UNECE

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

Minutes
Virtual conference meeting #6 – Capacity-Building & Pilots sub-group 4
01/07/2020, WebEx, 15:30 CET

Participants (41)

Carla Albornoz, Ahmad Ansari (ZDHC), Stefano Albini (Albini), Rahul Bhajekar (GOTS), Cedric Brunner (OEKO-TEX), Ermanno Camerinelli (Berbrand), Virginia Cram-Martos (Triangularity), Claudia Di Bernardino (core project expert, Lawyer, Italy), Christian Ecker, Marc Flammer , Inge Flowers (Authenticae Leather), Pierluigi Fusco Girard (Marzotto Group - Linificio e Canapificio Nazionale), Neliana Fuenmayor (A Transparent Company), Jérôme Grilleres (VeChain), Delphine Guyot (AQC), Edwina Huang (Phoenxt), Tesja Kersten (Hecho por Nosotros), Dean Kingston (BEXT360), Navya Mathur (TrustTrace), Adriana Marina (Hecho por Nosotros/Animanà), Jan Merckx (GS1), Judith Meyer (WEBA), Gediminas Mikutis (Haelixa), Liz Muller (liz muller & partners), Ruth Nistal (INDITEX), Hania Othman (Chain Ops), Parth Patil (InfiniChains), Theofilos Papasternos (Compellio), Olga Pirazzi (Cittadellarte), Virgilio Maretto (pOsti), Marco Ricchetti (core project expert), Francesca Romana Rinaldi (Bocconi University), Jerome Rousselot (Jita Digital), Melissa Rusinek (Diverse Recycling Solutions), Deborah Taylor (core project expert), Georgina Taylor (Hecho por Nosotros), Isabella Tonelli (Vivienne Westwood), Karla Ch, Philipp.

UNECE Secretariat: Maria Teresa Pisani, Olivia Chassot, Olga Kharitonova   **Co-leading Expert/s**: Andrea Redaelli, Heinz Zeller

Agenda item	Discussion	Comments / Status	Action/Decision
1. Update on the procurement and pilot's timeline *Maria Teresa Pisani*	The procurement action for the blockchain solution has been posted on the United Nations Global Marketplace on the 01/07/2020. Interested technology-solution providers which have expressed interest to the Secretariat have registered on the UNGM and have been contacted by the procurement department which liaises directly with them. The timeline of the first pilot project has been updated: the procurement will take place in July and the solution will be developed from September 2020 onwards. There will be a period of engagement with the selected technology-solution provider and implementing partners to finalize the technical requirements in September.	N/A -- *Reference documents (CUE space)* - *Minutes of Virtual conference #5 meeting 03.06.2020* - *Report of Virtual Policy Dialogue (27-28 April 2020)* - *Project document for a pilot on blockchain for traceability and due diligence in the cotton value chain and progress report (draft April 2020)* - *Compilation of User Stories (29.06.2020)*	▪ The procurement action is underway and managed by the UNOG procurement department (United Nations Global Marketplace) ▪ The secretariat will inform the project's subgroup 4 when the procurement action is completed (approx. July-August).

| 2. User stories collection - Update halfway through and the approach to create transparency via sustainability (risks) criteria *Andrea Redaelli* | Update on the collection of the user stories halfway through, following a series of bilateral sessions that took place in June with implementing partners. The purpose of the user stories is to identify what do the implementing partners want to achieve through traceability and due diligence and consequently the information, documents and certificates which will be registered on the blockchain. The collection of user stories is directly connected to the 12 business process analyses developed for the generic use case for cotton, as part of the work on the Business Process Analysis (kindly refer to *Annex 2 in the Explanatory Note for the BPA* in the CUE space). The collection of user stories and the identification of the industry's needs and expectations to achieve due diligence and traceability is an opportunity, not only for the pilot's implementing partners, but also for the entire subgroup of experts to share their inputs. Early July 2020, the user stories amount to 27 and are spread throughout the value chain under the pilot's scope (field to distribution), however the upstream stages of the value chain are yet to be covered (cotton planting and cultivation, harvesting, ginning). The secretariat presented the reader-friendly compilation document of user stories which was shared with the subgroup and is available on the (CUE space) in order to get a more concrete vision the story which will runs the solution. | ▪ Consider including to the sustainability criteria list, the product's composition (i.e. whether cotton is blended with other materials, e.g. spandex) to inform on disposal, recycling – possibly on re-using/re-pairing/re-cycling (for the finished product).

▪ Consider adding audit to the list. Regarding the suppliers' details criteria, although it poses sensitivity issues, it is important to flag it out in order to collect comprehensively the best information to enable transparency and sustainability claims at this phase. Later on, it will be decided what are the most important information to be registered, considering legal and disclosure issues.

▪ On considering ISO certificates specifically in the sustainability criteria list, the idea is to keep the focus on the pilot's scope and the information needed must directly connect and feed in transparency, traceability and due diligence. A more generic approach will be taken on the definition of the sustainability criteria at this stage rather than specifically selecting certification schemes. The purpose is to initiate a broader discussion about sustainability risks and criteria, which is also connected to all the other project's work streams.

▪ At this stage, there are no determined quantitative levels for the sustainability data which will be collected for the solution. The methodology is to define the granularity level (e.g. certification, lab data analysis results) through the user stories and matching the sustainability criteria.

▪ Consider that existing certification schemes and audits provide a holistic view of the multiple criteria at once | **Actions (on going and planned)**

▪ The secretariat and pilot team:
  ▪ will keep collecting the user stories from the implementing partners and willing experts over bilateral sessions until the end of July 2020.
  ▪ will keep updating the user stories' compilation document accordingly.

▪ The experts willing to contribute are invited to get in touch with the secretariat and core pilot team for:
  o user stories at planting, cultivation, harvesting and ginning stages of the cotton value chain
  o sustainability criteria relevant for this pilot

▪ The secretariat jointly with the pilot's team will organize a workshop around September with the selected technology solution-provider and the |

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| | Brief overview of the preliminary list of sustainability criteria reflecting the inputs provided by the implementing partners over the bilateral sessions, to claim to create transparency. The purpose of this list is to bring higher value to the user stories and a better vision of the needs and goals to achieve that PoC for traceability and due diligence. The idea is to identify the sustainability information which contributes to create transparency, traceability and due diligence, which will be exchanged and published on the blockchain. This list will be further complemented in coordination with the implementing partners and the subgroup. | (e.g. water consumption, fair trade practices, chemical usage).

▪ Consider adding the transfer certificate to the list (e.g. case when brands buy from certified suppliers)

▪ Consider STeP by OEKO-TEX certified Manufacturers must use water as efficiently as possible. Data on individual unit processes are collected and maintained, the water consumption of the facility is also measured. Separate drinking water and process water systems are available. Any use of water from any source shall be in compliance with local and national legislation. The question is to define the complexity and granularity level under this pilot.

▪ Once we have defined a steady list, the idea is to determine the information to claim to match the sustainability criteria for transparency.

▪ Consider using a factor that verifies the accuracy and value of the data provider through a digital identity process (i.e. data oracles).

▪ Consider that it is important to develop data collection processes manageable for smaller actors and SMEs in terms of resources and efforts. Accordingly, the depth and complexity of the information to be collected and registered will depend upon the tier/type of supply chain member (e.g. size, capacity level).

▪ Partners could "self-identify" how much granular data they can provide and can be scored. | implementing partners to finalize the definition of the business and technical requirements, based on the results of the ongoing Business Process Analysis in subgroups 2 & 3 and the collection of the user stories.

▪ The secretariat and pilot team will work on a storytelling "fil rouge » behind the pilot |
| Next conference call (capacity-building and pilots' subgroup 4) | • Meeting #7 Sub-groups **mid-September 2020** at 15:30 CET (WebEx teleconference) (**date tbc**)
• Virtual Policy Dialogue or Physical meeting in the Palais des Nations in November, Geneva (tbc) | |

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