



The Complete Guide to

Sustainability in Retail Technology

Sustainability testing & certification for products & supply chain partners



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Section 1

The State of Sustainability in the Retail Industry



Product: Cold weather 4-person tent
Available at: Walmart, Amazon, REI

Sustainability testing & certification for products & supply chain partners in 2024

Retail businesses, take heed: the industry has reached a tipping point.

Consumers no longer turn a blind eye to the environmental impact of their purchases. Retail and government organizations are cracking down on sustainability. Retail businesses now face the challenge of catering to this shift by creating a sustainable business model without increasing prices. The SECs climate disclosure regulations went into effect on March 6th, making sustainability a must-have for all retailers going forward.

Some are considering a switch to the the secondhand apparel market. This market is currently growing at 3x the rate of the global apparel market at large, but many retail categories simply can't be sold second hand. Take the CPG industry, for instance. Nobody is standing in line for used CPG products, and the industry is a top offender when it comes to carbon emissions.



Product: Cross-functional Mountain bike
Available at: EVO, Wilderness Outside

The fashion industry is the most widely referenced when it comes to sustainable production

But fashion isn't the only industry that's been forced to evolve. Every retail vertical now needs a sustainable production strategy: consumer packaged goods (CPG), cosmetics, raw materials, sporting goods, manufacturers, consumer electronics, furniture, and even luxury jewelers. But what is sustainability in retail? What universal factors are involved in creating a sustainable business model?

Here's how Science Direct's "Journal of Retailing" defines sustainable consumption and production:

"Retailers' sustainability initiatives reduce the negative impact of products on both people and the environment throughout the supply chain, which continues to be a top consumer demand. Retail Industry Leaders Association reports that 93% of global consumers expect brands to support social and environmental issues."

"If compliance is a concern that is adjacent to your product development, or ability to bring new products to market quickly, we can handle your sustainability needs. Surefront's robust tool set and configurability help our clients manage sustainability compliance in a multitude of ways throughout their product lifecycle."

~ Doug Heckman, Surefront Chief Solutions Officer

Instagram reports that consumers engage

10.8x

more on posts with eco-friendly hashtags than other topics.

Posts with sustainability-focused hashtags get

4.2x

more interactions than other posts made by CPG brands.

Posts about sustainability from e-commerce brands get

7.7x

the interaction as other posts.



Product: 4k Digital Camera with Tripod
Available at: Costco, Sam's Club



Surefront PLM Requirements Template .XLSX



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2	Functional Area	Business process/group affected by requirement	
3	Requirement	Description of required functionality	
4	Requestor	Business group requesting functionality/requirement	
5	Priority	Level of importance ranked 1-3 with 3 being highest	

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11			
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Section 2

SEC Requirements and Surrounding Legislation

Governance of climate-related risks and relevant risk management processes

The SEC (Securities and Exchange Commission) recently adopted a new set of regulations to govern retailers' sustainability initiatives. It's quickly becoming the gold standard for retail operations. These regulations require retailers to report any climate-related risks that may have a material impact on their business, business operations, or financial situation.

Reporting in 2024 and beyond

The SEC expects retailers to disclose these items:

- How any **climate-related risks** have had or may have a **material impact** on their business and financial statements.
- How any **identified climate risks** have affected or are likely to **affect** their strategy, business model, and outlook.
- The **impact of climate-related events** (weather events and other natural conditions) on their consolidated financial statements, financial estimates, and assumptions.
- A company's **direct greenhouse gas** (GHG) emissions.
- **Indirect emissions** from purchased electricity or other forms of energy.
- **GHG emissions from upstream and downstream activities** in their supply chain, including GHG emissions targets/goals.

What will happen to retailers that don't create an SEC compliant reporting structure within the right time frame?

Past penalties for failing to comply with SEC guidelines have ranged from \$25,000 to \$50,000 or more. Additionally, companies that fail to comply face reputational risk, enforcement actions, shareholder backlash, lawsuits, and regulatory investigations.

That's why it's crucial to actively establish a sustainable business model. Positive consumer and industry sentiment are observed when retailers/suppliers adopt sustainability initiatives.

In the wake of the SEC's March 6th adoption of new climate disclosure rules, all retail businesses need to comply with new regulations. This means retailers that have been dragging their feet must find a quick path to compliance to avoid penalties.

To adhere to SEC guidelines, retailers first need the ability to audit and certify their production partners, facilities, and factories. They also need to track whether vendors and factories are up to date with certifications and sustainability criteria. After all, the SEC regulations aren't the only thing retailers need to worry about:



The electronics industry has the
**ILLINOIS SUSTAINABLE
TECHNOLOGY CENTER'S**
Sustainable Electronics Initiative, which was created
back in 2009 and took off in recent years.

The global eco-friendly furniture market size
is anticipated to reach

USD 59.8 B

by 2027, expanding at a CAGR of 6.8%, according to a new report
by Grand View Research, Inc.

Global raw material use grew at about twice the rate of the
general population during the 20th century. This inspired the
ENVIRONMENTAL PROTECTION AGENCY
to create a Sustainable Materials Management (SMM)
approach to reuse and recycle raw materials.

Did you know that over

95%

OF A RETAILER'S
SUSTAINABILITY FOOTPRINT
is determined by their supply chain?



Product: Recycled coffee table, couch and living room set
Available at: Restoration Warehouse, Shopify



It's time to kick your sustainability plan into gear

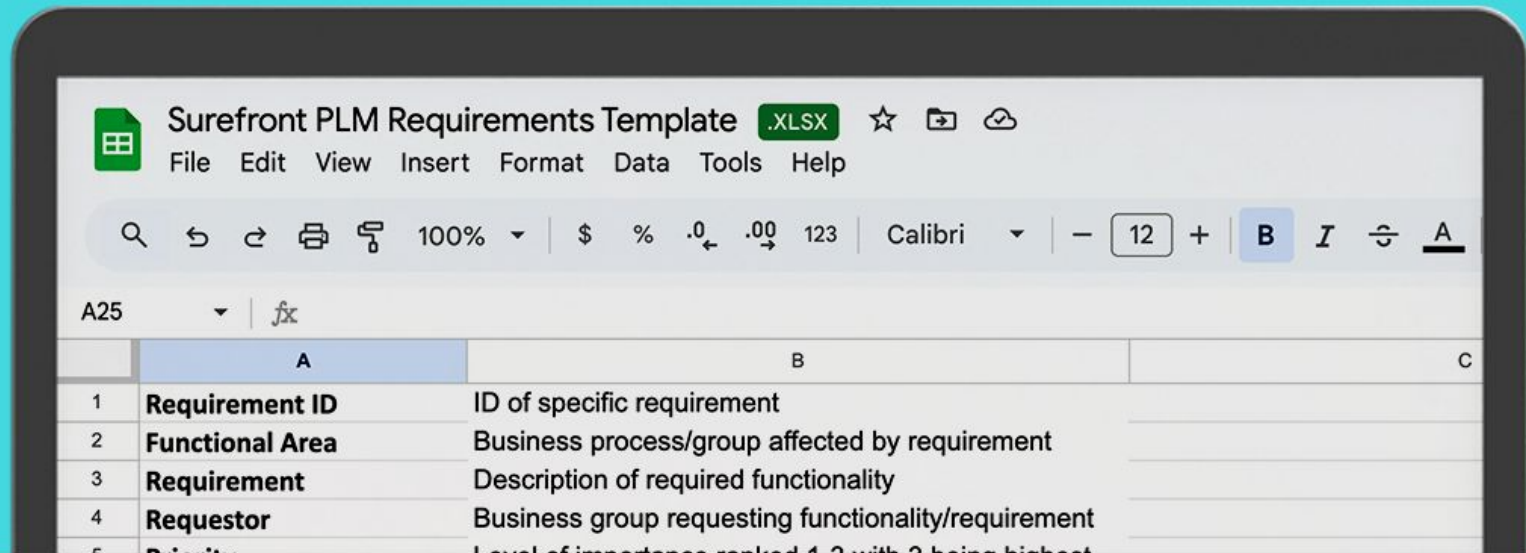
Sustainability in retail is no longer just a trend, it's an SEC-regulated reality. As these regulations continue to develop, retailers will need a supply chain infrastructure that makes it easy to collect information from factories on certifications and audits—flagging branches that aren't up to par.

While retailers need to make sure factories are aligned, suppliers will need a deeper understanding of their products and production components. Suppliers need to test each product to certify that it meets sustainability criteria before they can add it to their system. Communication is key here. Suppliers that have the ability to digitally ping their partners for updated info and verification will be far better positioned than those that try to do so manually.

Most organizations will need to restructure to adhere to SEC sustainability guidelines. But there's a plus side: **Businesses that manage to offer sustainable goods at affordable price-points will skyrocket to the top of the retail food chain.** The right technology makes this process easier than it sounds. Supply chain transparency is the first step to enforcing sustainability initiatives.

“Now that SEC supplier transparency guidelines are a reality, PLM integration for tracking is a must-have.”

~ Luke Wang, Surefront President



The screenshot shows a laptop screen displaying a web application. The application has a table with five rows, numbered 11 to 15. Row 13 is highlighted with a blue border. Below the table is a navigation bar with a hamburger menu icon, a plus icon, and three tabs: 'Instructions' (selected), 'Requirements', and 'Fit Scores'. The laptop keyboard and trackpad are visible below the screen.



Section 3

Complete Supply Chain Tracking with Retail PLM Software

Sustainable consumption and production is now a retail mandate

Retailers are now required by law to meet certain sustainability criteria, but many face a lack of supply chain visibility—leaving retail businesses at a stalemate. Retailers need to find a solution quickly if they want to stay out of trouble.

It's hard to talk about sustainability without pointing to the changes taking place in the fashion, sporting goods, and luxury apparel industries.

Three-fourths of all shirts and shoes that are produced still wind up in landfills. In the U.S. alone, we throw away up to 11.3 million tons of textile waste each year. That's around 2,150 pieces of clothing each second.

On top of this, a whopping 40% of fashion goods wind up being sold at a markdown—underscoring why speed to market is critical to retailers and suppliers. Sustainable clothing brands are in high demand and retailers are taking note.

It can be daunting for retailers to consider auditing production partners, facilities, and individual products to create a sustainable business model. Some retail software solutions claim to offer “compliance tracking.” Fewer solutions actually have a built-in reporting system that holds partners and products accountable to sustainability benchmarks.

That's where we come in.

Surefront's product lifecycle management solution was built for the retail industry. Surefront's retail PLM allows retailers and suppliers to track compliance across two specific use cases.

The only product lifecycle management solution built for the retail industry

Surefront helps retail businesses audit, certify, and verify compliance in two sustainability use cases.

RETAILERS

Production partners, facilities, and factories.

Track whether vendors and factories are up to date with certain certifications.

Track whether vendors and factories meet additional sustainability and ethics criteria.

Set up and track any branch of the supply chain. Surefront is highly configurable and evolves with industry regulations.

Set up a factory onboarding questionnaire.

Collect administrative information from factories, as well as information on specific certifications and audits.

Send the questionnaire to factories, so they can provide proof of up-to-date certifications.

Flag when factories don't complete the required fields – to troubleshoot issues before onboarding.

SUPPLIERS

Individual testing and certification of products or production materials.

Track whether items meet specific sustainability and testing criteria such as SEC requirements, LEED certification data, etc.

Report the results of individual product testing and certification.

Share the results of product testing and certification with retailers to solidify product orders.

Facilitate the testing process by setting up stages within new product workflows.

Ensure factories send materials to specific testers, to verify that the products being manufactured meet sustainability criteria.

Assign team members to stages in the product development workflow and assign due dates.

Include testing status fields on each item view and attach testing reports.

Send testing data automatically to customers.

Filter product data by testing status and certification expiration date to gather updated product information before certifications expire.

Retailers work with hundreds of suppliers. Suppliers work with hundreds of retailers.

And each supplier has numerous factories where goods are produced. Now that it's up to retailers/suppliers to ensure compliance, it can feel impossible to keep track of all of the sustainability certifications necessary to stay ahead of the game.

There's still uncertainty about what will be required as sustainability regulations evolve. That's why Surefront's team is continuously researching regulations and updating our Product Lifecycle Management solution to meet those requirements before they become mandatory. This takes all the guesswork out of staying compliant.

What will you do if you are tied to one certification organization through a PLM solution and then you experience a supply chain shift that requires you to move to a different factory that has a different level of certification? Will you risk not collecting compliance info? Or collect it but slow down your product's time to market?

With Surefront, you have flexibility when it comes to choosing a certification organization—but you always maintain high levels of compliance and trackability. We help you get to market quickly while ensuring compliance with sustainability regulations throughout every phase of the process.

Surefront is the only retail PLM that
can help your business

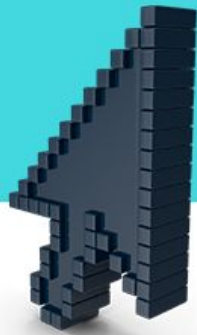
TRACK, TEST, AND VERIFY

compliance in a fraction of the time.
It all starts with 360-degree visibility.

Surefront guarantees retailers and suppliers

10x ROI

within a year of adoption.



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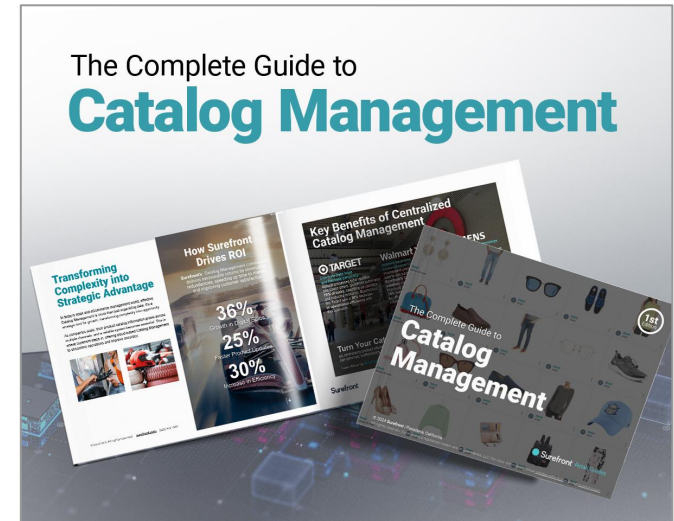
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