

Take your next step to true traceability

How fashion, apparel and footwear can find a path towards full traceability and multi-tier transparency



Introduction

Of all the challenges faced by the fashion, apparel, and footwear industries, traceability ranks high. While social credentials have never been more important to prove, this increases the complexity of managing supply chains and the data they produce. As such, traceability is crucial for modern supply chain management. It enables better control, accountability, and transparency – vital for demonstrating the openness expected by today’s socially conscious consumers.

But despite these benefits, end-to-end traceability can seem frustratingly out of reach. When almost **80%** of supply chain executives say they need to improve and invest in digital planning to increase supply chain visibility, it’s clear that there’s a huge gap between traceability aspirations and reality.

There’s no better time than the present to fix this. Those who are struggling to improve or even get started with traceability may feel as though they are finding it difficult to keep up. But these businesses are in a great position to be able to reduce risk within their supply chain before it gets any more complicated.

How? The key lies in acting now to achieve traceability from end to end. This eBook will show you how, with a focus on driving resilience, and sustainability via a connected and intelligent supply chain ecosystem. Let’s start by taking a look at the challenges facing the industry today.

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Traceability challenges

The global apparel market is now worth **\$1.79 trillion** and projected to experience a compound annual growth rate of **2.81%** by 2028 – meaning the future looks bright for businesses in this sector.

Despite this, a number of fashion and apparel businesses now face the challenge of creating a more transparent supply chain and enabling traceability at a time when few are already tracking their products and materials.

Regulatory changes

Compliance is a non-negotiable part of doing business in any industry, but regulatory requirements around traceability, both new and existing, are set to cause the clothing industry a particularly large headache.

Uyghur Forced Labor Prevention Act (UFLPA)

Since being introduced in December 2021, this law creates a “rebuttable presumption” that goods produced in Xinjiang Uyghur Autonomous Region of China are created via forced labor and are therefore banned from entering the United States.

Anti-Waste Circular Economy Act (AGEC)

This French 2020 ruling aims to build a circular economy out of a previously linear one, including focus on removing disposable plastic, keeping customers informed, preventing waste via re-use, and eliminating planned obsolescence.

EU Green Claims Directive

The European Commission has produced specific ruling on claims regarding the ‘green’ credentials of products in a bid to reduce consumer confusion around misleading information. This means claims around eco-friendliness need to be verifiable, comparable, and reliable throughout the EU.

EU Deforestation Regulation

Companies operating in the EU will need to comply with this new ruling that requires businesses that trade in seven key commodities to prove their products don’t originate in areas where deforestation has occurred. These commodities include cattle, cocoa, coffee, palm oil, rubber, soya, and wood, as well as derivatives of these products.

Corporate Sustainability Due Diligence Directive (CSDDD)

To comply with the CSDDD, companies need to collect, verify, and report specific data from multiple tiers of their supply chains. This information is necessary to demonstrate that they are actively identifying, preventing, and mitigating adverse impacts on human rights and the environment throughout their operations and extended value chains.

Perception problems

It’s no secret that the fashion industry has a perception problem, with consumers and governing bodies alike sharing legitimate concerns around ESG. It’s not difficult to see why, when **4-8%** of global greenhouse gas emissions are attributed to the apparel and footwear industry, or when an estimated **16-35%** of harmful microplastics released into oceans are the result of synthetic textiles.

The trouble is that it’s difficult to identify, track, and improve ESG concerns in the supply chain due to the lack of transparency and traceability of material origins – with increasingly complex chains, there are more cracks for information to get lost within. And when a majority of carbon emissions occur within supply chains, it’s clear that the need to solve this problem is huge.

Need for investment

Overcoming the challenges above ultimately requires a holistic bird's-eye view of the supply chain for every business in the fashion, apparel and footwear industry. So, for those looking to drive sustainable outcomes, ensure ethical sourcing, and improve ESG performance that means investing in traceability – and sooner rather than later.

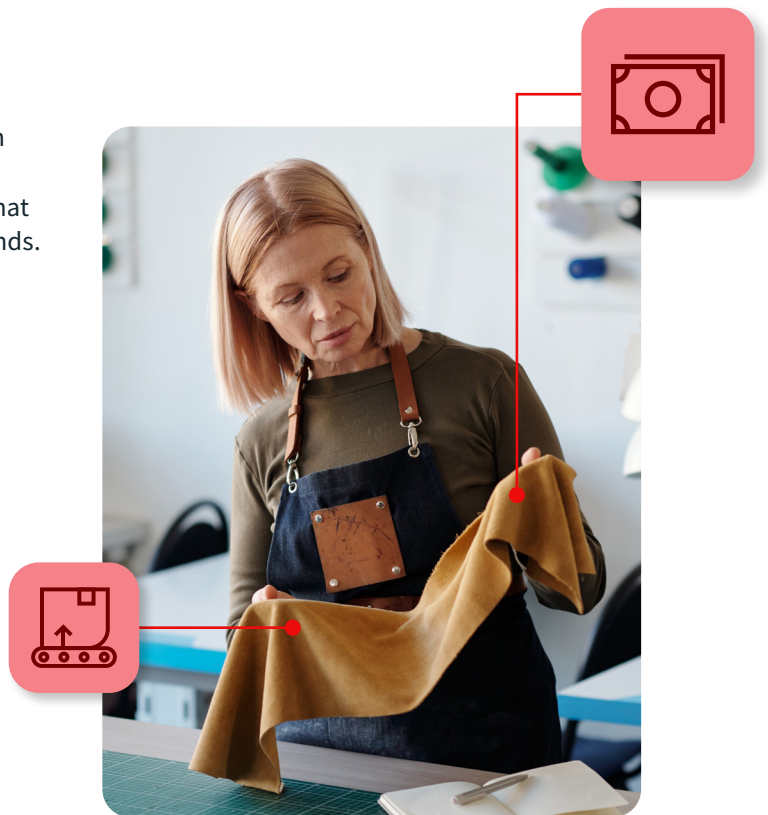
Those who fail to do so could be putting themselves at risk of supply chain disruptions, greenwashing allegations, reputational harm, and potential litigation around product safety or provenance. Alongside this, new regulations like UFLPA and the EU Digital Product Passport won't allow the passage of goods that don't meet their standards, so failure to comply could mean lost sales due to restrictions on where goods can now be legally sold.

Taking these steps will help you to prioritize traceability today and eliminate these risks, strengthening your future position in the market, and standing you in good stead with increasingly eco-savvy consumers – **73%** of which are willing to pay more for products that come from sustainable and transparent brands.

A multi-tier direction

The aforementioned requirements result in friction for businesses as they struggle to reach out to suppliers beyond their first tier, making it difficult to trace materials. Now, the challenge is operationalizing this process in a way that's repeatable, scalable, and digital – and that means embracing automation. Let's take a look at how to enable multi-tier transparency in this way.

We recommend a three-tier approach that encompasses mapping suppliers, collecting documentation, data and intelligence, and extended capabilities organized progressively to form the building blocks of your traceability and multi-tier visibility strategy.



Step 1

Mapping the multi-tier supplier network

It's essential to gather all relevant documentation regarding your upstream supply chain within one central source of truth – in other words, a secure digital location where everyone who needs access to it can do so efficiently.

By having the tiers of suppliers connected, you reduce the time required to collect information about the origin and manufacturing of products. This time saved could be crucial, for example, in the event of having a container stopped for a suspected UFLPA violation, where you would have 30 days to provide documentary evidence of traceability or the goods will be denied entry, resulting in lost sales.

Doing this means businesses have visibility of their own suppliers, and provides transparency to the upstream supply chain, forming a firm foundation for your next steps.

Mapping helps to identify potential areas of risk – for example, discovering that a supplier in tier three is in an unsanctioned location, enabling you to take action before this becomes an issue. Solutions like Infor Nexus do this by allowing buyers to manually invite and onboard their tier one suppliers to the network. From there, each tier can invite their respective suppliers until the entire chain is mapped, meaning all suppliers are digitally connected and able to provide data, documents and information when needed.

Step 2

Start to trace specific materials and provide documentary evidence

Most of today's regulations require documentary proof, such as purchase orders, shipments, invoices, and more. It's crucial to keep this information organized on one central platform, making the process more easily repeatable. This way, you connect the dots between your suppliers, their suppliers, and the transactional records supporting the chain of custody.

With your N-tier supplier network created, it's time to start building your tracing 'muscle memory' with an intuitive process that reduces the amount of time your team and suppliers spend processing the information. This means embracing automated workflows, task assignments, and status monitoring help expedite material tracing.

To help with this, software like Infor Nexus provides one single location for suppliers to interact with their customers and manage both supply chain and traceability processes at the same time, from managing orders to publishing textile origin details.

At the same time, it can also assist with ensuring compliance is maintained. For example, if a finished goods supplier has not provided evidence of where their raw materials were sourced, a blocker could be put in place to prevent them from shipping goods until they can meet this requirement.

Top tip

It takes two to tango when it comes to traceability, so having a shared process is essential. Achieving this requires collaboration and engagement from suppliers, and businesses should aim to make it as easy as possible for them to share their information via a single platform.

Thankfully, new technological advances in supply chain networks makes this simpler. With one centralized digital platform for suppliers to interact with multiple customers, such as Infor Nexus, every party involved in your chain can perform traceability steps with maximum efficiency, security, and reliability.

Step 3

Support Digital Product Passports

Soon, the EU Digital Product Passport will come into effect, whereupon businesses will be required to create unique identification for every product that details how it was made, how it should be stored and disposed of, where its materials came from, and **more**. It will also require companies to make this data available in a consumer accessible format.

As this new law comes into play, businesses in the industry will need to increase their precision by tracking products at the lot or serialized item level, with the industry still waiting to find out which. Regardless, this will require each tier of supplier to provide a significantly higher amount of data, and so keeping this process simple is crucial.

Modern solutions can automatically and reliably pull relevant information from documents like production orders and receipts, saving your suppliers valuable time in providing the data required for tracing.

This gives your business the ability to demonstrate to customer audiences that your products were made by responsible supply chains, while enabling you to meet regulatory requirements more easily at the same time.



Unlock the power of full multi-tier product transparency

Ensuring that your supply chain meets your ESG standards is a challenge across complex supply networks.

This puts your business in a great position to increase network agility and resilience via the changes you've made, alongside giving you the option to explore a range of extended capabilities, including:

Taking control of your ESG measures

Ensuring that you meet ESG standards, both internally and externally imposed, is complex across wide supply chains. But now that your supply chain is connected via one source of truth, it's easier to maintain environmental and ethical standards across multiple tiers.

Removing risk from risk management

A traceability platform can help identify potential risks in the supply chain long before they have chance to start causing issues. Your business will be better able to identify problems like supplier non-compliance, counterfeit products, or disruptions in the chain, all with less manual input from your teams. Thanks to your focus on traceability, you can proactively manage and mitigate these risks with ease.

Simplifying raw materials management

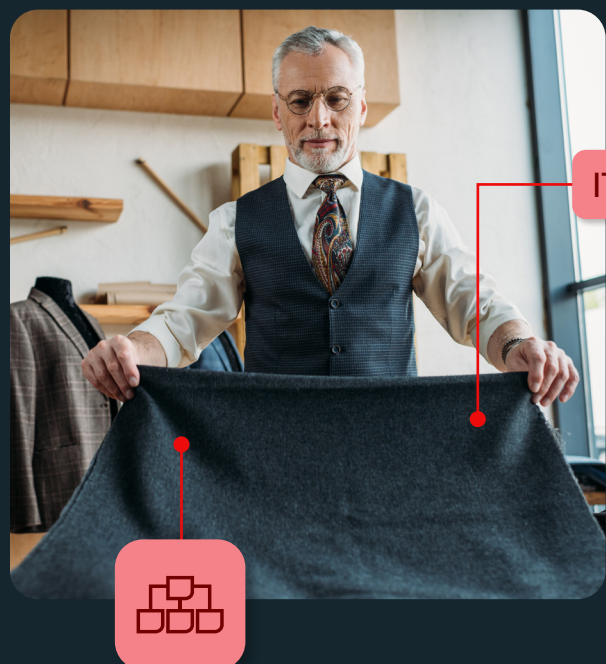
Embracing traceability also means the potential to enable greater collaboration with up-stream suppliers. With suppliers connected to your platform, it becomes easier to share and collaborate on information such as capacity, forecasts, minimum order quantities, and more. You can gain earlier visibility to potential material delays, or reach out to suppliers where additional capacity is needed to support changes in demand or supply disruptions.

And the benefits of establishing traceability and multi-tier visibility don't stop there. From risk reduction and preventing delays and disruptions, to enhanced brand reputation businesses in the fashion, apparel, and footwear industries have everything to gain by making traceability their new focus.

Top tip

Naturally, achieving the final goal of traceability via one single source of truth is not going to happen overnight. Many businesses in this sector are in uncharted territory, dealing with suppliers who are historically reluctant to share information. Many find themselves without the requisite connectivity to source information beyond tier one, and new legal ruling can mean dredging up data that has never been required before.

As such, it's crucial to find a technology partner who is able to assist with both ironing out the everyday details, and provide access to a wider network for seamless supply chain processing from start to finish.



How can Infor Nexus help?

Infor Nexus is the leading supply chain business network solution for fashion, apparel and footwear companies. With 25 years' experience in connecting companies to their supplier networks to enable visibility, collaboration, and supply chain orchestration, Infor Nexus is already trusted by thousands to streamline their operations, reduce inefficiencies and waste, gain data-driven insights, promote sustainability and optimize the flow of capital for improved agility and resilience.

Infor Nexus helps you to connect the dots, supporting the chain of custody of products.

By enabling you to map multi-tier supplier networks and trace materials across them, you can better understand the complexities of your supplier network and help ensure risk management and compliance across the board.

Why choose Infor Nexus?

- Infor Nexus has the largest network of fashion, apparel and footwear companies, connecting over 90,000 brands, retailers, manufacturers, suppliers, logistics providers, and banks via one single-instance network.
- We make it easy to create one single place for each tier of supplier on the network to access and share the traceability information they need across their customers, creating greater efficiency.
- We provide a single, digital location for managing orders, shipments and traceability processes with suppliers. As tier one suppliers are critical to the success of traceability initiatives, this is a vital step in making it easier to demonstrate supply chain transparency.
- We make staying compliant easier by automating the process implemented across every leg of your supply chain, with the flexibility to meet changes in schedule or regulation at short notice.



The time for traceability is today

The benefits for fashion, apparel, and footwear businesses that embrace traceability are clear. But they need to act soon to reap them. Those who keep traceability and supply chain transparency on the backburner risk falling behind as others make these vital connections and take advantage of being part of a global supplier network.

Although multi-tier traceability is difficult to achieve, it's now imperative for businesses to get the wheels in motion. But you don't have to brave the journey alone. Traceability requires collaboration and engagement from everyone involved, from your staff and suppliers to your technology partner. With the right technology, building a flexible, truly traceable supply chain network can become seamless. It's simply a matter of having the right support.



Find out more about Infor **Nexus** 

Or get in touch with a representative today to start your traceability journey.

Infor Nexus is the leading end-to-end global supply chain platform, helping companies achieve unmatched visibility and collaboration for over 25 years. Infor Nexus connects a network of brands, retailers, manufacturers, suppliers, logistics providers, and banks on a single-instance network platform to orchestrate global supply chain processes seamlessly from source to delivery and payment. Companies streamline their operations, eliminating inefficiencies and waste while gaining data-driven insights and optimizing the flow of capital for improved agility, resilience, and sustainability.

Learn more at [Infor Nexus](#), and connect with us on [LinkedIn](#).