KAYA&KATO and IBM Pioneer Blockchain Network to Track Sustainable Clothing

New Network Designed to Create Transparency About Each Product from the Source of the Fiber to the Completion of the Garment

ARMONK N.Y., November 16, 2020 – IBM (NYSE: IBM) and KAYA&KATO, a textile company that manufactures uniforms and work wear, today announced the development of a blockchain network for the fashion industry, with the support of the German Federal Ministry for Economic Development (BMZ). The network is designed to create transparency about the origin of garments, from the fiber used to the completion of the final product, and to provide consumers with the knowledge that their clothes are sustainably produced.

This new application of blockchain technology to document and trace the supply chain for textiles will allow suppliers of organic cotton and customers of KAYA&KATO alike to identify the origin and where the fabrics were processed as well as gain an understanding into each production and distribution step. The aim is to create transparency and to help develop secured protocol for the traceability of ecological materials. All the permissioned parties involved will be able to access the transaction data recorded in blocks in an unchangeable record on the chain.

There is increasing demand from consumers to understand the environmental impact of the products they buy. According to a global study conducted this year by the IBM Institute for Business Value in association with the National Retail Federation, 77% of consumers surveyed say that sustainability is important to them, and 57% surveyed said they are willing to change their purchasing habits to help reduce negative impact to the environment.

Within the garment industry, these attitudes are more prevalent among and more important to younger demographics. A recent survey of European consumers by Morning Consult commissioned by IBM found that 75% of respondents said they are concerned about the level of waste in the fashion industry. Furthermore, 64% of respondents said they would be more likely to buy the garment if new technologies could prove sustainability claims.1

Many within the fashion industry are working to help address changing consumer attitudes while creating ways

to be more transparent about the environmental impact of the materials they use. Blockchain is well-suited to help garment manufacturers and their suppliers work together to create a permanent, immutable record of the origin of all materials used in production to build trust.

"Blockchain technology is a catalyst for collaboration and transparency across industries and within supply chains," said Christian Schultze-Wolters, Director of Blockchain, IBM. "Blockchain technology today is being used to help increase visibility and agility in supply chains in industries including automotive manufacturing, mining, electronics production and even the cultivation and distribution of many types of food. By creating shared visibility, the technology helps foster trust among companies and their suppliers, businesses and especially their consumers. We want to set an example within the industry and offer other companies the opportunity to join us in advancing development and helping to create solutions for supply chain."

"The advancement of sustainability and digitization is crucial to our forward-looking approach. This project combines both aspects in an excellent way by promoting supply chain transparency. For KAYA&KATO, there are multiple compelling reasons to initiate the development of a blockchain network and we look forward to implementation and eagerly await the first solutions in cooperation with IBM," says Dr. Stefan Rennicke, co-founder and managing director of KAYA&KATO GmbH.

The German Federal Ministry for Economic Cooperation and Development (BMZ) has long been calling for more transparency in global supply chains and is also supporting the cooperation between KAYA&KATO and IBM.

KAYA&KATO is one of the first 27 companies to be certified with the "Green Button" by the German Federal Ministry for Economic Cooperation and Development (BMZ). The Green Button is the seal introduced by the BMZ for textiles produced in a socially and ecologically sustainable manner. The Green Button is the first state seal to combine requirements for textiles and for the entire company

For more on this project visit: https://youtu.be/Pb3Dqm2bLu0

To learn more about how IBM Blockchain can support supply chain operations, visit:
https://www.ibm.com/blockchain/supply-chain

About IBM Blockchain

IBM is recognized as the leading enterprise blockchain provider. The company's research, technical and business experts have broken barriers in transaction processing speeds, developed the most advanced cryptography to secure transactions, and are contributing millions of lines of open source code to advance blockchain for businesses. IBM is the leader in open-source blockchain solutions built for the enterprise. Since 2016, IBM has worked with hundreds of clients across financial services, supply chain, government, retail, digital rights management and healthcare to implement blockchain applications, and operates a number of networks running live and in production. The cloud-based IBM Blockchain Platform delivers the end-to-end capabilities that clients need to quickly activate and successfully develop, operate, govern and secure their own business networks. IBM is an early member of Hyperledger, an open source collaborative effort created to advance cross-industry blockchain technologies. For more information about IBM Blockchain, visit https://www.ibm.com/blockchain/ or follow us on Twitter at @ibmblockchain.

1. Survey Methodology: This study was conducted by Morning Consult on behalf of IBM from September 11-13, 2020. The study was conducted among 1,000 U.K. adults, 1,000 German adults, 1,000 Italian adults, and 1,000 Spanish adults. The studies were conducted online and the data were stratified to match a target sample of adults in each country.

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