

eTrackit Brand Toolkit

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Introduction

About Textile Exchange

Textile Exchange is a global non-profit driving beneficial impacts on climate and nature across the fashion, textile, and apparel industry. We guide a growing community of brands, manufacturers, and farmers towards more purposeful production, right from the start of the supply chain.

Our goal is to help the industry to achieve a 45% reduction in the emissions that come from producing fibres and raw materials by 2030, while keeping our focus holistic and interconnected and seeking to improve the state of our freshwater, soil health, and biodiversity too.

For real change to happen, everyone needs a clear path to beneficial impact. That's why we believe that approachable, step-by-step instruction paired with collective action can change the system to make preferred fibres and materials the accessible default, mobilizing leaders through attainable strategies, proven solutions, and a driven community.

About this Toolkit

Welcome to the eTrackit System Brand Toolkit. This introductory resource is designed for brands interested in becoming users of the eTrackit system. The document provides a comprehensive understanding of how the eTrackit platform functions, an overview of the eTransaction workflow, self-assessment opportunities, guidance on successful onboarding, and relevant policies governing the eTrackit system. Additionally, an appendix is included to inform supply chain partners about eTrackit and the benefits of onboarding to the platform.

About Trackit

Trackit is a traceability program developed for our standards. It leverages our chain of custody, the <u>Content Claim Standard</u>, to trace third-party certified materials across the supply chain. Trackit centralizes site-level verification and offers two alternatives to transaction verification: Digital Trackit (dTrackit) traces certified materials by digitalizing transaction certificates, and Electronic Trackit (eTrackit) traces certified materials online via eTransactions.

dTrackit was the initial step in the Trackit system. It enables a single source to authenticate and track scope and transaction certification. Over the past few years, we have been working to improve integrity and traceability with minimal disruption to the existing certification process. dTrackit relies on transaction certificates for traceability. Transaction certificates are the current norm – they are flexible and cater to the fragmented and dynamic nature of the fashion, textile, and apparel supply chains.

About eTrackit

In parallel, we have been developing eTrackit, a multi-stakeholder system designed to deliver granular traceability to raw materials certified to Textile Exchange's standards. It traces certified material via eTransactions and establishes material accounting at the product level throughout the supply chain and are dually verified by peer-to-peer validation and third-party certification body transaction approval.



eTrackit uses eTransactions to trace materials on a platform that all suppliers must use. The workflow of eTransactions between suppliers is configured on a set of business rules, which allows for the system to initially validate the input, processing, and output of products in bulk, making it great for stable supply chains with large volumes but less flexible for dynamic and fragmented supply chains that operate on disparate rules.

In November 2023, eTrackit initiated the registration process for the first commercial application of eTrackit, covering the Global Recycle Standard (GRS) and Recycle Claim Standard (RCS), enabling organizations to prepare for eTransactions., eTrackit is set to expand to include a wider selection of Textile Exchange standards, with the Responsible Animal Fiber standards (RWS, RMS, and RAS) as well as the Organic Content Standard (OCS) being tested for eTrackit proof of concept. The eTrackit system is only intended to trace material certified to Textile Exchange standards, meaning it will not scale to include other standard systems or materials that are not certified.

As part of Textile Exchange's traceability roadmap, eTrackit has first been trialed with TextileGenesis. Textile Exchange is working towards bringing other technology solutions into the eTrackit system.



Traceability in the standards system

Traceability and data integrity are essential to the strength and future-proofing of Textile Exchange's standards system. With increasing regulations and the need for stronger claims substantiation, traceability has become a critical focus area. It helps organizations comply with regulatory requirements by providing necessary documentation and evidence of adherence to standards. Additionally, traceability mitigates risks associated with product defects, compliance violations, and supply chain disruptions. By quickly identifying and addressing issues, companies can minimize impacts on their operations and reputation. Enhanced visibility into the supply chain enables organizations to strengthen their chain of custody and claims, address potential high-risk sourcing areas, and accurately benchmark progress toward targets and commitments.

Textile Exchange's traceability roadmap

Textile Exchange's traceability roadmap is a comprehensive framework guiding our efforts towards achieving an ideal traceability system. This roadmap is a strategic lens through which we view and coordinate cross-functional work, ensuring departments and initiatives are aligned in their objectives and methodologies.

Our vision for traceability

At the heart of Textile Exchange's vision for the industry is the creation of a robust, credible, and scalable traceability system. This vision is driven by the need to maintain industry trust, evolve with legislative changes, and ensure interoperability with diverse technology platforms. The traceability roadmap is our strategic guide in realizing this vision, outlining clear phases and milestones that map out our journey towards a fully integrated and efficient traceability framework.

Cross-functional alignment





Phases of the traceability roadmap

The roadmap is divided into clear workstreams, with sequential yet synchronistic milestones that build upon each other across parallel paths.

Phase 1: Harmonize and centralize data

Focuses on creating a central repository (dTrackit) for certification data.

• Phase 1 focuses on harmonizing and centralizing data by creating a central repository, which we call dTrackit, for existing certification data. This phase involves developing harmonized classifications, updating assurance policies, and improving data ingestion, monitoring, and integrity. The successful implementation of these objectives establishes a strong foundation for subsequent phases.

Phase 2: Alternate traceability

Introduces eTrackit, moving from PDF-based transactions to online transactions.

• Phase 2 introduces an alternative traceability pathway, eTrackit, which transitions from PDFbased transactions to online transactions. This phase ensures that our chain of custody mechanism functions well with eTransactions on a tech provider platform. Pilot projects and technical improvements are key components of this phase, identifying gaps that need to be closed before the system is commercially available.

Phase 3: Centralize validation

Establishes Trackit as the authoritative source for certified transactions.

• Phase 3 aims to establish dTrackit as the authoritative source for all certified transactions across Textile Exchange standards. Key objectives include achieving data completeness, assigning TE-IDs, and developing a stakeholder portal for single access to data. This phase also focuses on case management for automated workflow and enhancing user interfaces for various processes.

Phase 4: Multi-party system and scaling

Develops eTrackit into a multi-party system, supporting traceability across the supply chain and aligning with legislative changes.

• Phase 4 focuses on establishing eTrackit as a multi-party system that verifies certification status and available volume against dTrackit. This phase includes updating standards systems to support traceability, aligning with EU legislation, and scaling Trackit. Key work areas include launching the dTrackit brand API, adding technology solution providers, and reconciling certified volume and transactions.



An Overview of the Current eTrackit System

eTrackit is a pivotal component within the traceability roadmap, serving as the digital backbone that facilitates the real-time tracking and verification of certified transactions across the textile supply chain. As outlined in the roadmap, eTrackit transitions the industry from traditional PDF-based transactions to online eTransactions, streamlining the process and enhancing transparency and efficiency.

eTrackit supports the current Textile Exchange standards system and builds off the chain of custody. Brands that are certified to any of the Textile Exchange standards may decide to use eTrackit to support their certification, documentation management, and supplier mapping efforts.

Additionally, as many brands increasingly rely on tech providers for tracing non-certified materials, integrating eTrackit with these platforms reduces redundancy. Suppliers can avoid duplicating data entry to enhance their operational efficiency and accuracy.

Chain of custody

Chain of custody is a system which documents and tracks certified material through all stages of transfer and production, verifying the final product contains inputs from certified producers. It is a critical component of the Content Claim Standard (CCS), which underpins the Textile Exchange standards system. The CCS requires certification at each stage of the supply chain, providing companies with a means to verify that specific raw material inputs are present in the final product. This system meticulously tracks the passage of raw materials from their source to the final product, addressing every aspect of the product journey, including documentation, volume reconciliation, and the segregation of materials and products.

eTrackit leverages the chain of custody by electronically tracking certified materials through each key product transformation and every transaction between sellers and buyers. The system incorporates business rules and real-time inventory transactions, significantly enhancing data integrity with third-party verified, peer-to-peer validated eTransactions within a closed-loop system. This provides brands with the verified data they need to make confident and substantiated product claims, ensuring transparency and accountability throughout the supply chain.

Understanding the closed-loop system in eTrackit

In a closed-loop and zero-sum supply chain, the certified inventory entering the system must equal the volume flowing out, accounting for production losses. This means production using eTrackit must rely solely on eTransactions from Tier 4 to the brand, without mixing with traditional transaction certificates (TCs) within the supply chain. Peer-to-peer validation is essential for the integrity of the system, ensuring accurate volume reconciliation at every stage of the supply network.

Once a multi-party system is implemented, flexibility is introduced to mix traditional TCs with eTransactions. This approach establishes a material ledger that governs transactions, setting maximum permissible volumes and ensuring comprehensive governance over the entire supply chain flow.



This system is designed to enhance efficiency and integrity, complementing the transaction certificate-based standards system, and providing brands with the verified data they need to make confident product claims.

Since eTrackit operates within a closed-loop system, it is exclusively designed to trace materials certified to Textile Exchange standards and will not scale to include other standard systems or uncertified materials. eTrackit does leverage existing tech platforms that may support a brand's traceability needs beyond our standard system. The data from eTrackit and eTransactions are exportable and designed to be interoperable with other traceability systems.

What is an eTransaction?

eTransactions are the foundation for validating the chain of custody in eTrackit. Similar to a transaction certificate (TC), eTransactions require verification from a certification body. Only after the eTransaction is approved by the certification body does the system transfer the allotted virtual inventory. The buyer's account then shows that incoming eTransaction and product inventory. If it's not correct, the buyer can cancel the eTransaction. Like TCs, the costs associated with eTransactions are determined by each certification body.

Unlike TCs, eTransactions encompass a broader scope, tracing each key product transformation beyond the legal change of ownership. The documentation required for a TC and eTransaction are the same. For instance, a vertically integrated supplier must specify the locations of recycling, yarn spinning, fabric manufacturing, and where the fabric is made. This level of detail enhances transparency and visibility into certified supply networks.

Brands using the eTrackit platform and managing incoming eTransactions in accordance with Textile Exchange's <u>ASR-113</u>, Policy for the use of eTrackit, can utilize the system to demonstrate document management compliance during a brand audit. eTrackit can function as a standalone system or in conjunction with transaction certificate management, providing robust support for maintaining and verifying certification standards. Please be aware that eTransaction receipts do not function as certificates, only the eTransaction itself is proof of a certified transaction.



eTransactions versus transaction certificates

The current status quo: Transaction certificates (TCs)

In the traditional system, transaction certificates (TCs) are issued by third-party certification bodies every time certified material changes hands, verifying the chain of custody. Each transfer of material from one entity to another requires a TC, ensuring that the integrity of the certified material is maintained throughout the supply chain. This process involves considerable paperwork, time for data to be shared, and coordination among all parties in the supply chain to ensure that each step is certified and holds a valid scope certificate (SC).

Transition to eTrackit: Introducing eTransactions

In the eTrackit system, TCs are replaced by eTransactions. eTrackit operates as a closed-loop system, which requires the entire supply network to be end-to-end certified and exclusively use eTransactions. This means that currently TCs and eTransactions cannot be mixed within a supply chain, and a material cannot be covered by both a TC and an eTransaction simultaneously. For example, if a first processor requests a TC, no subsequent site can apply for an eTransaction. This ensures that the material's chain of custody is consistently managed within a single system. As previously mentioned, once a multi-party system is implemented, flexibility will be introduced to mix traditional TCs with eTransactions.

Certification requirements

In both the current TC system and the eTrackit system, each step of the supply network must be certified and hold a valid scope certificate (SC), up to and including the brand. This maintains the integrity of the certification process and ensures that all parties involved adhere to the required standards.



Planning, forecasting, and demand signalling

Suppliers and brands must collaborate closely to prepare the necessary inventory for eTransactions for each season or production run. This planning is essential during the development of a brand's eTrackit adoption strategy. Transition plans for certified production should include a forecast of eTransaction needs and identify which supply chains to engage with through eTrackit, based on success factors such as a strong and consistent chain of custody, continuous styles or production runs, and close upstream relationships. The Textile Exchange brand diagnostic tool, detailed below, can help identify suitable supplier options.

Once supply chains have been identified, it is important to communicate the forecasted eTransaction inventory needs upstream so that inventory can be allocated accordingly. Accurately estimating the inventory required for eTransactions versus TCs is crucial to avoid production disruptions during the transition and to send precise demand signals to suppliers.





Certification bodies and eTrackit

Certification bodies play a crucial role in the eTrackit system. They are responsible for reviewing and approving all eTransactions, similar to the transaction certificate review process in the current standards system. These bodies must adhere to the eTrackit Policy, which specifies the following timelines for review and registration:

- eTransactions review: Certification bodies should review eTransactions within two business days and must complete the review within seven calendar days, as per section E2.1.1 of ASR 113.
- Pending material declarations: These should be reviewed within two business days and must be reviewed within seven calendar days, as per section E3.1.1 of ASR 113.
- Registration of eTransactions: Transactions between certified organizations should be registered in the platform within 14 calendar days of product shipment and must be registered within 60 calendar days of shipment, as per section C2.2 of ASR 113.

To ensure compliance with the eTrackit system, all certification bodies are required to register for the system by April 1, 2024. This registration involves training on how to conduct eTransactions. However, certification bodies will determine their own business and regional strategies based on their operational capabilities, market conditions, and regional demand. This means that even after training, they may not immediately begin transacting in all regions. This approach allows CBs to tailor their services to best meet the needs of their clients while ensuring they can effectively manage and support the implementation of eTrackit sustainably.

As part of the diagnostic process, Textile Exchange will provide brands with a list of certification bodies that are currently transacting within the brand's eligible supply network, as well as those that are not yet transacting. This information allows brands and certification bodies to start conversations about when the certification body may be ready to begin transacting in specific regions.



How to implement eTrackit for your brand

If your brand wants to leverage the eTrackit system for enhanced traceability and efficiency, there are several key steps you need to follow to get started. Each step is designed to ensure a smooth transition and comprehensive integration of eTrackit into your supply chain operations. Below is an overview to help you navigate this process:

Steps for implementation

Step 1: Get brand certified

To use eTrackit, your brand must be certified to the Global Recycled Standard (GRS) and/or the Recycled Claim Standard (RCS). This certification is crucial for ensuring end-to-end traceability.

- Not yet certified? Continue working on your chain of custody.
- Already certified? Great move on to the next step.

For more information on brand certification, you can review the following resources:

- Brand Certification and Trackit Webinar
- Brand Certification Deadline Guidelines

Step 2: Register for a supply network diagnostic report

Even if your brand is certified, it is essential to assess whether your supply network is fully integrated and eligible for eTrackit. This step involves registering with Textile Exchange to undergo a supply chain discovery phase, where final product TCs will be used to determine eligible (full chain of custody) supply chains that brands can engage with. It will also look at the number of certification bodies that are market-ready within these supply chains so brands have a sense of who is ready to work with them as they build out their transition plan.

- How? Register with Textile Exchange for a supply chain diagnostic.
- What you'll get: A report showing which supply chains have full chain of custody and the eTrackit readiness of each certification body in your network.

Step 3: Scope and select products

With the diagnostic report ready, you can begin scoping and selecting product categories from your eligible networks to transition to eTransactions. This step involves:

- **Reviewing the report** to identify products with a complete chain of custody.
- **Engaging with your suppliers** to discuss inventory forecasting and mapping upstream suppliers.
- Planning the transition by starting conversations on how to support the shift to eTransactions.

Selecting the right products and suppliers is key to ensuring a successful transition to eTrackit.



Step 4: Contact a tech provider

Once you've confirmed your eligible chain of custody:

- Reach out to a tech provider to discuss pricing and onboarding.
- **Note:** eTrackit is an alternative to the traditional transaction certificate system, and additional fees apply for the tech provider's platform.

The tech provider will play a crucial role in supporting the onboarding and integration of eTrackit into your supply chain operations.

Step 5: Onboard your supply chain

For eTransactions to be effective, everyone in your certified supply network – from Tier 4 suppliers to your brand – needs to be registered and using the eTrackit platform. This step includes:

- Onboarding all relevant sites in your supply network onto the eTrackit platform.
- Ensuring that the tech provider supports users in navigating the system and addresses any questions.
- Training your supply chain partners to use eTrackit effectively.

It is important to note that the eTrackit platform is currently free for suppliers to use, and if a brand or supplier is already using a tech provider's platform, they will not need to onboard again.

Transition tips

As you transition towards eTrackit, consider focusing on well-established supply chains and product categories with reliable forecasting as a starting point. Key tips include:

- Engaging early with your supply chain partners and building out a transition plan before involving a tech provider.
- Clearly communicating your intention to use eTrackit instead of traditional transaction certificates.
- Evaluating the added value of eTransactions to your supply chain and how they integrate with the broader standards system and your current use of TCs.



Summary

Follow these steps to get started with eTrackit:

- 1. **Get certified** to the Global Recycled Standard/Recycled Claim Standard.
- 2. **Register** for a supply network diagnostic.
- 3. **Select products** based on the diagnostic report.
- 4. Contact a tech provider for onboarding.
- 5. Onboard and train your supply chain with tech provider support.





Expanding Tech Provider Collaboration in eTrackit

1 Make Company Profile The first step is to register your account and create your company profile.	2 Upload Purchase Orders into eTrackit Once your supply chain is onboarded, begin uploading purchase orders from eligible supply chains into the system	3 eTransactions Can Begin Now your suppliers can apply for eTransactions on the platform and upload supporting evidence like shipping documents and invoices.	4 System Validation eTrackit will automatically validate that a supplier has a valid scope certificate (SC) in place and that the eTransaction falls within scope. The system also validates the eTransaction against supporting documents provided by the supplier when they registered and checks if there is sufficient virtual inventory.
5 CB Approval If all checks out, CBs are notified to verify and approve the eTransactions. Once the eTransaction is approved, the system will take the allotted virtual inventory of the seller and move it to the buyer. The eTransaction then appears in the receiver's account.	6 Manage Certified Inventory The system provides an organized overview of the uploaded purchase orders based on different categories such as pending, partially fulfilled, fulfilled, delayed, out of scope, at risk, and cancelled, reflecting the current fulfilment status of each purchase order.	7 Use eTransactions During Your Audit eTransactions replace TCs and can be used in an audit to serve the same purpose.	8 Use eTransactions as Proof Points eTransactions and eTrackit data are exportable and designed to be interoperable with other traceability systems. Use your eTransactions as proof points in your traceability initiatives and reporting.

As part of our ongoing commitment to enhancing traceability within the textile industry, we are expanding our collaboration to include multiple tech providers within the eTrackit system. This is a key component of our traceability roadmap, aimed at leveraging diverse technological platforms to meet the varying needs of our stakeholders. Each tech provider will offer a unique platform with distinct features and capabilities.

This section is intended to provide detailed information about each provider's platform, enabling brands and supply chain partners to make informed decisions about which system best suits their specific requirements.

• TextileGenesis

Explore resources

- eTrackit Conference Session
- eTrackit Quick Guide for Brands
- Webinar: eTrackit commercial rollout
- ASR-113 Policy for the use of eTrackit



Appendix A: Supplier Appendix

Introduction

This appendix is designed to be given to suppliers within your company's eligible supply chains, serving as a high-level introduction to the eTrackit system. It provides a basic overview of the system, along with a summary of the benefits that eTrackit offers as an alternative to the PDF-based transaction certificate system. It also gives a step-by-step overview of eTransactions, and how eTrackit fits into existing Textile Exchange policies. A more in-depth toolkit for suppliers will be launched later in 2024.

If your company decides to onboard some of your supply chains to eTrackit, the tech provider you choose will be responsible for training, onboarding, and providing user support to you and your vendors. Textile Exchange will be available to support all eTrackit users and interested parties on eTrackit policy-related matters.

The future of traceability for Textile Exchange Standards

At the heart of Textile Exchange's vision for the industry is the creation of a robust, credible, and scalable traceability system. This vision is driven by the need to maintain industry trust, evolve with legislative changes, and ensure interoperability with diverse technology platforms.

The traceability roadmap

The traceability roadmap is our strategic guide in realizing this vision and serves as a comprehensive framework guiding our efforts towards achieving an ideal traceability system.

The roadmap is divided into clear workstreams, with sequential yet synchronistic milestones that build upon each other across parallel paths. The first phases aimed to create a centralized, complete, and harmonized certification data source (which we call dTrackit), and to develop eTrackit as an alternative traceability pathway in the standards system to PDF-based TCs.

The next phases of Textile Exchange's traceability work will focus on the following two milestones.

- **Single access portal:** A single login for stakeholders to access their certification data in the Textile Exchange standards system. Key objectives also include achieving data completeness and assigning TE-IDs.
- **Platform interoperability**: Scaling eTrackit into a multi-party system that can be implemented on various tech provider platforms and reconcile volume across dTrackit and eTrackit enabling flexibility between eTransactions and TCs in a supply chain. This phase includes updating standards systems to support traceability, aligning with EU legislation, and scaling Trackit.

What is eTrackit?

Electronic Trackit (eTrackit) is an innovative system that provides detailed traceability for Textile Exchange's standards. eTransactions establish material accounting at the article level throughout



the supply chain, validated through peer-to-peer verification and third-party certification body approval.

eTrackit uses eTransactions to trace materials on a single platform that all suppliers must use. The workflow of eTransactions between suppliers is configured on a set of business rules, which allows the system to automatically validate the input, processing, and output of products in bulk. This makes it great for stable supply chains with large volumes but less flexible for dynamic and fragmented supply chains that operate on disparate rules. The first commercial application of eTrackit is powered by tech provider TextileGenesis, and Textile Exchange is working towards bringing other technology solutions into the eTrackit system.

In November 2023, Textile Exchange initiated the registration process for the first commercial application of eTrackit, covering the Global Recycled Standard (GRS) and Recycled Claim Standard (RCS), enabling organizations to prepare for eTransactions.

eTrackit is set to expand to include a wider selection of Textile Exchange standards, with the Responsible Animal Fiber standards (RWS, RMS, and RAS) as well as the Organic Content Standard (OCS) being tested for eTrackit proof of concept. The eTrackit system is only intended to trace material certified to Textile Exchange standards, meaning it will not scale to include other standard systems or materials that are not certified.

eTrackit will expand to include a wider selection of Textile Exchange standards. The pilot for the Responsible Animal Fiber Standards (RAF) and the Organic Content Standard (OCS) was completed in Q3 2024, and these standards will be included in the eTrackit system after pilot learnings and improvements are implemented. eTrackit is set to expand to include a wider selection of Textile Exchange standards, with the Responsible Animal Fiber standards (RWS, RMS, and RAS) as well as the Organic Content Standard (OCS) being tested for eTrackit proof of concept. The eTrackit system is only intended to trace material certified to Textile Exchange standards, meaning it will not scale to include other standard systems or materials that are not certified.

As part of Textile Exchange's traceability roadmap, eTrackit has first been trialed with TextileGenesis. Textile Exchange is working towards bringing other technology solutions into the eTrackit system and plans to have both the requirements and assessment criteria for potential technology providers ready for Q3 2024. At this time, Textile Exchange will work in parallel with a shortlist of external systems on integration into the eTrackit system.

Why use eTrackit?

Textile Exchange's traceability program includes both Digital Trackit (dTrackit) and eTrackit. These systems are the authoritative source for all materials certified to Textile Exchange's standards, tracking third-party certified material across the supply chain back to the source.

eTrackit offers several benefits compared to traditional transaction certificates (TCs):

- **Real-time tracking:** Track the movement of certified inventory at the product level via online eTransactions. Buyers can access eTransaction information in real time, reducing the need for repeated documentation requests.
- **Reduced paperwork:** All evidence and documentation are uploaded to eTrackit, with certification bodies approving and issuing eTransactions directly in the platform.



- **Decreased redundant requests**: Upload certification documentation and traceability information on the same platform. Tech provider platforms that are recognized for eTrackit eliminate the need to apply for TCs alongside traceability requests from customers.
- **Use in audit**: eTransactions in conformance with <u>ASR-113</u> can be used to show document management compliance in an audit, either as a standalone system or in addition to TC management.
- Increased transparency: Onboarded sites can see the flow of certified material up and downstream within the eTrackit chain, just like you can with Transaction Certificates. eTrackit also allows certified organizations to disclose their identity to the brand in their supply chain. This choice is up to the individual certified organization, with the exception of fiber and filament producers, whose identities will automatically be disclosed to the brand. Recyclers that choose to create a fiber coin in the eTrackit platform will also have their identity disclosed to the brand.
- **Multi-scheme management:** eTrackit will scale to cover all Textile Exchange standard scopes and traceability tech providers.
- Improved transaction integrity: Enhances confidence in certified transactions.
- **Real-time data:** Provides real-time eTransaction and inventory data, reducing the need for manual volume reconciliation.

What is an eTransaction?

eTransactions are the foundation for validating the chain of custody in the eTrackit system. Similar to a transaction certificate, eTransactions require verification from a certification body. Only after the eTransaction is approved by the certification body does the system transfer the allotted virtual inventory. The buyer's account then shows the incoming eTransaction and product inventory. If it's not correct, the buyer can cancel the eTransaction. Like TCs, the costs associated with eTransactions are determined by each certification body.

Unlike TCs, eTransactions encompass a broader scope, tracing each key product transformation beyond the legal change of ownership. While the documentation required for TCs and eTransactions is the same, a vertically integrated supplier must specify the locations of recycling, yarn spinning, fabric manufacturing, and where the fabric is made, rather than grouping them under a single scope. This level of detail enhances transparency and visibility in certified supply networks.

End-to-end eTransactions

eTrackit operates as a closed-loop system, which requires the entire supply network to be end-toend certified and exclusively use eTransactions. This means that TCs and eTransactions cannot be mixed within a supply chain, and a material cannot be covered by both a TC and an eTransaction simultaneously. For example, if a first processor requests a TC, no subsequent site can apply for an eTransaction. This ensures that the material's chain of custody is consistently managed within a single system. Once a multi-party system is implemented, flexibility will be introduced to mix traditional TCs with eTransactions.

Forecasting and planning

Suppliers and brands must collaborate closely to prepare the necessary inventory for eTransactions for each season or production run. This planning is essential during the development of a brand's eTrackit adoption strategy. Transition plans for certified production should include a forecast of eTransaction needs and identify which supply chains to engage with on eTrackit, based on success



factors such as a strong and consistent chain of custody, continuous styles or production runs, and close upstream relationships.

It is important that a brand communicates its forecasted eTransaction inventory needs upstream to suppliers so that inventory can be allocated accordingly. Accurately estimating the inventory required for eTransactions versus TCs is crucial to avoid production disruptions during the transition and to send precise demand signals to suppliers. If needed, eTransactions can be cancelled so that TCs can be issued, but the cancellation must occur all the way back to the beginning of the supply chain so that a full chain of TCs is in place.

How to begin using eTrackit

Step 1: Certification

To use eTrackit, your company must be certified to the Global Recycled Standard (GRS) and/or the Recycled Claim Standard (RCS). This certification is crucial for ensuring end-to-end traceability.

- Not yet certified? Continue working on your chain of custody and preparing for certification.
- Already certified? Great move on to the next step.

Step 2: Receive onboarding request

Once your organization is certified, you are eligible to onboard onto eTrackit when you are identified in a certified brand's supply network. In this case, a tech provider will reach out to you directly to request that your organization be onboarded onto their platform so you can be part of an end-to-end eTrackit supply chain. If your organization is already using a tech provider's platform for traceability reporting, you do not need to be onboarded twice to use eTrackit on that platform, so no further action is needed.

Certified sites can prepare to use eTrackit, even if they are not currently part of a certified brand's supply network by being onboarded onto the tech provider's platform of charge. Once your organization is part of an end-to-end eTrackit supply chain, you may be able to begin eTransactions without any additional onboarding. Please reach out to the relevant tech provider if that is of interest.

Step 3: Onboard and register

After receiving an onboarding request from a tech provider, the tech provider is responsible for helping you through the registration and onboarding process. Onboarding and registration are currently free for all supply chain sites.

As you are setting up your organization's account, you will be prompted to upload supporting documentation such as your valid scope certificate, add facilities, select roles, provide contact information, and add and other details to build your company profile.

Step 4: Certification body approval of onboarding

Once you complete your profile on the tech provider platform, your certification body will be prompted to review your uploaded documentation and cross-check the details you provided with the information on your scope certificate.



Step 5: Initiate eTransactions

To initiate an eTransaction, a seller applies on the platform and uploads supporting documents like shipping documents and invoices. The system validates the organization's scope certificate and checks that the eTransaction falls within its scope, ensuring the seller has sufficient virtual inventory.

Step 6: Certification body review and approval

Certification bodies are then notified to verify and approve the eTransaction within two to seven business days. Once approved, the system will transfer the virtual inventory from the seller to the buyer.

eTransactions in conformance with Textile Exchange's Policy for the Use of eTrackit (<u>ASR-113</u>) can be used to show document management compliance in a brand audit, either as a standalone system or in addition to TC management.

eTrackit and certification bodies

As of April 1, 2024, all certification bodies must be registered for eTrackit and trained in conducting eTransactions. Certification bodies determine their own business and regional strategies, so even if they are trained, they may not be actively transacting in all regions. Certified organizations should start conversations with their certification bodies about when they may be ready to begin transacting in their region.

Certification bodies are responsible for reviewing and approving all eTransactions, governed by the <u>eTrackit Policy (ASR 113)</u>, which outlines the following timelines:

- **eTransactions review:** Certification bodies should review eTransactions within two business days and must complete the review within seven calendar days, as per section E2.1.1 of ASR 113.
- **Pending material declarations:** These should be reviewed within two business days and must be reviewed within seven calendar days, as per section E3.1.1 of ASR 113.
- **Registration of eTransactions:** Transactions between certified organizations should be registered in the platform within 14 calendar days of product shipment and must be registered within 60 calendar days of shipment, as per section C2.2 of ASR 113.

Cost of eTrackit

Suppliers are onboarded and trained on eTrackit free of charge. However, eTransactions, like transaction certificates, are subject to fee charges by certification bodies. These fees are determined by the certification bodies and not by Textile Exchange.

Explore resources

- Webinar: eTrackit commercial rollout
- ASR-113 Policy for the use of eTrackit

