Supply Chain Assessments for SME's

- Where to start, where to go? -

Joel Svedlund, Peak 63

Peak63 OUTDOOR LAB

SIA Summit Series, March 2024

The Peak63 outdoor sports eco-system

Peak 63 - formerly Peak Innovation: Sweden's national initiative for innovation and sustainability in sports & outdoor.

We offer innovation and sustainability expertise aimed specifically at the sports and outdoor industry.

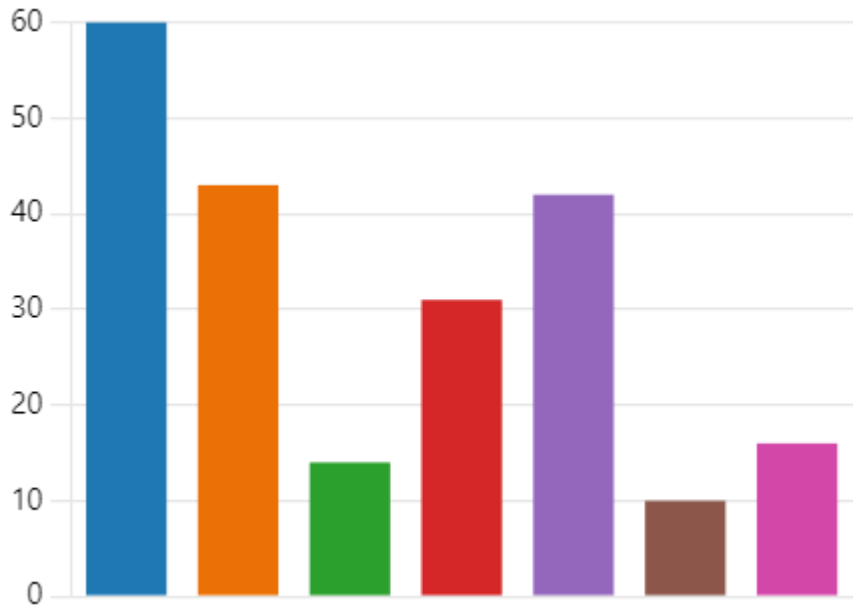
Suggested take-aways

- **Legal demands** for traceability are approaching fast
- **Supply chain mapping** is a recommended first step
- Start investigating **digital tools** for traceability
- **Prepare to share data** on product level

Peak63 OUTDOOR LAB

Main drivers of supply chain traceability

Legal	60
Customers	43
Storytelling	14
Internal risk analysis	31
Sust. reporting	42
Follow-up of sustainability dev	10
Other	16



Based on survey "Status Quo in Traceability", Autumn 2022 by Textile & Fashion 2030/Peak 63. 71 respondents.

Peak63 OUTDOOR LAB

New legal requirements for traceability

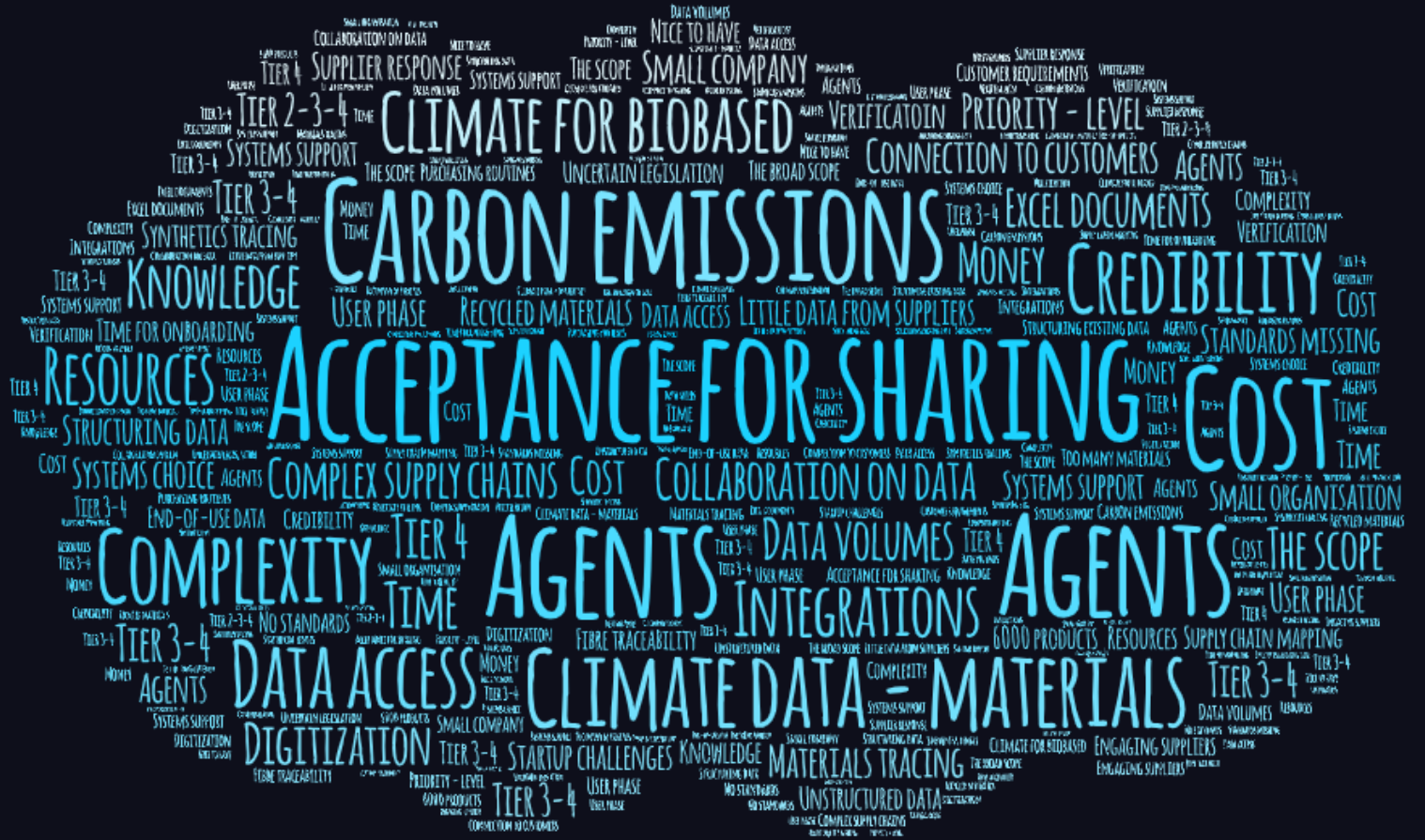
Suggested new regulations 2024-2028

- **Sustainability Due Diligence** + **Sustainability Reporting -** supply chain knowledge and risk assessments for both environmental and social aspects.
- **Digital Product Passports** (ESPR) are targeted at e.g. textiles, electronics and batteries. Other product groups will follow later.
- **EU REACH** updates
- **PFAS** regulation in both EU and US states.
- **Deforestation free forest products**
- **Green claims** and **Empowering consumer regulations** for any voluntary claims you make.
- **Forced labor legislation** both in US and EU.

…plus more…

Peak63 OUTDOOR LAB

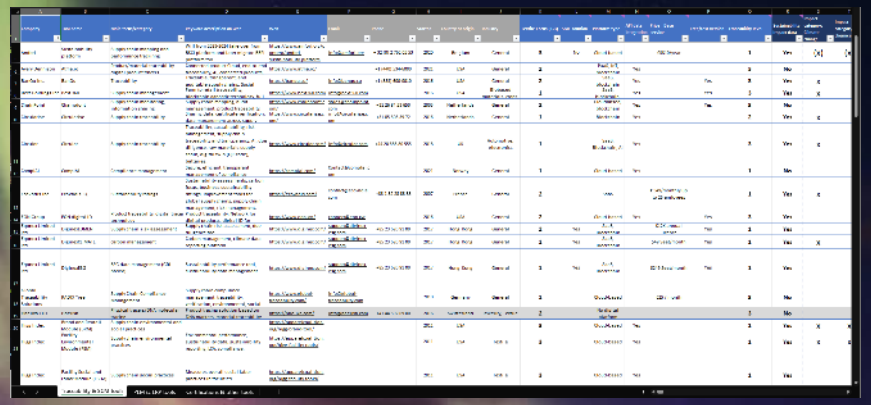
Obstacles to traceability



Based on survey "Status Quo in Traceability", Autumn 2022 by Textile & Fashion 2030/Peak 63. 71 respondents.

Peak63 OUTDOOR LAB

TEXTILE & FASHION 2030



”Traceability tools for textile supply chains”

Unique report & tool list available online – relevant for non-textile brands too:

https://textileandfashion2030.se/traceability-tools/

Peak63 OUTDOOR LAB

Traceability and Transparency

Traceability: Upstream/input

Describes the process of tracing the origin, movements and structure of products and materials.

Transparency: Downstream/communication

Deals with communication of information to customers and other external stakeholders.

➔ Without Traceability, no Transparency!

(Trustrace Traceability Playbook)

Peak63 OUTDOOR LAB

Supply chain traceability levels

TIER 4	TIER 3	TIER 2	TIER 1	TIER 0	Use	End of Life
RAW MATERIAL EXTRACTION	RAW MATERIAL PROCESSING	MATERIAL PRODUCTION	FINAL PRODUCT ASSEMBLY	DISTRIBUTION, RETAIL, OFFICE	Use, care, repair, rental, etc.	Reuse, recycle, incineration, landfill

Levels of traceability

1. Supply chain mapping
   - General risk assessments
   - Supplier Due Diligence
2. Product traceability
3. Material traceability
4. Ingredient/process traceability

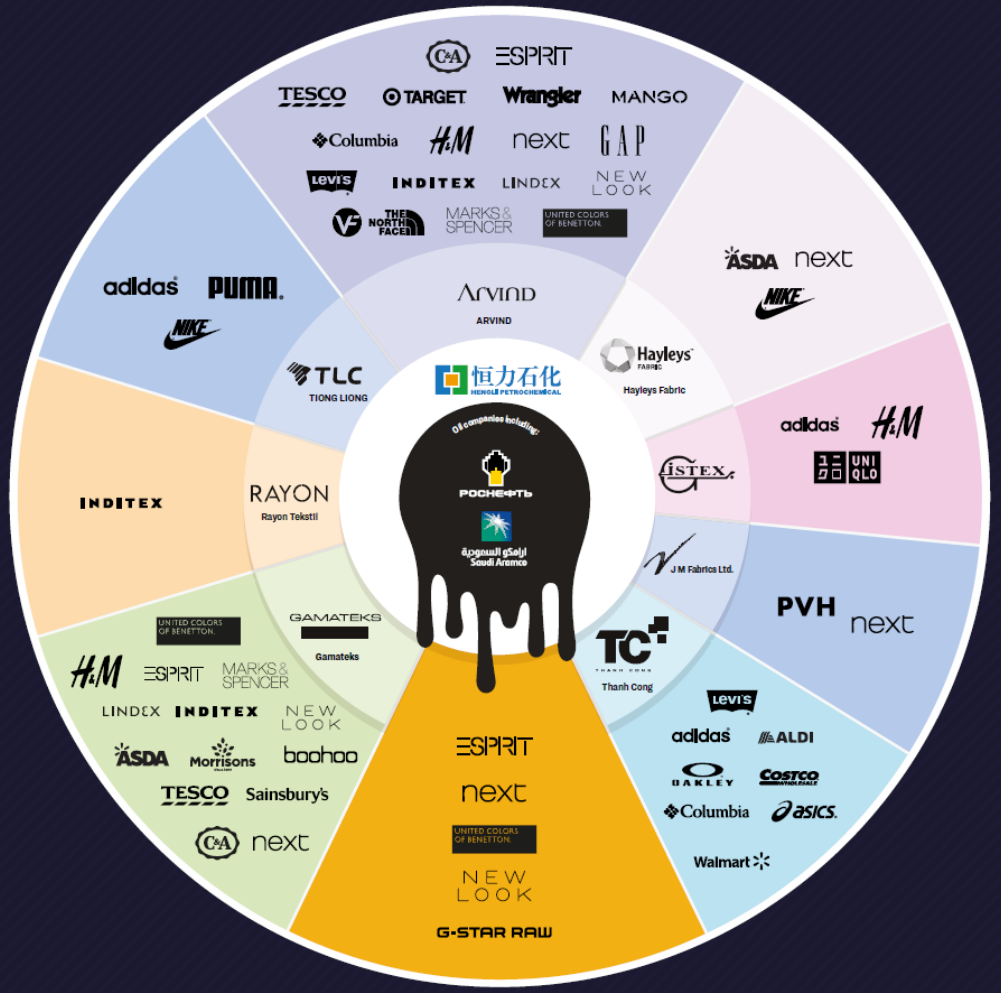
Sharing data through the entire value chain –
Digital Product Passports

Peak63 OUTDOOR LAB

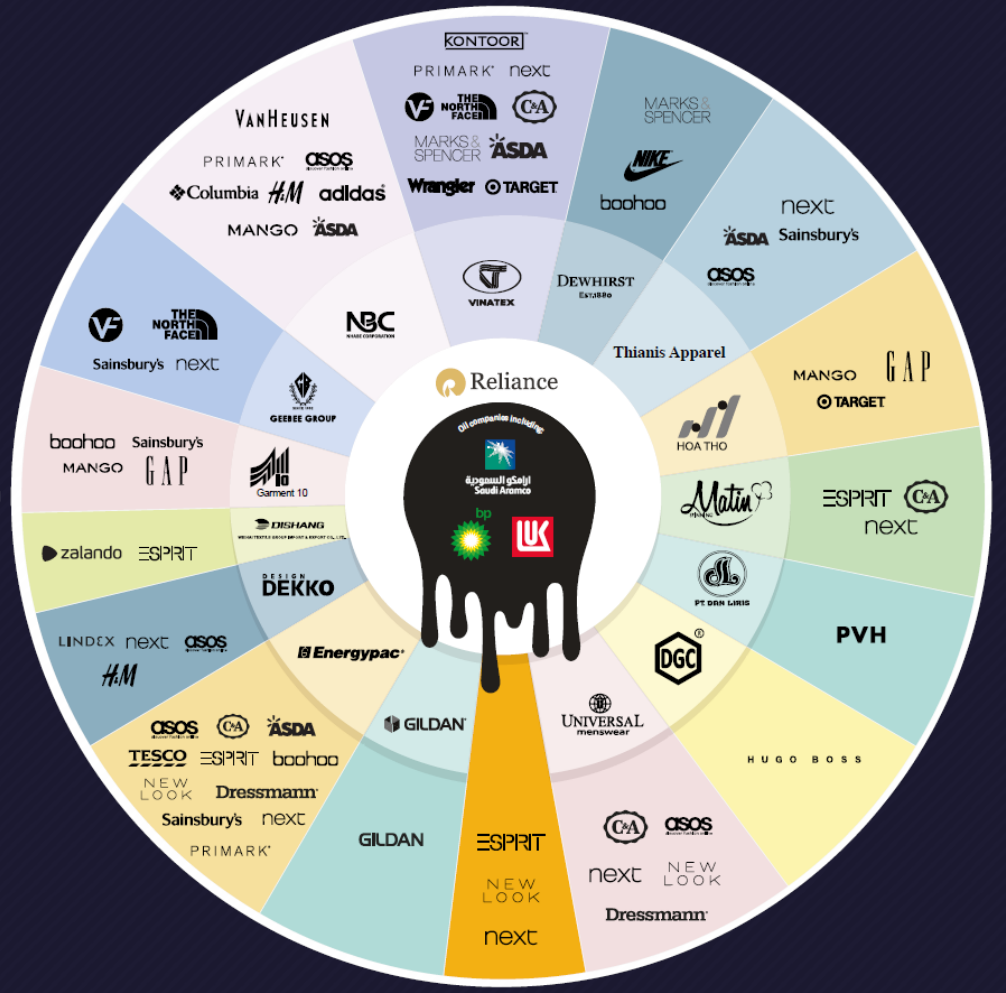
恒力石化
HENGLI PETROCHEMICAL

Reliance
Industries Limited
Growth is Life

Supply chain links between Hengli Group and major global fashion brands



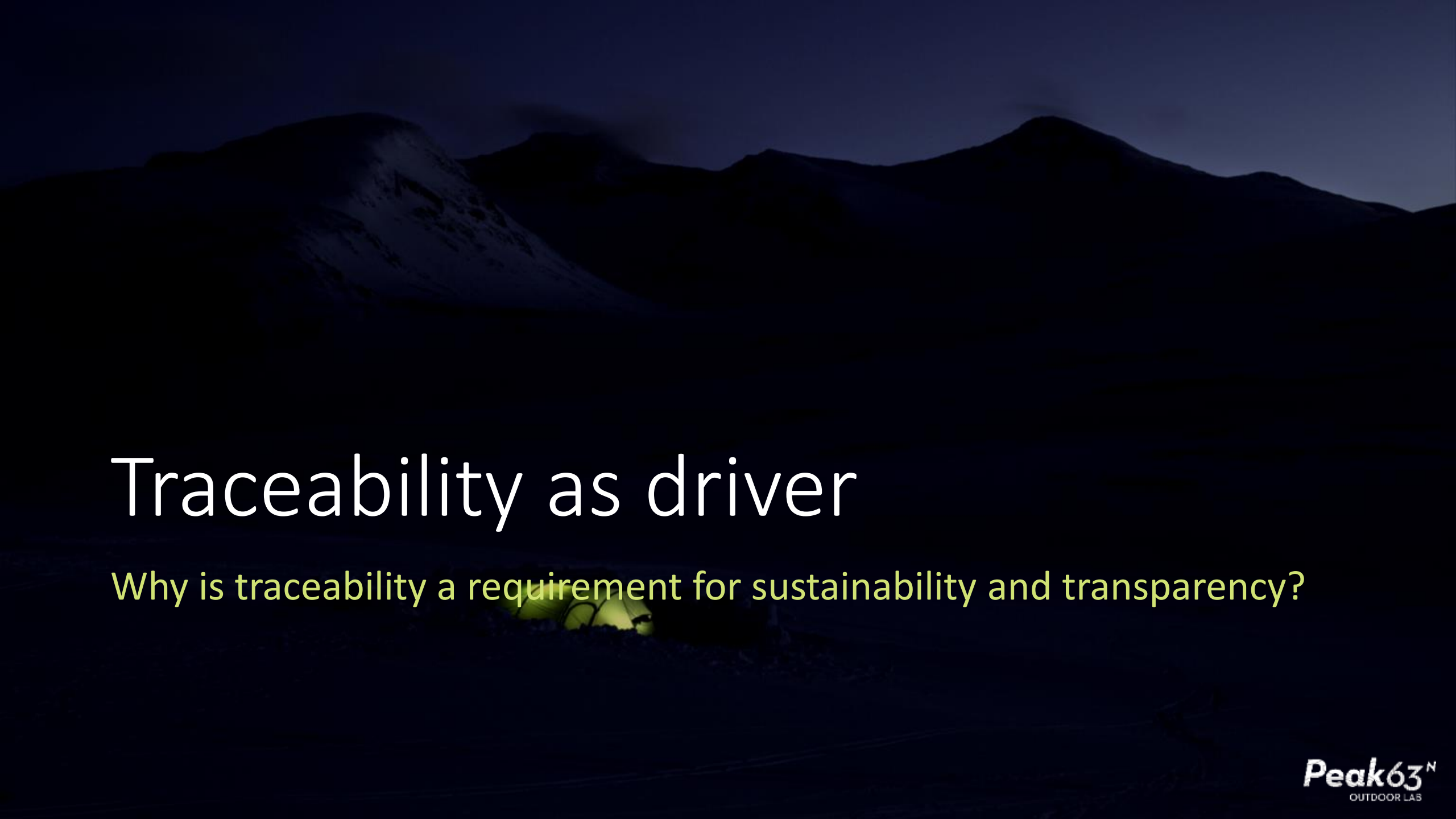
Supply chain links between Reliance Industries and major global fashion brands



Direct links were found for brands which have published Hengli or Reliance on their supplier lists. Indirect supply links are included for brands sourcing from manufacturers which are supplied in turn by Hengli or Reliance.

https://changingmarkets.org/press-releases/polyester-producers-increase-use-of-russian-oil-in-2023/

Peak63 OUTDOOR LAB



Traceability as driver

Why is traceability a requirement for sustainability and transparency?

Peak63 OUTDOOR LAB

Finding the true origins

What may be requested for risk supply chains:

- Mapping of full supply chains
- All materials… including local sourcing
- All processing, every step
- Managing PO/batch variations
  (or even unique product variations)

Peak63 OUTDOOR LAB

Footprinting/LCA/Carbon accounting

A growing need for actual supply chain data:

- Actual locations, processes
- Identify hotspots and best practices
- Local conditions for environmental data
- Track variations over time

➔ **Possible to calculate <u>footprint improvements</u>**

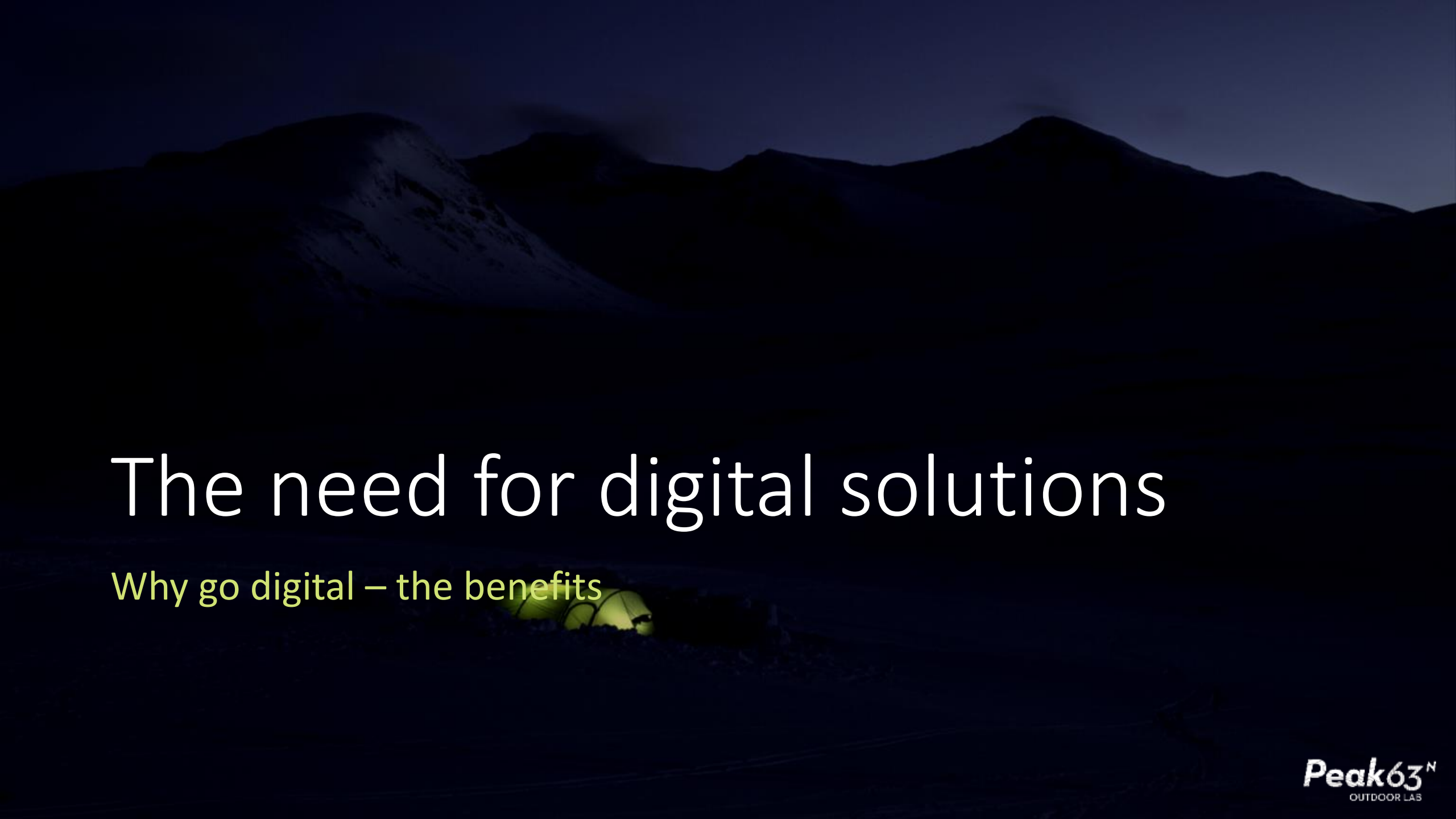
Peak63 OUTDOOR LAB

Green claims verification

Building transparency and accountability:

- Verifying your claims by actual data
- A better base for storytelling
- Possible to share data for validation
- Enabling others to speak for you

Peak63 OUTDOOR LAB

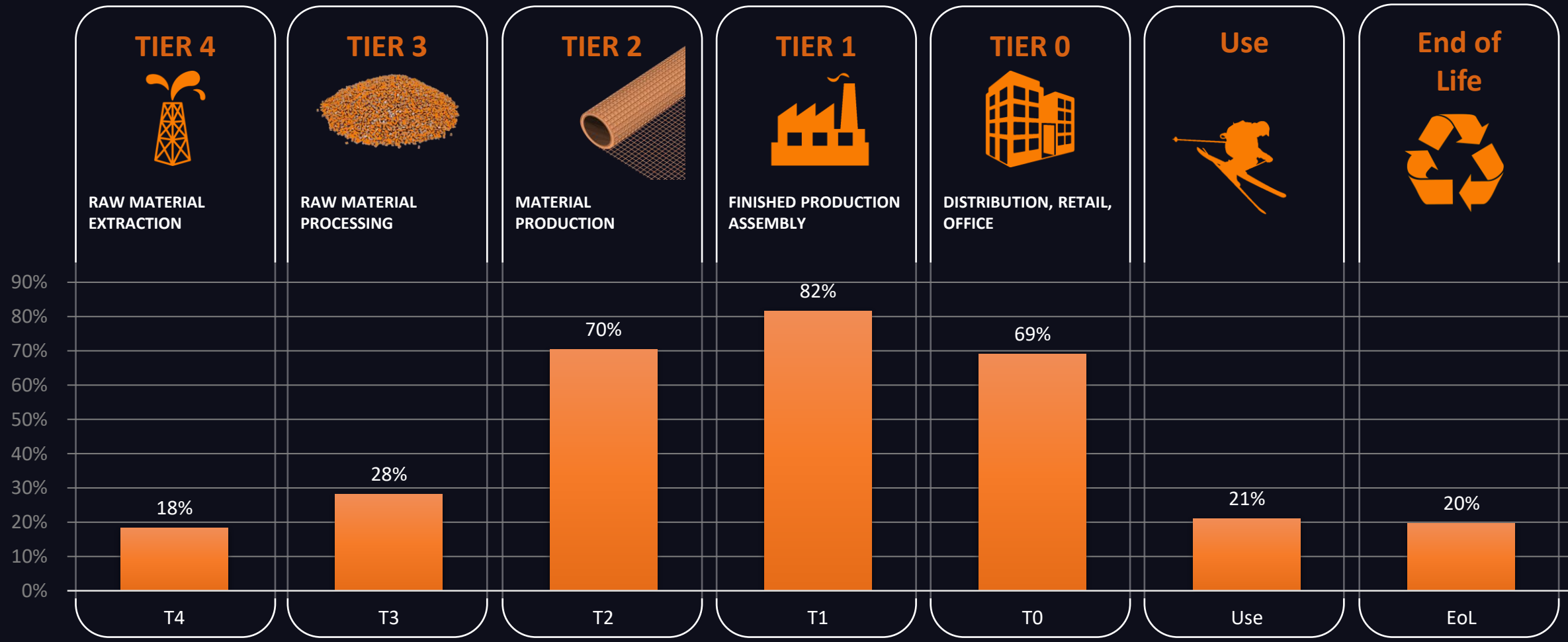


The need for digital solutions

Why go digital – the benefits

Peak63 OUTDOOR LAB

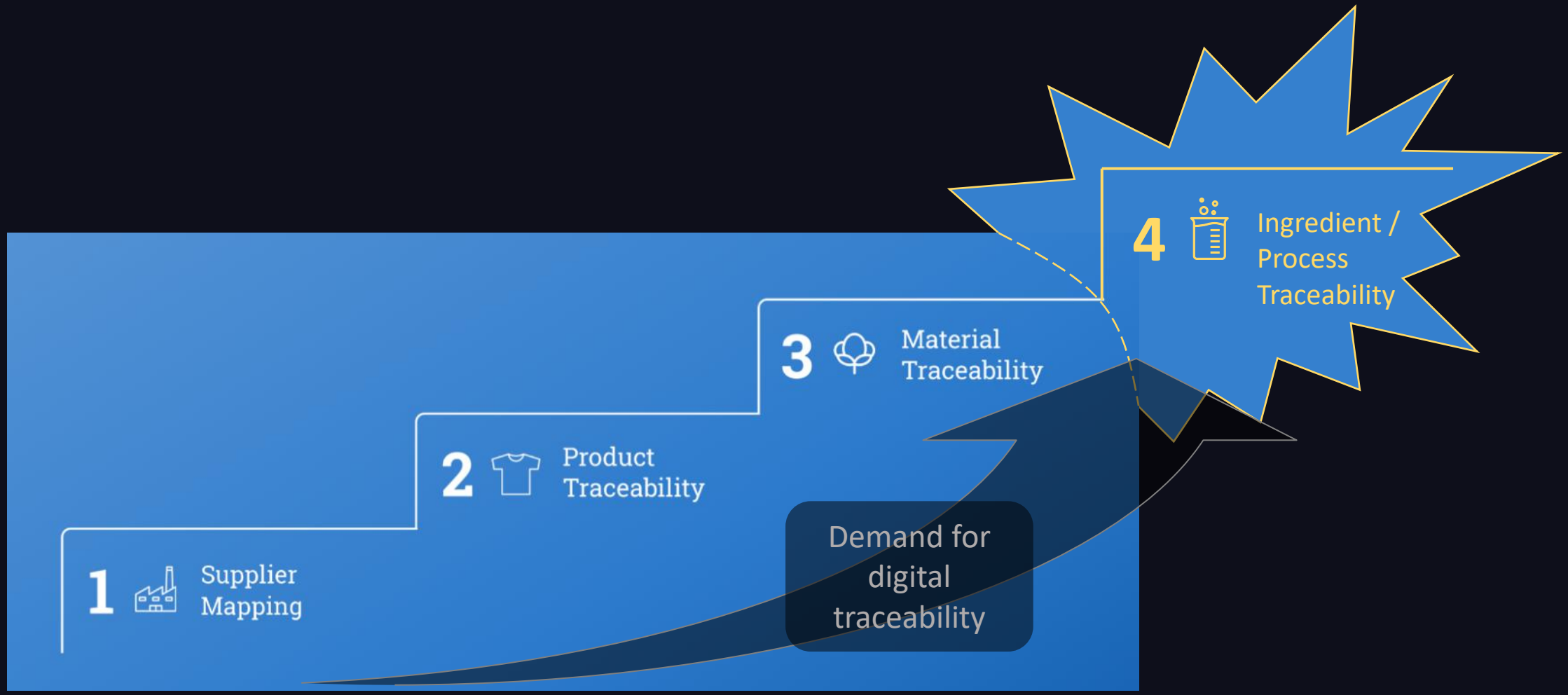
Where are we today?



Based on survey "Status Quo in Traceability", Autumn 2022 by Textile & Fashion 2030/Peak 63. 71 respondents.

Peak63 OUTDOOR LAB

Levels of traceability



Source: The Transparency Playbook - https://trustrace.com/

Peak63 OUTDOOR LAB

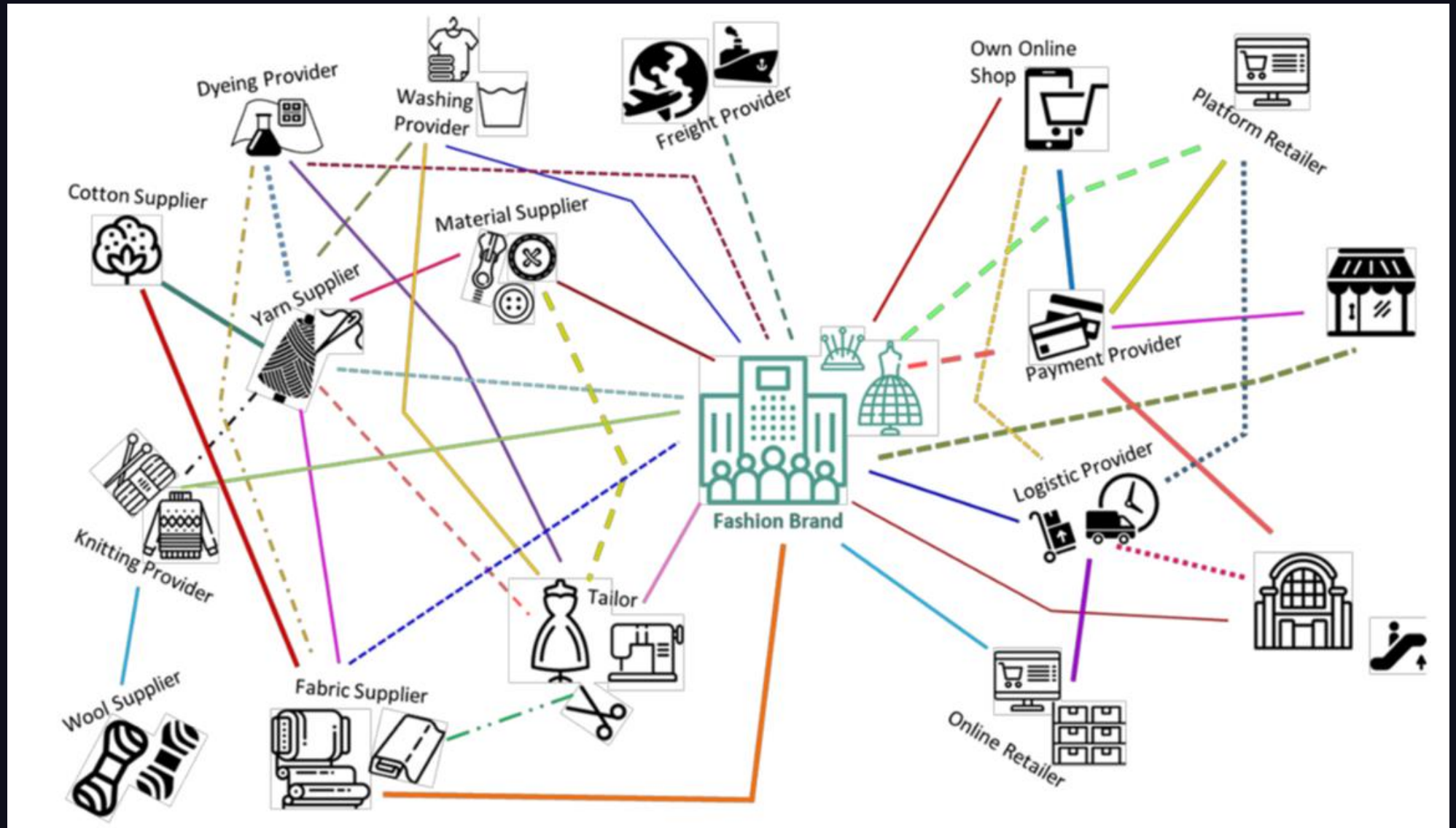


Figure 7: Supply chain network in the fashion industry[67]

From https://cirpassproject.eu

Peak63 OUTDOOR LAB

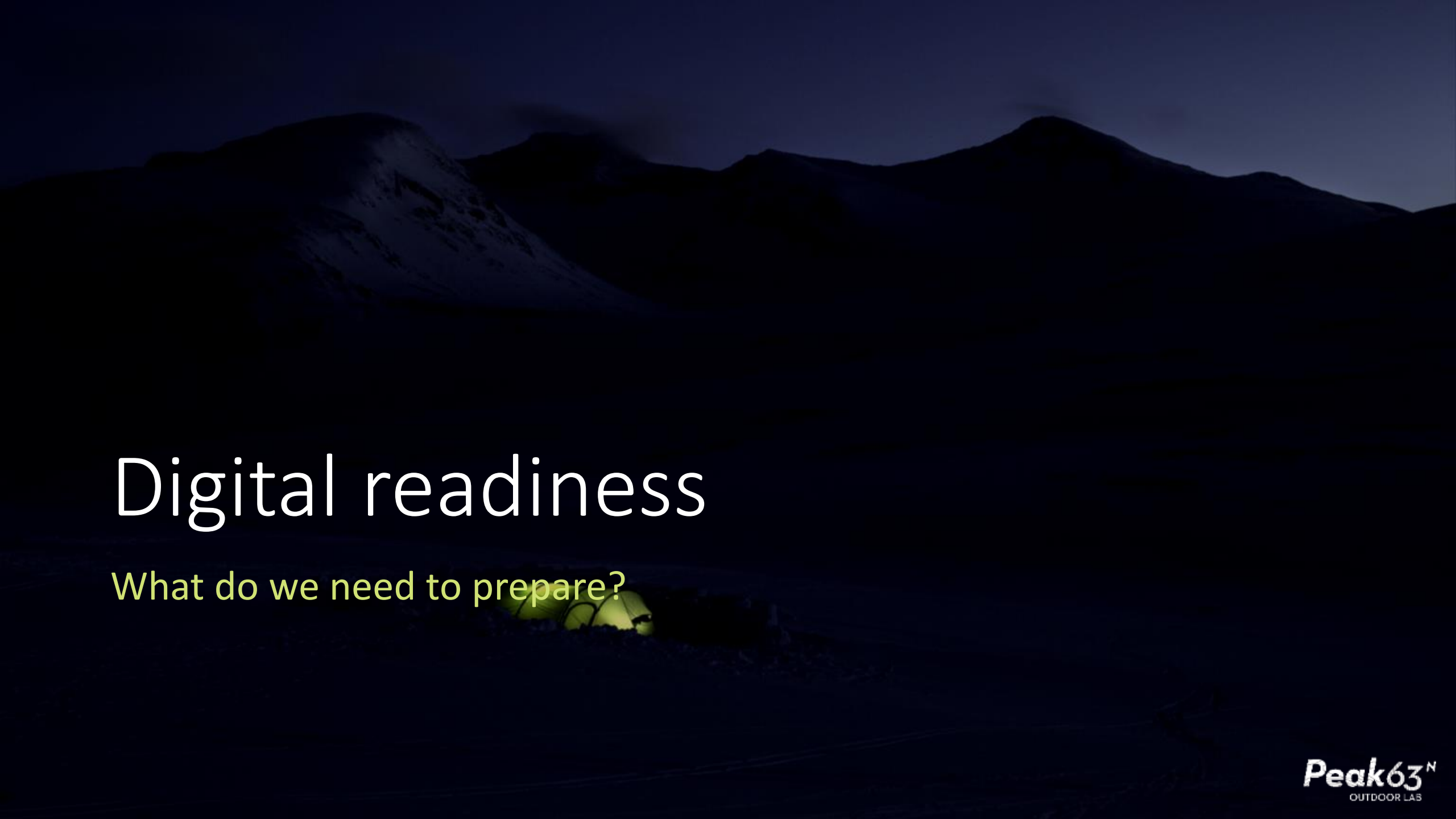
Traceability for circularity

Traceability for circularity can increase the demands drastically:

- Tracing on **ingredient- and process level** (for e.g., better recycling)
- Tracing to **unique product individual** (for repair, 2nd hand, rental etc)
- Data accessible **in full value chain**
- Unique physical tracers for each **physical product**

➔ **Digital Product Passports** will be critical

Peak63 OUTDOOR LAB



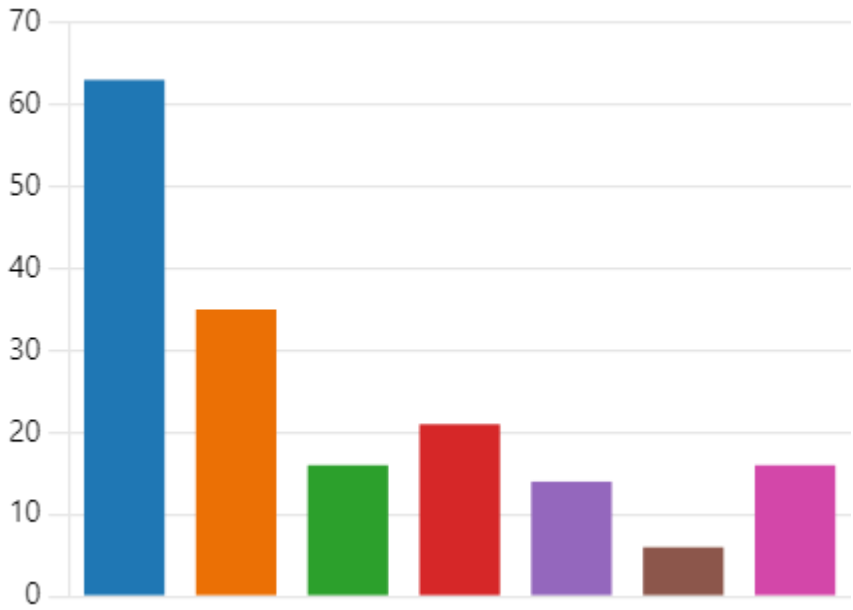
Digital readiness

What do we need to prepare?

Peak63 OUTDOOR LAB

Types of tools used today

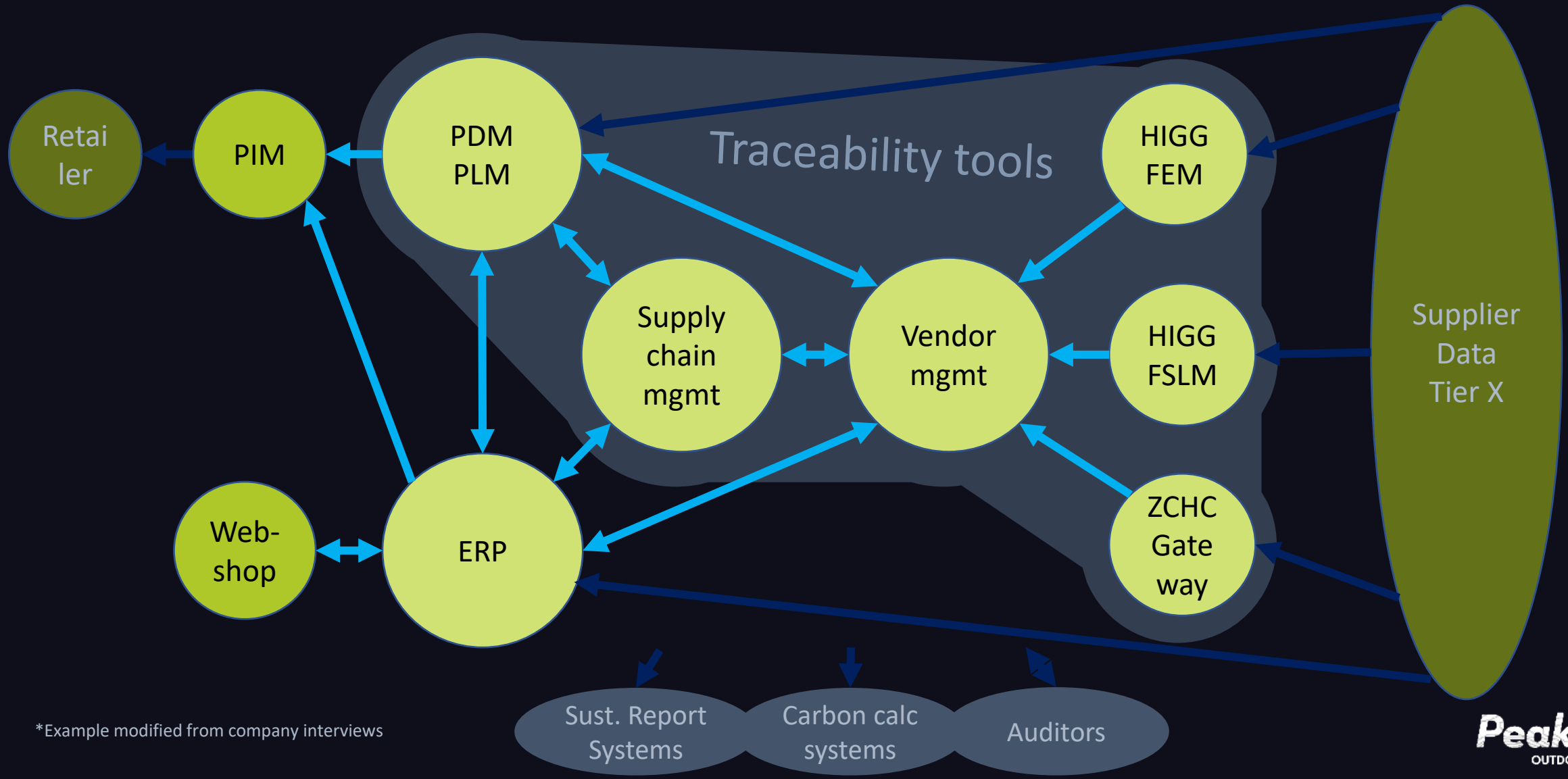
Excel lists	63
PLM/PDM systems	35
Digital supply chain management	16
Traceability tool, product level	21
Traceability tool, materials level	14
Physical tracer technologies	6
Other	16



Based on survey "Status Quo in Traceability", Autumn 2022 by Textile & Fashion 2030/Peak 63. 71 respondents.

Peak63 OUTDOOR LAB

Traceability in your corporate IT system



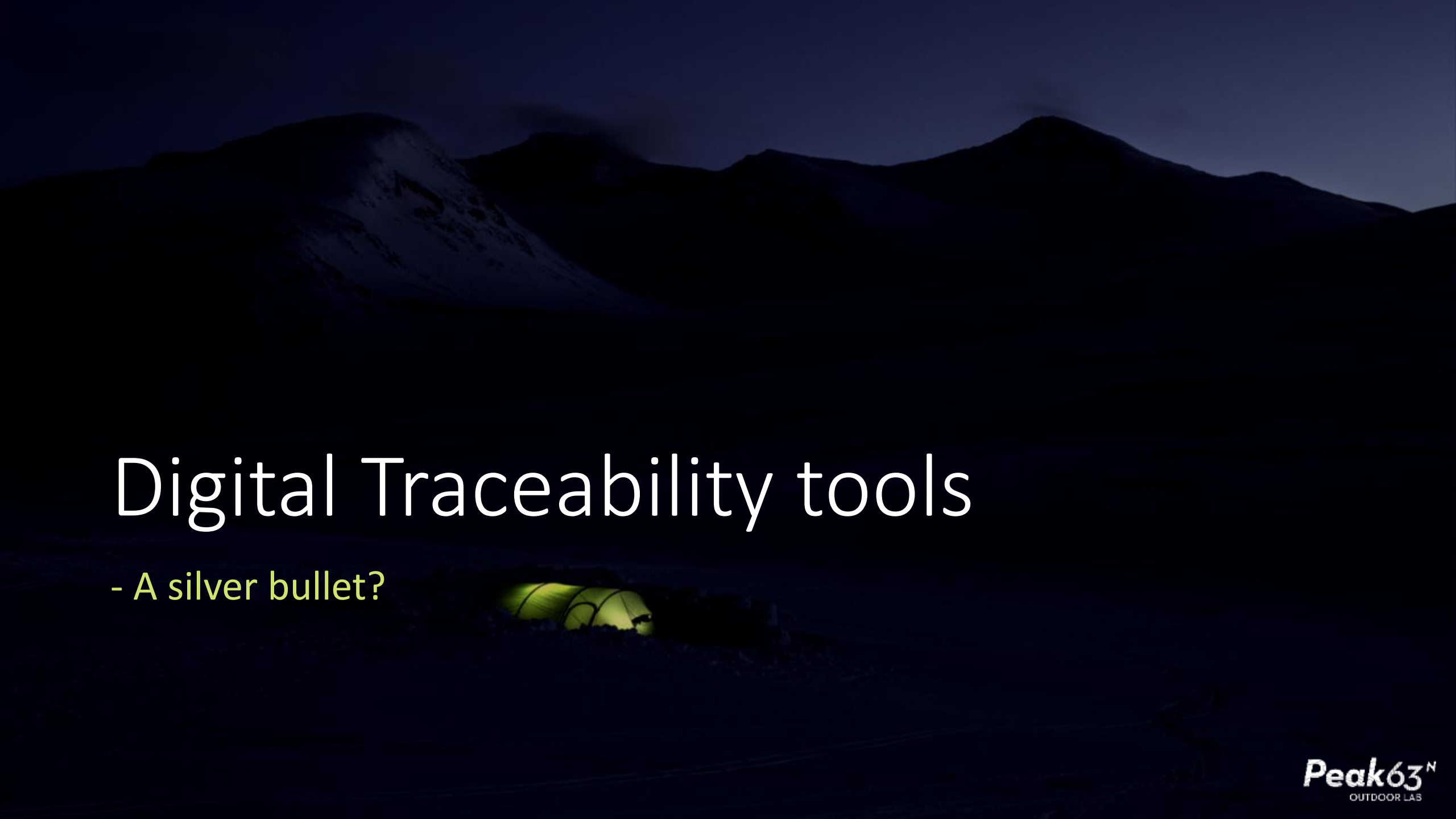
*Example modified from company interviews

Peak63 OUTDOOR LAB

A complex traceability challenge

- What data? (Supplier, product, material, feedstock, ingredients, processes, orders/batches, environmental impacts?)
- What parts of the value chain? (Tier 0-X, User phase, End-of-life?)
- Who inputs data? (system owner, data owner, third party?)
- What about verification? (ID, time stamp, third party verification, audits, digital certifikates, etc?)
- What systems to share with? (ERP, PLM, SCM, PIM mfl)
- Who will use the data? (Internally, externally, raw or processed data?)

Peak63 OUTDOOR LAB



Digital Traceability tools

- A silver bullet?

Peak63 N
OUTDOOR LAB

80+ tools in total
30+ tools for hard goods
Peak63
OUTDOOR LAB

30+ tools for hard goods

The mapped tools are:

- Data agnostic (more or less)
- Focused on supply chain data
- Commercially available
- Digital platforms

Peak63 OUTDOOR LAB

30+ tools for hard goods

- Supply chain mapping
- Product traceability
- Physical tracer technologies
- PDM/PLM
  (Product Data Systems)

- Sustainability management
- Sustainability reporting
- ERP (Enterprise Resource Planning)
- Supplier/Vendor management
- Supplier risk management
- *Textile standards*

Peak63 OUTDOOR LAB

30+ tools for hard goods

Four key questions/differences

- Can suppliers easily provide data?
- Are they built for sustainability data?
- Can they evaluate sustainability impacts?
- Is there any consumer-facing functionality?

Peak63 OUTDOOR LAB

Climate in traceability tools?

Out of 80 tool presentations:

- 36 claim some kind of impact assessment
- 20 mention climate as an impact category
- 6 mention Energy use as an impact category

Peak63 OUTDOOR LAB

Can the tools handle Digital Product Passports?

Four common types of responses from traceability tool suppliers:

- No info…
- ”Of course, we are fully DPP compliant…”
- ”We have development staff following DPP closely to be ready”
- ”We are part of the CIRPASS project, pushing DPP development”

➔ Check the CIRPASS project website for latest DPP news and their tool overview: www.cirpassproject.eu

Peak63 OUTDOOR LAB

Summary

What to do now?

Peak63 N
OUTDOOR LAB

Conclusions

- Legal demands are for traceability are approaching fast
  - Start your work now, manually or digitally.
- **Supplier mapping** is the first step
  - Full supplier mapping will take both time and effort.
- There are many tools for digital traceability
  - Understand your needs before implementing a new tool
  - Start internal dialogues across departments to get all angles
- Data will be shared both internally and externally
  - A good structure and accessible databases will help future sharing

Peak63 OUTDOOR LAB

Peak63 N
OUTDOOR LAB

Thank you!

Towards a regenerative sports- and outdoor sector

Peak 63 is a consultancy that supports sports- and outdoor organisations and individual companies with sustainability competence.

We operate in a well established international network of industry, academy and Industry organisations.

Joel Svedlund
joel@peak63.se
www.Peak63.se