificates have been disclosed



Same for the company/processes

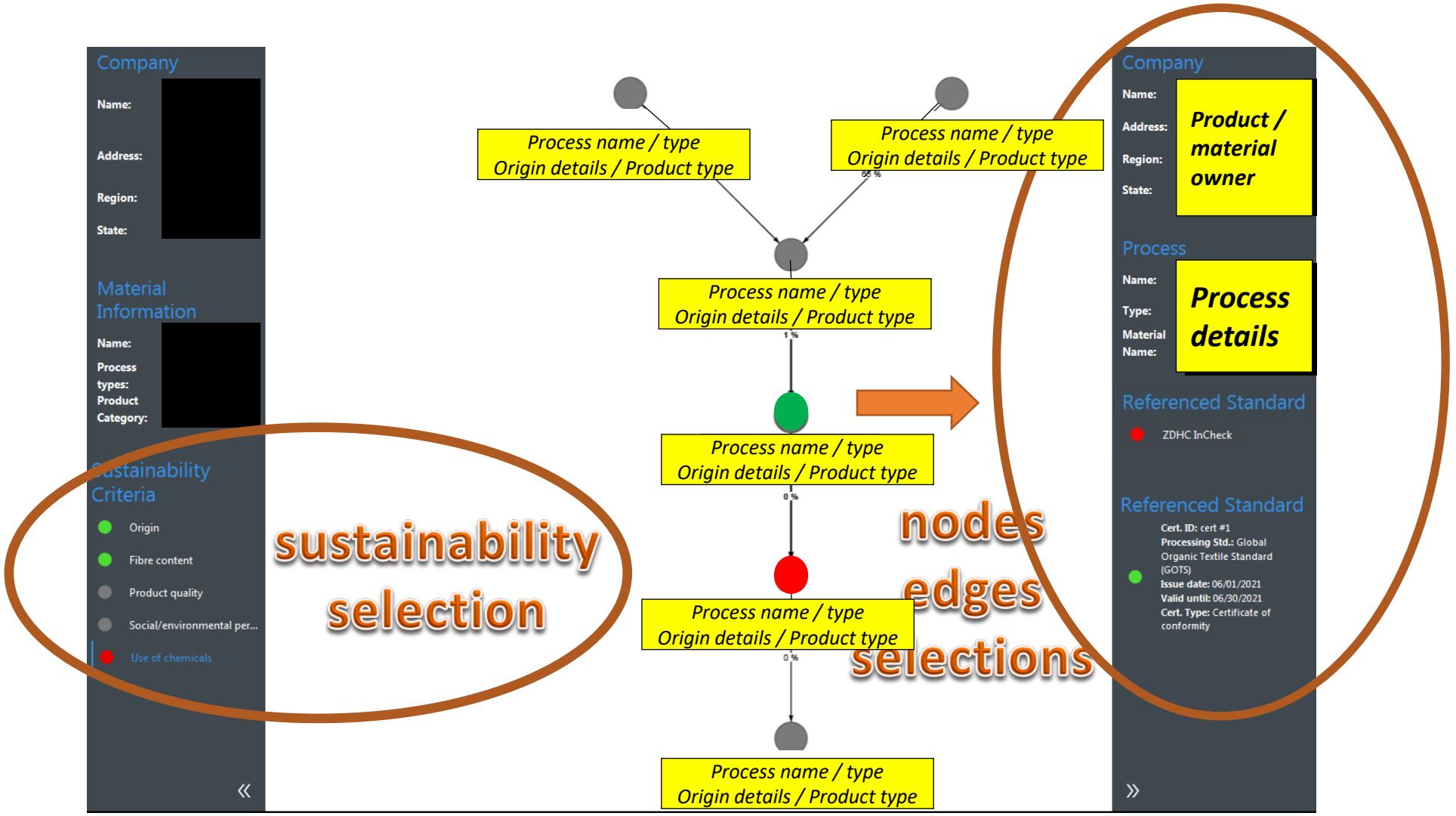
select node for details



Same for the trade transactions

select edge for details

Showing the Value Chain



II. The Blockchain Pilots (15:30-16:15)

1. Memorandum of Understanding, Rules book on data management, intellectual property rights and disclosure levels

Claudia di Bernardino

2. Cotton Blockchain Pilot implementation progress : in the run up to the Proof-of Concept and Blockchain platform, updates

Andrea Redaelli, Olivia Chassot, Giacomo Poretti

3. Leather Blockchain Pilot implementation progress: from gap analysis to scoping the pilot

Deborah Taylor

Pilot#2 Leather value chain

Piloting UNECE traceability framework in a blockchain environment

18 x Leather Pilot Partners:

3 – Brands
5 – Manufacturers
1 – Chemical Supplier
1 – NGO
1 – IGO
5 – Industry Associations
3 – Certifiers

Leather Blockchain Pilot Update
Thursday 1st July 2021

Participation structure

Leather Blockchain Pilot Partners

Roundtable Organization: a phased-in expanding series of working groups as the pilot develops

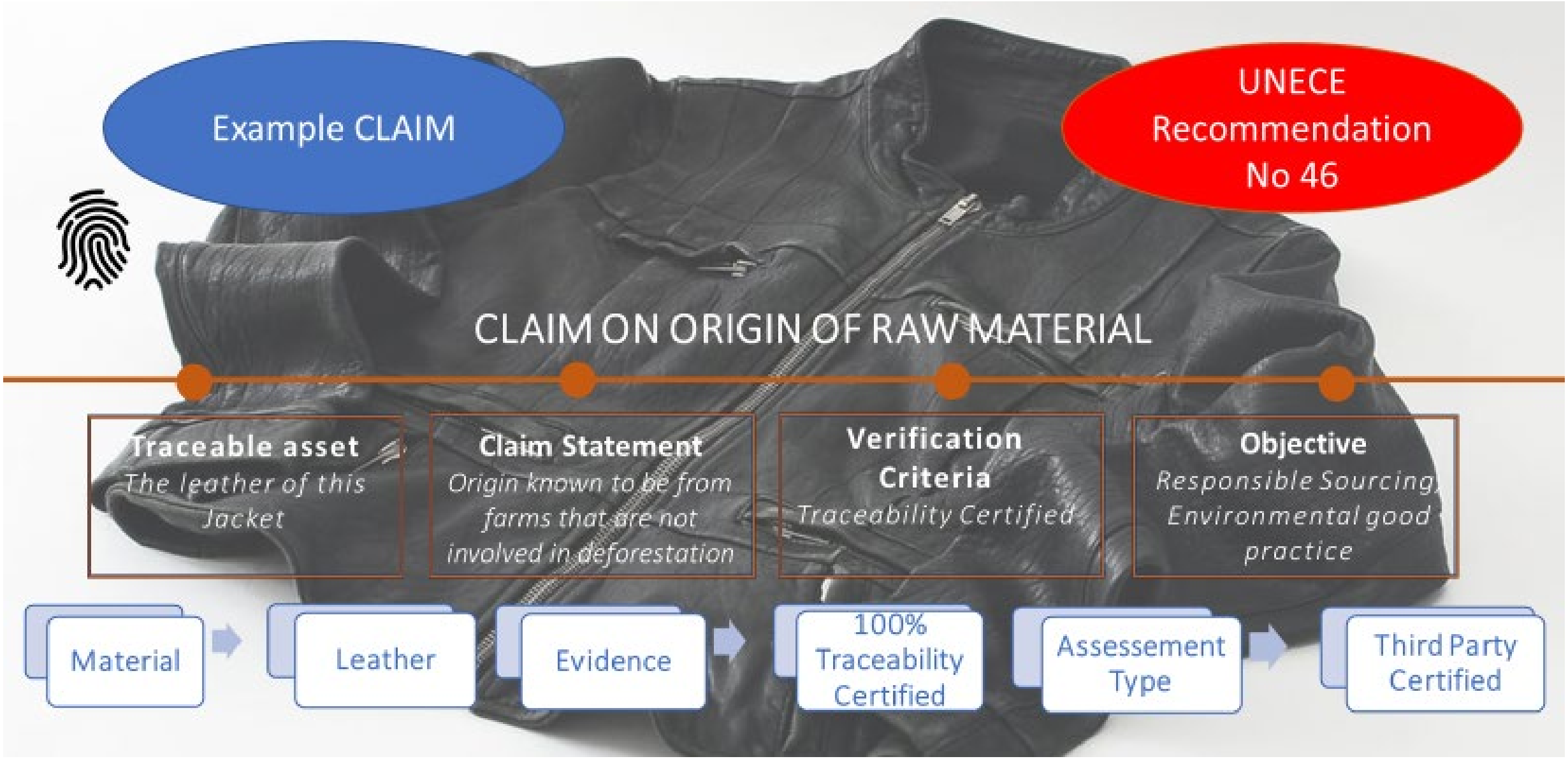
Gap Analysis WG1	Pilot Scoping WG2	Support WG 3	Validation WG4
Working group to undertake a gap analysis for cotton vs leather, and investigation on physical markers (PRO and CONs analysis, tender(?): **Team to be determined from cotton and leather pilots**	Working Group for scoping the pilot objectives and desired outcomes: **Made up of Direct Project Partners plus Secretariat and Consultant Team**	Working Group to assist with gaps in value chains and expert input **Made up of Direct Project Partners, Support Project Partners, plus Secretariat and Consultant Team**	Working Group to provide physical pilot run and validation **Direct Project Partners, Support Project Partners, Validation Partners, plus Secretariat and Consultant Team**

Leather Blockchain Pilot:

TRACK IT
TRACE IT
WEAR IT

April / May 2021	• Onboarding of Pilot Partners with bi-lateral calls
June 2021	• 3 Gap Analysis Sessions held with WG1 to assess learnings from the cotton pilot and assess any gaps in applicability for the leather value chain • 1 Session held with identification technology providers who presented to the pilot partners on advantages and limitations of use • 1 Session held with WG2 (Direct Pilot Partners) to scope out user stories, value chain partners, material / product selection

Claim on raw material origin: non-deforestation cattle



Leather pilot – next steps

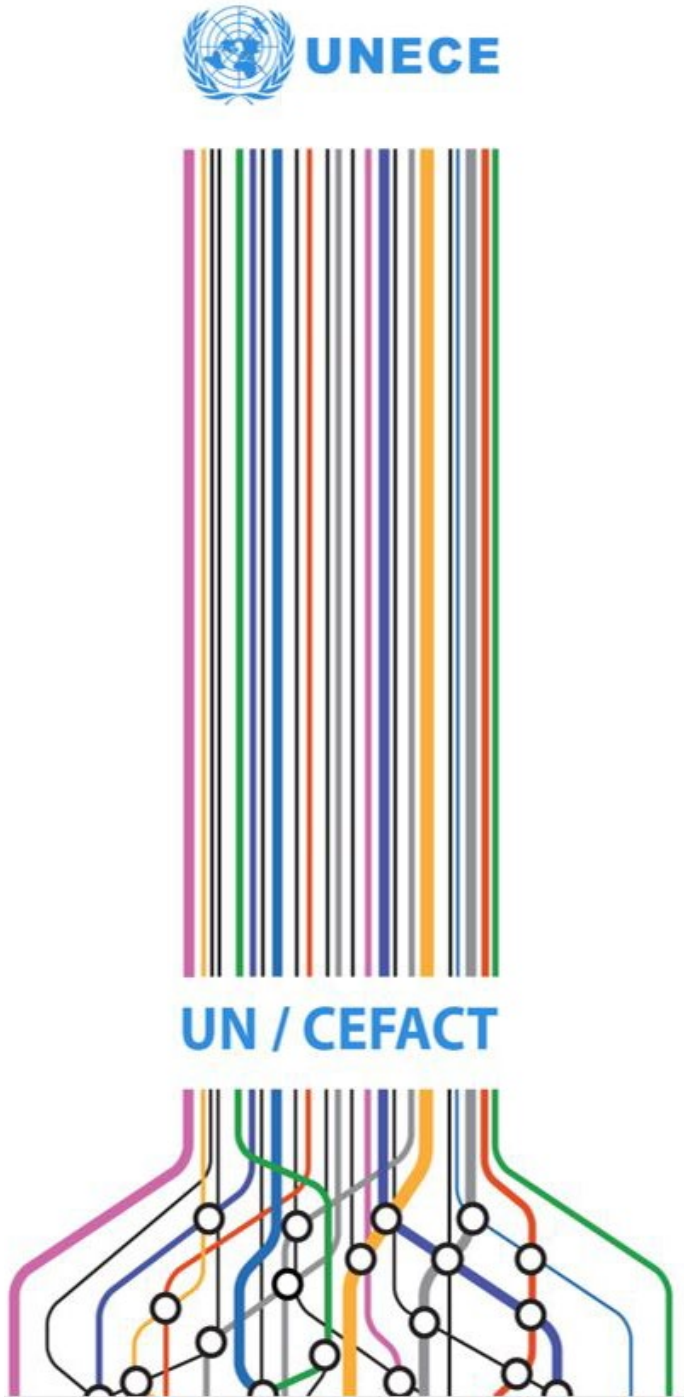
Leather Blockchain Pilot:

TRACK IT
TRACE IT
WEAR IT

July / August	• Completion of the TT matrix by pilot partners
September onwards **Pilot Run**	• Trainings • Onboarding in the blockchain platform • Transfer of the data, documents / certificates from the TT matrix to the platform
By 10 September	• Submit action to the Sustainability Pledge https://form.jotform.com/211244876449059
21-22-23 September 2021 - Training **UNECE-SDA BOCCONI event, Milan**	• Notify UNECE of physical / virtual participation by 12 July
Pilot results Q4 2021-Q1 2022…	

Q&A, next steps and closing (16:15-16:30)

Maria Teresa Pisani



Closing and next steps

Join the #TheSustainabilityPledge

https://form.jotform.com/211244876449059

Register for the Multi-Stakeholder Dialogue 21-22-23 Sept 2021 UNECE – SDA Bocconi (hybrid event)

Project's documents

POLICY	UNECE Policy Recommendation and implementation Guidelines N°46 (April 2021) The Call to Action / Sustainability Pledge - FR version – RU version (April 2021)
STANDARD	The Business Requirements Specifications (BRSs) for Traceability and Transparency for Textile and Leather (April 2021) Part I High Level Process and Data Model Part II Use cases and CCBDA The Business Process Analysis for Textile (*ongoing*) Business Process Analysis for Sustainability and Circularity in the Leather Value Chain Code Lists and Identifiers Recommendation for Leather and Textile (*ongoing*)
BLOCKCHAIN PILOTS	Policy brief – Harnessing the potential of blockchain technology for due diligence and sustainability in cotton value chains (April 2021)
GUIDELINES AND STUDIES	Mapping of policies, regulations and guidelines: Report, Policy developments on traceability and transparency and its Executive summary for policymakers (April 2021)
WEBPAGE	https://unece.org/trade/traceability-sustainable-garment-and-footwear
CUE SPACE	Connexion - UN/CEFACT Collaboration Environment (unece.org)
SUSTAINABILITY PLEDGE	https://form.jotform.com/211244876449059

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Thank You!

TRACK IT
TRACE IT
WEAR IT

Join the #TheSustainabilityPledge

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Project's webpage

https://unece.org/trade/traceability-sustainable-garment-and-footwear

8 DECENT WORK AND ECONOMIC GROWTH

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

17 PARTNERSHIPS FOR THE GOALS

European Commission