

As scrutiny of fashion's environmental impact grows, retailers implement textile traceability programs

Article

The trend: Brands are implementing textile traceability programs to provide more transparency into where their raw materials are coming from, as well as their toll on the environment.

- **H&M** is expanding its partnership with **TextileGenesis** to use the latter's blockchain-based technology to trace all man-made cellulose and recycled polyester, the company announced. The retailer hopes to **trace over 200 million garments** by the end of the year.
- **Adidas** is **working with TrusTrace** to create a database of the materials it uses in its products and improve transparency around the brand's sustainability initiatives.

How it works: Both TextileGenesis and TrusTrace use blockchain technology and AI to help trace materials from their origin to the final product.

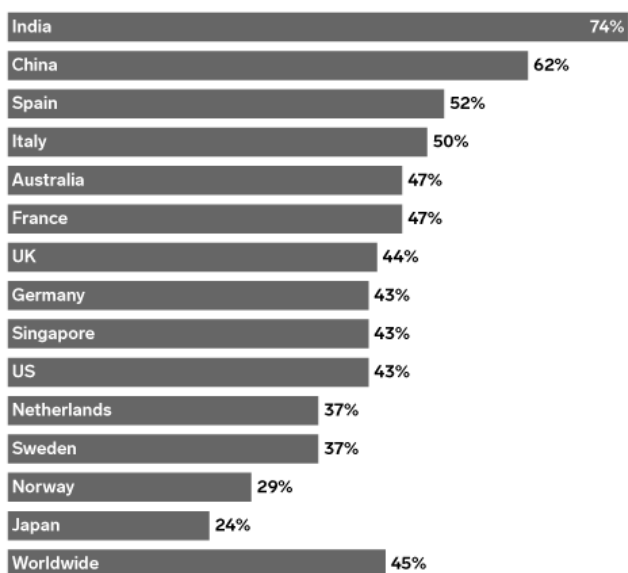
- TextileGenesis uses its own tokens, known as "Fibercoins," to keep tabs on a material throughout the production process.
- TrusTrace relies on data from suppliers to compile a centralized database that provides near real-time updates on items as they move through the supply chain.
- Because transactions that occur on blockchain are unchangeable (and therefore immune to tampering) and stored on a public ledger, there are fewer places for dodgy suppliers to hide—and fewer opportunities for retailers to claim ignorance.

Why it matters: With **45%** of internet users worldwide interested in buying exclusively from circular and sustainable brands, per a Capgemini survey, it's become increasingly important for retailers to show they're serious about their environmental commitments.

- In addition to burnishing their eco-friendly image, textile traceability programs allow brands to get insight into how their supply chain partners are sourcing materials while also forcing them to be held accountable for their sustainability claims.
- As the EU and other governments look to **implement more stringent sustainability requirements** for the fashion industry, retailers can use these programs to show compliance and head off greenwashing criticisms.

Internet Users Worldwide Who Are Interested in Buying Exclusively from Circular and Sustainable Brands, by Country, Sep 2021

% of respondents in each group



Source: Capgemini, "Circular Economy for a Sustainable Future," Nov 8, 2021

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The drawbacks: Many of these initiatives are reliant on suppliers providing information on a textile's source and sustainability. Without a third party to audit suppliers' claims, retailers could inadvertently continue using harmful or unethically sourced materials, despite their best intentions.

- For example, both adidas and **Puma** pledged to stop using Xinjiang cotton due to the alleged use of forced labor in its production—but a recent report from German researchers found traces of the material in products from both brands, despite the former saying it no longer sourced cotton from China.
- Onboarding suppliers to the traceability program can be time-intensive, expensive, and complicated—all of which could aggravate brands looking to manufacture and sell clothing as quickly as possible.

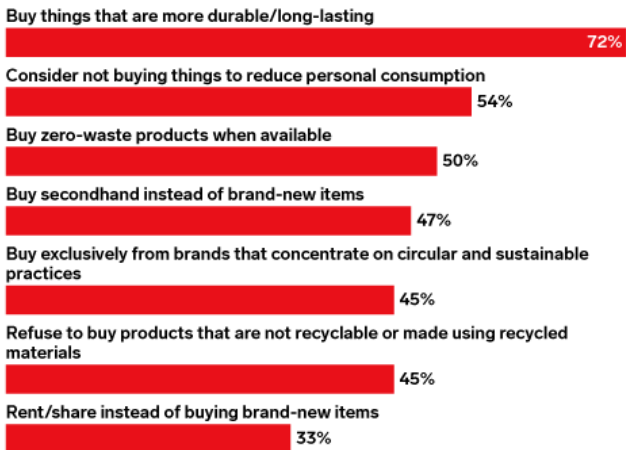
The big takeaway: While textile tracing is an admirable initiative for retailers to adopt, it's ultimately a small step for an industry that is struggling to mitigate its enormous environmental impact.

- While transparency into sourcing may mollify some critics, it doesn't mean much unless retailers are actively pursuing ways to make their entire supply chain sustainable.

- In the case of fast fashion, whose entire business model is predicated on encouraging people to constantly make new purchases, more radical solutions, like eliminating the use of petroleum-based materials and recycling unsold or deadstock fabrics, are needed if brands are serious about making a meaningful difference.

Sustainable Actions Buyers Worldwide Are Interested in Taking When Making a Purchase, Sep 2021

% of respondents



Source: Capgemini, "Circular Economy for a Sustainable Future," Nov 8, 2021

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