ARTICLE

WHY TRACEABILITY MATTERS IN A WORLD SHAPED BY SUSTAINABILITY REQUIREMENTS

HOW DATA INTEGRITY, AVAILABILITY AND SECURITY ARE HELPING FASHION BRANDS TO ENHANCE THEIR CSR INITIATIVES

At Lectra, Corporate Social Responsibility (CSR) has always been central to our strategy. We leverage our strengths as technological pioneers and business-process optimizers to **promote innovation as a sustainable practice.** This commitment to safeguarding our planet's resources and improving the lives of our customers, employees, and partners enables us to empower our stakeholders to do the same for their communities.

In particular, we understand the operational challenges posed by new regulations affecting CSR practices and their demand for traceability and transparency of the supply chain. For these reasons, our customers trust us to address these challenges with tailored solutions to ensure compliance and operational efficiency.

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Why fashion brands are focusing on sustainability

Global awareness of environmental issues and a growing demand for ethical practices is driving fashion brands worldwide to place greater strategic emphasis on sustainability, ethical sourcing, and the overall longevity of their products.

The increasing consumer expectations for Corporate Social Responsibility (CSR) align with the findings from McKinsey and ESG Book, suggesting a **growing awareness and preference for products with ESG-related claims.**

McKinsey's research reveals a significant 28% cumulative growth in sales for products making ESG-related claims over the past five years, indicating **a positive correlation between sustainable practices and consumer demand.**

Additionally, ESG Book reports a 155% increase in global ESG regulation over the past decade, emphasizing the rising importance of environmental, social, and governance considerations in business.

This regulatory growth further supports the notion that consumers are likely to be more inclined towards socially responsible products, reflecting the global trend of conscious consumerism observed in the fashion market and beyond.

Brands today, are aiming to not only satisfy consumer CSR expectations but also comply with the requirements of governments and regulators, who play a key role in this evolution. Traceability compliance standards and regulatory oversight of fashion is increasing at a rapid pace, according to a recent report by Women's Wear Daily.

It is this demand from customers and increased government regulation for sustainable business practices that are compelling fashion brands to rethink their approach towards sustainability. **Brands can no longer ignore the issue or greenwash themselves with marketing phrases.**

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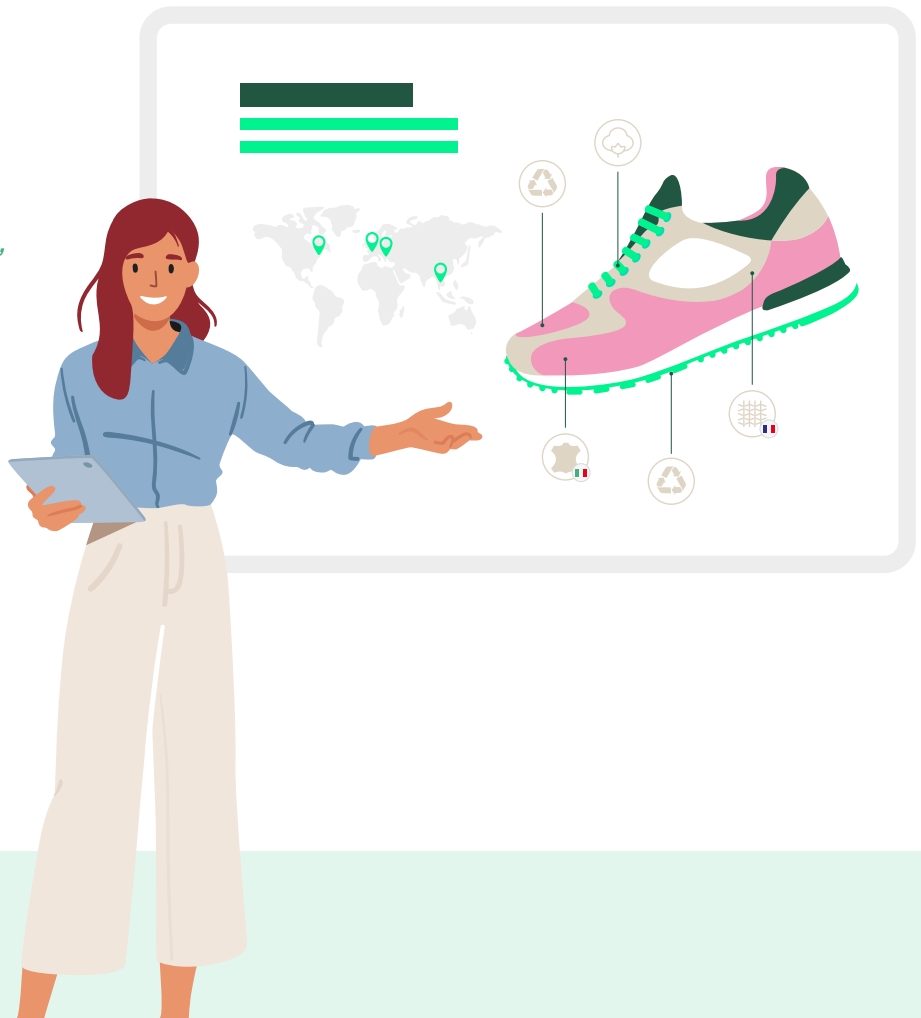
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Why traceability is the entry point to sustainability

Success, in today's climate, means staying ahead of sustainability trends and regulations by guaranteeing responsible sourcing and production. Thus, making it more important than ever before to gain access to reliable information from the sourcing of textile fibers right through to the end of the garment's life cycle. **This is why traceability matters for fashion brands seeking to improve and accelerate their CSR initiatives.**

Gaining perfect traceability of the materials used, makes it easy to verify and therefore establish the sustainability of the garments produced and marketed. When brands have real time insights into the supply chain they can proactively align with evolving sustainability trends and swiftly adapt to ever-changing regulatory requirements.

Yet, achieving full visibility of all stages in the life cycle, from fiber-origin to retail, is a highly complex undertaking; particularly given the large number of intermediaries involved in the garment manufacturing process.

If fashion brands could simplify their processes to **implement effective traceability and build trust between all players throughout the textile value chain**, they could more effectively meet the challenges of regulatory compliance and customer demand for sustainability. Fortunately, advancements in digital technology offer practical solutions that facilitates compliance with regulators and meets the consumers' need for transparency.

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How digital technology enables traceability

New technologies and the implementation of blockchain-inspired processes is improving the transparency and security of information used in the supply chain management systems of fashion manufacturers and brands.

TextileGenesis, by using a digital Non-Fungible Token (NFT) named "Fibercoin," is able to verify and record the properties, origin and proof of authenticity of the textiles that make up a finished garment. The textile data is stored in a digital register, a **blockchain**, where it is secure, unchangeable, and records and tracks new information about the textile at each step of its journey in the supply chain process.

The blockchain technology behind Textile Genesis, not only makes it possible to precisely and confidently trace the origin of raw materials and track it at the production and distribution stages, it also offers the possibility of sharing this information with others. Fashion brands can now assure regulators and consumers of product quality, CSR compliance, and diligent practices. The supply chain is more transparent with traceability.

98%

How Lectra helps you **verify and validate** product sustainability

A Lectra solution, like Textile Genesis, enables fashion brands to build a more positive image by achieving traceability throughout the product lifecycle. This, in turn, establishes a foundation for long-term success and competitiveness in the ever-evolving landscape of socially responsible commerce.

Fashion brands adopting Textile Genesis, foster a collective, industry wide, commitment to ethical and sustainable practices while meeting the growing demands for transparency, accountability, and ethical standards set by consumers, regulators, and supply chain actors.

100%

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