Enhancing Transparency and Traceability of Sustainable Value Chains in the Garment and Footwear Sector
<u>Minutes</u>
Virtual conference meeting #7 – Capacity-Building & Pilots sub-group 4
23/09/2020, WebEx, 15:30 CET

Participants (55) Cornelia Bamert (Nettle Circle), Rahul Bhajekar (GOTS), Cedric Brunner (OEKO-TEX), Giorgia Carissimi (Albini Group), Ravi Chandrasekaran (Cisco), Virginia Cram-Martos (Triangularity), Ella Cullen (Minespider), Piero de Sabbata (Euratex – ENEA), Claudia Di Bernardino (UN/CEFACT project expert - lawyer), Simonetta di Tommaso (Italian Ministry of Economic Development), Ana Diaz (INDITEX), Maurizio Gazzola (UN Office of Information Technology), Amit Gautam (Textile Genesis), Inge Flowers (Authenticae Leather), Neliana Fuenmayor (A Transparent Company), Delphine Guyot (AQC), Pablo Hernandez (Hecho por Nosotros), Edwina Huang (Phoenxt), Matthieu Hug (Tilkal), Tesja Kersten (Hecho por Nosotros), Dean Kingston (BEXT360), Cathelijne Klomp (LVMH), Shubham Kulshrestha (Cognizant),Alex Ivanco (Ministry of Finance of the Czech Republic), Karla Magruder (Accelerating Circularity), Adriana Marina (Hecho por Nosotros/Animanà), Jan Merckx (GS1), Gediminas Mikutis (Haelixa), Liz Muller (liz muller & partners), Prem Nair, Joellen Nicholson, Ruth Nistal (INDITEX), Hania Othman (Chain Ops), Belen Pappolla (Hecho por Nosotros), Stéphane Popescu (COSE361), Giacomo Poretti (SUPSI), Francesca Romana Rinaldi (Bocconi University), Candia Savastano (Italian Ministry of Economic Development), Debbie Shakespeare (Avery Dennison), Nina Shariati (H&M), Stefano Silvi (pOSti), Piera Solinas (Filmar), Jerome Rousselot (Jita Digital), Melissa Rusinek (Diverse Recycling Solutions), Evonne Tan (Textile Exchange), Deborah Taylor (UN/CEFACT project expert), Georgina Taylor (Hecho por Nosotros), Isabella Tonelli (Vivienne Westwood), Madison Wilcox (ITC)

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

Agenda item	Discussion	Comments / Status	Action/Decision
1. Update of the procurement action for the development of the supporting blockchain solution *Olga Kharitonova*	The request for quotations (launched on 01/07/2020) received seven bids submitted through the United Nations Global Marketplace (UNGM). The evaluation phase consisted in two parts: (i) technical evaluation carried out by a committee composed of United Nations staff and UN/CEFACT project experts, followed by (ii) commercial evaluation implemented by United Nations Office in Geneva (UNOG) procurement and UNECE, to assess the lowest financial offer. The technical evaluation assessed bidders' alignment against all nine criteria. After two rounds of additional information requests, the technical evaluation was completed. The selected vendor, SUPSI (University of Applied Sciences and Arts of Italian Switzerland) passed all the technical criteria and met the threshold of the financial offer. The technical criteria were years of experience, English proficiency, experience in international projects, experience with	Regarding the feedback upon failed criteria, the bidders are invited to reach out to the UNOG procurement department, as they have the authority on the information which can be disclosed. The secretariat is available to assist.	The procurement action was managed and completed by the United Nations Global Marketplace and United Nations Office in Geneva procurement department with support of the evaluation committee in September, whereby SUPSI (University of Applied Sciences and Arts of Italian Switzerland) was selected to procure the blockchain solution.

	distributed ledger technologies, capacity to support the entire pilot, availability of IT architecture and infrastructure, and of mass balance and book & claim systems.		
2. Overview of progress on ongoing work with partners *Andrea Redaelli, Olivia Chassot*	**User stories collection and "fil rouge", the story running behind the blockchain solution:** the concept phase is progressing with the collection of the requirements to be provided to SUPSI, through the user stories and the red thread. The entire set of documents was initiated through the cotton value chain mapping based upon the business process analysis, analysing the activities in depth performed in each step of the chain as a reference. Through the 73 user stories collected, the partners are defining what they want to claim for traceability, due diligence purposes and use the blockchain platform for. Another workstream running in parallel is on the data model and the kind of standardized data entities to be entered in the platform. The fil rouge document aims at describing the story behind the actors' needs to enable traceability and due diligence, thereby identifying the documents and data which need to be registered and exchanged on the blockchain system. For each business process, it includes a tentative description of the activity, periodicity, documents exchanged between identified actors and user stories to be represented in the blockchain (e.g. standards and certificates). **Experts' consultation and review on claims to enable transparency and due diligence:** the priority sustainability claims to be tested for this pilot are the origin, chemical content, fibre content, social/labour aspects to be covered under the OECD due diligence requirements. **Next steps - workshop with selected technology partner:** the development of the solution and infrastructure will take place from October to December through a continuous exchange between the solution provider and the business partners. The testing with users will start from November onwards until January 2021.	▪ SUPSI University briefly drew upon the technical groups which will support the pilot's solution development in regard to (i) users' interface and system access (participants' interaction with the system) and (ii) smart contract programming. ▪ Consider that the next pilot after leather will be synthetics. The purpose of the pilots running under this project is to find commonalities, potentially extend the solution to other fibres and materials (e.g. bast fibre). -- *Reference documents (CUE space)* - *Minutes of Virtual conference #6 meeting 01.07.2020* - *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 (11.09.2020)* - *"Fil Rouge", the story running behind the solution (11.09.2020)*	**Actions (on going and planned)** ▪ The experts willing to contribute to the fil rouge storytelling document are invited to reach out to the secretariat to provide comments, and inputs in regard to the upstream and downstream business processes of the chain (e.g. cotton cultivation and harvesting; product ennoblement stage, packaging and transfer to retailer) which are incomplete. ▪ The secretariat and pilot team will finalize the selection of the user stories and requirements with the partners through bilateral meetings and workshops. ▪ The experts willing to suggest additional sustainability claims to be tested under the pilot can get

	Leather pilot: since the business process analysis for leather has been completed, the conceptualization of the pilot will start in the coming weeks and will run in parallel to the cotton pilot. There will be a call for interested partners to join the pilot and opportunity to provide inputs regarding the pilot's concept.		in touch with the secretariat and pilot team to share suggestions.
3. Legal aspects to be considered in the development of the blockchain solution Claudia Di Bernardino	Presentation of the main legal aspects stemming from the development of the blockchain solution due to the high number of participants. These aspects range from governing law and jurisdiction, governance, intellectual property rights, open source software, liability, data protection and data privacy. We will have to consider a common law for the parties to agree to in order to avoid legal uncertainty. For data protection and privacy, we will have to consider whether personal data is involved (i.e. GDPR law and consumer data "right to be forgotten versus blockchain immutability), possibly storing personal data in an off-chain database. Transparency and immutability issues associated with blockchain could be addressed using "privacy by design" considering the measures complying with the most important regulations and laws on data privacy. Special attention will also have to be given to the governance framework (rights and obligations of each participant, decisions and decentralized control to access the platform, transactions' verification), exit and data, agreement among participants.	▪ Consider that an example of "personal data" which could be involved are workers/farmers' data. ▪ Consider not only data privacy and confidentiality concerns but also competition sensitive issues. ▪ Consider that a digital ID could support data protection and privacy issues complying with GDPR. ▪ Consider worker voice tools (e.g. Ulula) monitoring human rights issues without going into personal data. ▪ Consider critical aspects such as data ownership and management (e.g. permissioned blockchain). ▪ Consider that the definition of the business requirements analysed existing solutions available for all aforementioned legal issues.	
4. Next steps and experts' inputs	• Conference Call #8 Sub-groups **Tuesday 27 October 2020** at 15:30 CET (WebEx teleconference) (date tbc) • 23-24 November 2020 – 13:00-17:00 – Multi-Stakeholder Virtual Policy Dialogue III (WebEx teleconference)		

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