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Item 7 of the provisional agenda

Report of the first session

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

I. Attendance

1. The Team of Specialists (ToS) on Environmental, Social and Governance (ESG) Traceability of Sustainable Value Chains in the Circular Economy held its second session, as a hybrid meeting, on 6 October 2022. The session was attended by 92 delegates and experts representing national government agencies, international organizations, non-governmental organizations, and the private sector.

2. The following United Nations organizations participated in the meeting: the United Nations Environment Programme (UNEP), the United Nations Industrial Development Organization (UNIDO), the Food and Agriculture Organization of the United Nations (FAO). Representatives of the following intergovernmental organizations participated: World Trade Organization (WTO), European Union (EU), International Trade Centre (ITC), Diplomatic service of European Union - European External Action Service (EEAS). Forty-three representatives of private sector took part in the meeting.

3. The Executive Secretary of the Economic Commission for Europe (ECE) opened the meeting. She emphasized the crucial role of traceability for ECE member States and its relevance for the seventieth session of the Commission devoted to “Digital and green transformations for sustainable development in the region of the Economic Commission for Europe”. While current linear economic model is being driven by growing demand for products and increasing complexities of value chains, traceability offers opportunities for countries for circular transition. Underlining the benefits for consumers in tracing ESG aspects of production, transport and consumption, Executive Secretary further stressed that such data on origin, composition and processing methods foster circular product design and address long term economic needs. Particular benefits for ECE programme countries include wider access to international markets and investment opportunities, thus fostering innovation and job creation in the local economies. Executive Secretary reiterated that ESG requirements should not become barriers to trade and outlined that this ToS can support ECE member States in transition to a circular economy and promote cooperation among stakeholders and address main gaps in ESG indicators, methods and standards.

Decision 22-01. The Team of Specialists noted that ESG traceability is a key enabler of the digital and green transformations for sustainable development in the ECE region and beyond due to its overarching importance across supply chains, involvement of a wide range of stakeholders and long-lasting impact on the economy.

II. Adoption of the agenda (agenda item 2)

4. The Chair presented the annotated provisional agenda for the second session of the Team of Specialists on Environmental, Social and Governance Traceability of Sustainable Value Chains in the Circular Economy.

5. The Chair announced that after the meeting she is stepping down as Chair of the Team of Specialists on Environmental, Social and Governance Traceability of Sustainable Value Chains in the Circular Economy following her appointment as Economic Counsellor at France' Permanent Representation at the OECD.

Decision 22-02: The Team of Specialists adopted the annotated provisional agenda for the second session (ECE/ToS-TSVCCE/2022/INF.1).

III. ESG traceability landscapes in the ECE region: policies, legislative framework and institutional arrangements (agenda item 3)

6. The ECE secretariat presented a draft of the policy paper on "Improving traceability of products along international value chains for circular economy and sustainable use of natural resources" (ECE/TRADE/C/CEFACT/2022/8), which was prepared in a response to a request by ECE member States to explore approaches to advance the circular transition across different areas, in the region and beyond. The paper will be finalized for the seventieth session of the Commission in April 2023.

7. Improving ESG traceability across critical sectors is a priority for promoting sustainable value chains in the circular economy. The current circularity rate is 8% and ECE's ambition is to reach 10% in the next two years. Governments play a leading role in establishing an enabling environment for progress towards the circular transition, by developing effective policy measures to foster traceability for circularity and supporting their broad uptake.

8. Garment and footwear, agri-food and minerals are the critical sectors in ECE regions, as they are of relevance to the global economy and key in fighting climate change. Europe and Central Asia share in the global value chains of agricultural and fish production is 16%, while this whole sector is responsible for 31% of global Greenhouse Gas (GHG) emissions. The global apparel market produces 90 million tons of waste, and the market is rapidly growing with a predicted 2 \$trillion revenues in 2026. 81 countries depend on mineral resource extraction, these countries represent 1/4 of global gross GDP and 50% of the world's population. Out of them, 50% of the copper, gold, iron ore and zinc productions are concentrated in areas with high water stress, like Central Asia.¹

9. Traceability benefits countries and consumers by providing a higher level of protection of human health and the environment, giving better understanding of the value chain, promoting value chain efficiency and resource management, allowing consumers to access accurate and reliable information, empowering companies' risk management systems and improving their brand reputation, and fostering effective and efficient communication with business partners.

10. Successful traceability implementation depends on leveraging the full potential of innovation and advanced technologies, such as blockchain, Artificial Intelligence and the Internet of Things, as key mechanisms to improve connectivity among value chain actors. Advanced technologies can allow real-time identification and tracking of products and their

¹ UNECE, Policy paper on "Improving traceability of products along international value chains for circular economy and sustainable use of natural resources", ECE/TRADE/C/CEFACT/2022/8

components across their entire life cycles, and into their second and subsequent lives. Further traceability technologies including alphanumeric codes, bar codes, radio-frequency identification, geographic information system, global position system, and global product passport provide with relevant data for traceability.

Decision 22-03: The Team of Specialists noted the progress on the policy paper on “Improving traceability of products along international value chains for circular economy and sustainable use of natural resources” (ECE/TRADE/C/CEFACT/2022/8), which was developed in line with the conclusions of the 69th ECE session and is to be finalized for the 70th session of the Economic Commission for Europe in 2023.

11. For the discussion, experts addressed the following guiding questions:

- Which policies, legislative framework, and institutional arrangements were proven to be successful in advancing ESG monitoring and reporting in global value chains of high priority sectors (e.g. agri-food, garment and footwear, and extractive industries)?
- What are the right incentives to put in place for spurring ESG monitoring and compliance along the global value chain of such sectors?
- How to address potential barriers to trade that ESG compliance may pose for access to market and investment opportunities, and particularly for SMEs and vulnerable actors?

A. Policies, legislative frameworks and institutional arrangements for ESG monitoring and reporting

12. ESG monitoring, and reporting is a topic of interest for both ECE member States and WTO Members. 70th session of the Commission in 2023 will be devoted to digital and green transformations for sustainable development. Sustainable development is also part of WTO founding agreement and was an overarching theme of the WTO's 12th Ministerial Conference (MC12). The WTO Agreement on Fisheries Subsidies, which was adopted at MC 12, is fully in line with Sustainable Development Goals (SDGs) and clearly recognize challenges of climate change, SDGs and reiterates the need for alignment of WTO Members objectives. The newly established United Nations Working Group on Transforming the Extractive Industries for Sustainable Development, currently chaired by ECE, has also identified traceability as one of the key areas of action.

13. Efficient and effective trade policy frameworks rely on tools that allow governments, stakeholders, producers and consumers to trace and make reliable claims. Considering the complexity of value chains and diversity of different standards, it is key to trace to enable stakeholders to measure and improve their trade processes.

14. ECE offers a series of policy tools that can help foster or enhance traceability. For garment and footwear sector, ECE Recommendation No. 46, with guidelines and a call to action for governments, companies, decisionmakers and policymakers, facilitates the exchange of good practices and lessons learned. In addition, the Business and Data Model developed by ECE and UN/CEFACT for the standardized definition and exchange of traceability and sustainability information and their implementation through ECE blockchain pilots helps to establish full traceability of finished textile and leather products from field to shelf.

15. In support of integrated and sustainable management of natural resources, ECE developed the United Nations Resource Management System. This voluntary global standard applicable to all natural resources presents a comprehensive toolkit that can help to ensure that natural resources are managed in a sustainable and integrated manner. It is based on 12 fundamental principles and is closely connected with the SDGs. Another strategic document offering a systemic approach to manage resources is the United Nations Framework Classification for Resources, applicable to mineral, petroleum, nuclear fuel, renewable energy and anthropogenic resources, as well as water resources and injection projects for geological storage.

16. Circular economy landscape in ECE region is mainly shaped by waste management with some traceability provisions mentioned in food safety guidelines. Full potential of a circular

economy remains untapped and the concept of traceability as an instrument for the circular transition is unknown. The European Union (EU) is leading efforts in ECE region, transforming traceability and circularity landscapes in EU member states at a faster pace.

17. Policy and regulatory developments for due diligence, claims, circularity and digitalization are the most prominent in the European Union. Upcoming EU Due Diligence Directive, Sustainable Products Initiative, legislative proposal on substantiating green claim, European Green Deal and Circular Economy Action Plan were cited as the EU recent policy and regulatory developments to encourage governments to improving sustainable practices in value chains.

18. The UK strategy “Our waste, our resources: A strategy for England” focuses on maximizing resource use while minimizing waste and its impact on the environment. The UK’s plan to reach net-zero by 2050 relies on wholesale servitisation by using both products and materials as services.

19. The Republic of Tajikistan adopted the National Development Strategy 2030, which is based on three core principles: prevention, industrialization and innovation, meaning reducing vulnerabilities and increasing efficiency of the use of national resources, while promoting green innovation. The draft national Green Economy Strategy of Tajikistan until 2037 further focuses on zero waste production, recycling, and efficient energy consumption.

B. Incentives and barriers to ESG monitoring and reporting

20. Successful incentive design framework relies on standardised, inter-connecting and inter-operable data in conjunction with security rules and enforcement to promote the incentives and remove disincentives to sharing data. One design model is based on mandated investor reporting, where data is provided, obtained, and transmitted from primary extractors, to traders, suppliers, data analysts and finally to investors. Incentives are needed to stimulate subjects from all levels to deliver necessary and accurate data. Alternative model relies on private sector such as google software services. This incentive design would reply on a clear identification of the traceability goals and on maximizing the total societal value of the data being exchanged. This requires participation of everyone along the data value chain and the clear determination of sufficient rights and trust.

21. The design process would include the following steps: working on specific use-cases, co-designing them with the users to meets their expressed needs, learning from existing data sharing, data exchange models, and having a modular/option design to allow adjustment for other use-cases. Balanced governance of incentive design choices and their ongoing adjustment is essential.

22. Potential threats to ESG monitoring and reporting would include the willingness of stakeholders to control and capture value from data. This issue emphasises the importance of designing a governance structure that balances the different interests of different actors, both currently and in the future to make sure it is trusted. There will be a key role for organisations which check the quality, relevance and accuracy of data, and prepare, maintain and amalgamate it into data products which are easily understandable for users. Another issue would be high costs of generating and sharing data, and especially high-quality data. High costs are also the issue for the curation, verification, quality control, and updating of data sets for user access. Many stakeholders expressed fears of harming their competitive position or breaching legal compliance of data rules by sharing internal data. As a result, although there exists a huge amount of relevant data held in companies, public bodies or available through remote monitoring, this data is not accessible. Problems with data standards, searchability and interoperability also play a role.

23. Key drives for traceability in the UK are extended producer responsibility, access to high quality data, polices that concern the whole market (such as a tax requirement for all plastic bottles that do not have over 30% of recycled plastic) and sustainable investments. The Team of Specialists underscored the importance of promoting the circularity within low carbon industries that support reduce, reuse, remanufacture and recycle. Other approaches could be providing quality assurance with passports underpinned by high quality data in international

supply lines and diffusing innovation allowing SMEs and more vulnerable actors to enter the market with more innovative approaches.

24. The Republic of Tajikistan expressed the need of countries with economies in transition for support across these areas: 1) capacity building and strengthening knowledge of the public sector about the concept and principles of a circular economy, 2) training of future personnel on issues of the circular economy, and 3) development of enabling policy measures and incentives for the private sector for ESG monitoring and reporting.

Decision 22-04: The Team of Specialists highlighted the long-lasting economic benefits for countries with economies in transition of implementing ESG traceability across key priority sectors.

C. Outcomes of the discussion:

25. The Team of Specialists recommended governments to take actions across three pillars:

Pillar I. Circular strategy: Defining strategic directions of the circular economy

- Assessing the market scenario and market drivers in a targeted sector;
- Tailoring policies to the specificities of the target sector;
- Setting up a multi-stakeholder dialogue and partnership with industry actors; and
- Developing a circular economy strategy that supports adoption of circular economy business models.

Pillar II. Circular actions and cross-sectoral connectivity: Introducing targeted policy measures

- Defining a circular economy road map with checkpoints to assess progress;
- Creating an effective and efficient system of incentives, particularly for small and medium-sized enterprises (SMEs) ;
- Supporting a national, globally connected, trading platform to connect value chain actors;
- Providing information and support to SMEs and micro, small and medium-sized enterprises (MSMEs); and
- Raising consumer awareness and providing education and incentives.

Pillar III. From traceability to circularity: Enhancing the traceability environment for the circular transition

- Establishing mandatory requirements on traceability, with a minimum criteria and data set;
- Identifying and analysing international best practices on traceability and circularity;
- Developing common traceability standards for the collection and exchange of information;
- Promoting research and development, to harness the potential of innovation;
- Facilitating the adoption of digital tools and advanced technologies; and
- Encouraging strong partnerships among organizations, investors, consumers and other stakeholders.

26. The Team of Specialists identified the following key priorities for future work in the area of policy, legislative and institutional arrangements: promoting policy coherence and alignment, studying interactions between circularity, sustainable food, energy and other sectors, and developing a set of principles for incentive design.

27. The Team of Specialists can play an active role in providing training and capacity building for countries with economies in transition and low-income countries to develop and

support projects for ESG traceability and circular economy. Through these activities, the Team will share knowledge on available tools for ESG monitoring and reporting and support alignment between different tools developed by trade community.

28. The Team of Specialists noted the potential of servitisation, as a service approach that promotes a circular economy, and a stable revenue and business systems. This approach would also be applicable to critical raw materials in support of low carbon energy transition. The Team of Specialists further underscored the need for actions to improve transparency and inclusiveness in supply chain, due diligence, data quality, and competent and qualified assessments.

IV. Transformative pathways to sustainability: corporate strategies and actions (agenda item 4)

29. Due to the impact of the COVID-19 pandemic and uncertainty from the geopolitical tensions, companies are facing increasingly complex challenges, from opacity along global value chains in priority sectors to difficulties in end-to-end traceability of merchandise goods. The Team of Specialists emphasized the critical moment for all stakeholders to join forces to advance the implementation of ESG monitoring and reporting along the value chains in the private sector.

30. Under this agenda item, the Team of Specialists presented strategies and solutions on how to prioritize and advance ESG traceability and transparency of value chains in critical industries for the circular transition, while exchanging experience and progresses on traceability and reporting throughout the value chains in the plastic, metal and textile sectors.

31. Representatives from member States, private sector and other stakeholders addressed the following guiding questions:

- Which corporate strategies and actions for ESG monitoring and compliance are of relevance across industries and for effectively engaging value chain actors?
- Which ESG indicators, methods and standards are available to support such strategies and actions? Are there any the gaps that need to be addressed?
- Which role can advanced technologies play? How to harness their potential for vulnerable actors, and especially from emerging economies?

A. Corporate strategies and actions for ESG monitoring and compliance

32. Companies today not only need to adapt to a new reality, but also to innovate and respond to emerging ESG regulations and standards. The Team of Specialists highlighted the urgency to understand the role of companies on improving ESG compliance in value chains, in response to increasing pressure from consumers, investors, and regulators in the context of competing organizational forces.

33. Traceability has achieved collaborative momentum in the private sector, including in the areas of capture of environmental footprint, recognition of content and materials within the consignments, identification of geographical paths, as well as tracking the utility and life cycles of materials. Traceability can provide robust information on the process of sourcing, designing, identifying sustainability hotspots, simulations, efficient recycling and risk mitigation, and support companies' decision trade-offs throughout the value chains. These progresses have reinvigorated not only the transport flow of materials, but also the reporting process to regulators, external stakeholders and consumers.

34. Nonetheless, traceability alone would not directly generate any results, actions on implementation on ESG monitoring and compliance need to follow, particularly bringing in the circular economy perspectives. Due to the complexity of tracing activities, companies nowadays still face the issue of lack of quality data. Attempting to collect all the data along the supply and value chains proved to be challenging while increasing environmental costs.

The Team of Specialists suggested to move from passive reporting to proactive use of data and to collect only what is needed.

35. For example, life cycles in the textile industry are usually short and predominantly linear. Tracing along the full material life cycle will help to determine appropriate solutions for implementation. When applying circular economy solutions along the supply chains, the environmental impact can be reduced by accumulatively 70 per cent.²

36. The Team of Specialists recommended companies to consider below actions on data collection:

- Define optimum amount of traced data fit for decision-making;
- Consider how data should be processed to relevant information for different stakeholders;
- Increase analytical capabilities to assess concrete benefits of each circular economy solution to make them more informative.

B. ESG indicators to support corporate strategies and actions and existing gaps

37. The Team of Specialists presented use cases of sustainable farming practices in the cotton and textile sector of Uzbekistan and discussed how to best incorporate appropriate ESG indicators for circular economy, especially in the environmental aspects. ESG indicators have played an important role in supporting the analysis of energy and material footprint for baseline emission portfolio and identifying opportunities to offset carbon emissions effectively.

38. Challenges remain to streamline the ESG indicators. Given the variety of existing ESG-related labels and methods for different materials (such as Life Cycle Assessment indicators, Global Reporting Initiatives and Fashion Transparency Index), consumers may often find themselves lost among many ESG labels, leading to hesitation about building trust with the brands. Some companies can conveniently greenwash themselves by selecting indicators or labels in their favour that are less committing.

39. Ongoing efforts from the international organizations are trying to push in the right direction. The Team of Specialists recognized contribution from ECE UN/CEFACT work on the standardization of traceability process and vocabulary in the textile and leather industry, as well as European Commission's work on Product Environmental Footprint, and pointed out that timely progress on further streamlining the standards and indicators would be needed. It is also critical for these indicators to be shared and acknowledged across organizations with clear specifications.

40. Collaborative business models are particularly crucial to achieve green and sustainable supply and value chains. Even with standardized tools and indicators in place, without awareness and knowledge we still cannot reach this goal. It can only be achieved with all cross-sectoral actors of the supply chain making efforts towards ESG monitoring and compliance.

41. The Team of Specialists encouraged brands and companies, including MSMEs, to create solutions together with their suppliers, to communicate and provide capacity building support to raise awareness on ESG issues and alignment with the SDGs. At times, companies would find their suppliers possessing neither the necessary information nor knowledge to understand and follow ESG commitment. Raising awareness is a long-term task, some companies have already started doing so by scheduling regular meetings and trainings with the suppliers, strengthening the procurement requirement and passing the ESG agenda further along the value chain to all tiers.

42. The Team of Specialists also recommended companies to create incentives for long-term collaboration with the suppliers. One approach was to create multi-year supplier contracts. Other companies opted to award extra payments to suppliers for continuing to produce sustainable materials and products. It is very important to help suppliers, brands and

² Based on presentation and research by the Finnish Environment Institute.

companies to build trust and confidence in each other and maintain continuity on sustainable partnerships on ESG compliance.

C. Role of advanced technology

43. Besides supporting the data collection, traceability can also provide information on the condition of production along the supply chain to fill in the information gap between different stages of production and to better inform companies and suppliers. This is particularly essential under the current business environment, taking into consideration of cultural specificities and geopolitical context. Small actors, typically raw material producers can often be very fragile and suffer from being dominated by larger traders with additional imposed conditions. Traceability can help properly reflecting their brands and production processes, therefore increasing their business visibility and resulting in more contracts and generating benign cycle for better data collection.

44. To better trace the ESG indicators, reliability of the data would be key. The Team of Specialists presented applications and tools using blockchain technology. Because blockchain puts a time stamp signed by the author - making it possible to have a trusted source of information, information recorded in the blockchains become immutable and auditable and actors who record information in the blockchain are also made accountable. Thus, information stored on the blockchains can be provided as proof to the legislators. Moreover, the fact that each actor is responsible for the transmission of the information will give other actors confidence in the shared information as reliable source of data for compliance. In Uzbekistan, traceability project harvesting the Blockchain Technology and QR code has been successfully implemented in the cotton and textile sectors, cooperating with ECE and International Finance Corporation (IFC).

45. The Team of Specialists presented applications and implementation tools for transparency and traceability using blockchain technology in the food industry. The tools allow brands and their suppliers to self-report data and map out information of the production processes along the supply chain, and contribute to initiatives such as social audits, to improve the working condition in the supply chains and supporting companies at the brand level to consolidate relevant and validated data of the production sites from the suppliers.

46. The Team of Specialists stressed the importance to embrace the efficiency and trust for those advanced technology to underpin the data exchange for traceability and transparency of the value chain. It also acknowledged UN/CEFACT achievements on business process and analysis for complete textile and fibre materials (including leather, cotton, synthetic, wool and cashmere), where collaborative business model has been ongoing for blockchain pilot projects. Speakers offered below two recommendations for new technologies and innovations:

- To consider challenges on i) digital divide; ii) rebound effect and environmental implications; iii) data privacy issues;
- To consider the difficulties in establishing effective strategies, especially for companies in developing countries and countries with economies in transition.

D. Net-zero carbon emissions targets in value chains: from monitoring and disclosure to action

47. Industries are facing challenges in decarbonizing and achieving GHG reduction targets. Digital tracking and tracing can support the value chain baseline and mapping exercise and the collection and disclosure of accurate, consistent and complete Scope 1,2 and 3 GHG emissions data. It is essential to inform corporate strategies to reduce the carbon footprint in value chains, encourage lower carbon behaviour, and channel further investments into decarbonization activities. The discussion addressed the question on how ESG traceability landscapes can contribute to meeting the climate challenge, with a focus on areas of incentivization such as progress rewarding, corporate procurement practices, capacity building, and effective engagement and collaboration.

48. The Team of Specialists reported on progress on monitoring and reporting approaches on carbon emissions and net zero based on companies' existing operations along the value chain, supporting the development of roll-out plans for the achievement of reduction targets. Around 38% of Fortune Global 500 companies have delivered a significant climate milestone or are publicly committed to do so by 2030. As value chains across various industries account for 70 to 90 per cent of the emissions³, it is salient to collaborate among core stakeholders from across the ecosystem, particularly in the areas of data transparency, sharing best practices, investment, innovation and engagement with suppliers to support efforts on decarbonization.

49. The Team of Specialists also presented UNECE UN/CEFACT project on Cross Industry Supply Chain Track & Trace, which aims to improve tracking of goods across complex supply chains. The project has supported companies to identify gaps from missing or unavailable data and provide linkages between various identifiers to fix the trade-transport disconnect, increasing the transparency and interoperability of the value chains and reducing environmental impacts from the trade and transportation processes.

50. The Team of Specialists concluded the session by firstly, appreciating the great overview of challenges and opportunities of digital technologies on decarbonization and GHG reduction, and then recognizing the need to provide insights on the monitoring and reporting approaches to support the development of roll-out plans for the achievement of reduction targets and the associated incentives and costs distribution among value chain actors. Moving forward, the Team of Specialists highlighted the significance of inclusiveness, with below specific considerations:

- Bring on board the incentivization such as progress rewarding, corporate procurement practices, capacity building, and effective engagement and collaboration;
- Discuss which approach is suitable for different countries and sectors;
- Develop a reference framework for monitoring and reporting on net-zero carbon emissions targets in the lead up to the UNFCCC COP27.

V. Discussion of the programme of work of the Team of Specialists for the period 2021-2023 (agenda item 5)

51. The secretariat presented Revised Mandate and Terms of Reference of the Team of Specialists on Environmental, Social and Governance Traceability of Sustainable Value Chains in the Circular Economy (ECE/TRADE/C/CEFACT/2021/23/Rev.1); Report of the Team of Specialists on Environmental, Social and Governance Traceability of Sustainable Value Chains in the Circular Economy on its First Meeting (ECE/TRADE/C/CEFACT/2022/24). The secretariat noted that the Programme of Work for the implementation of the Mandate and Terms of Reference of the Team of Specialists for 2021-2023 was adopted by ECE 117th session of EXCOM on 8 July 2021 (ECE/EX/2021/L.12).

Decision 22-05. The Team of Specialists notes the report on the first session of the Team of Specialists on Environmental, Social and Governance Traceability of Sustainable Value Chains in the Circular Economy (ECE/TRADE/C/CEFACT/2022/24).

52. The secretariat will finalize the policy paper on "Improving traceability of products along international value chains for circular economy and sustainable use of natural resources" (ECE/TRADE/C/CEFACT/2022/8) in view of the seventieth session of the Commission in April 2023. The secretariat also recommended to:

- Call up on public and private sector actors to foster partnership to integrate proposed solutions and recommendations for development;
- Embrace more collaborative business models, effective incentive systems, and targeted support measures in favour of MSMEs and vulnerable actors along value chains, particularly in developing economies and economies in transition;

³ Data based on presentation and research by WBCSD.

- Explore fund-raising opportunities to support and expand its work, in line with its mandate and terms of reference.

53. The Team of Specialists received a proposal to further align the existing UN/FLUX standard with the UN/CEFACT Buy-Ship-Pay Reference Data Model to allow more linkages with other data.

54. The Team of Specialists emphasized the need for collaboration and to build framework that brings different sectors and partners together while keeping inclusiveness in mind, as well as the importance of capacity building in developing countries. The Team of Specialists also highlighted the issue of potential environmental impact from the digitalization of the entire value chain and other activities when promoting sustainable development and the SDGs.

55. Delegates from member States thanked the Team of Specialists and requested for capacity-building support and guidance on the implementation of ESG monitoring and reporting.

56. The secretariat presented the draft work plan of the Team of Specialists, which will be finalized at the next meeting in December 2022, and presented a table on the objectives, indicative activities and success criteria of the Team of Specialists based on the terms of reference and relevant timelines to be complete by fall 2023.

Decision 2022-06. The Team of Specialists decided to organize four working meetings in preparation of the next session of the Team of Specialists with the aim to:

- 1) Finalize the policy paper “Improving traceability of products along international value chains for circular economy and sustainable use of natural resources” in view of the 70th session of the Economic Commission for Europe in April 2023;
- 2) Identify the possible elements of a protocol to promote ESG monitoring and reporting in value chains across different key sectors;
- 3) Support implementation of the ESG traceability;
- 4) Explore fund-raising opportunities to support and expand its work, in line with its mandate and terms of reference.

57. The Team of Specialists requested UN/CEFACT Plenary to extend the mandate of the Team of Specialists until 2025, as the current mandate will run out in July 2023.

Decision 2022-07 The Team of Specialists requested the 28th UN/CEFACT Plenary to extend the mandate of the Team of Specialists until 2025.

VI. Other business (agenda item 6)

58. No other business points were raised.

VII. Adoption of decisions and draft report of the Second Session (agenda item 7)

59. Delegates and participants agreed on decisions 1-7 and will receive the report of the session ([ECE/TRADE/C/CEFACT/2023/XXXX](#)), which will be submitted to the next Team of Specialists meeting and the 29th UN/CEFACT Plenary session.