

Weaving in sustainability: The future of climate-friendly clothing

Supported by



Researched and
written by

**ECONOMIST
IMPACT**

Introduction:

Redesigning fashion

The fashion industry is a major global employer, with an estimated 300m people engaged in the full supply chain.¹ One of the leading markets, and a hub of design and innovation and source of demand, is the UK: in 2022 the country's apparel revenue was approximately £55bn, which is projected to surpass £65bn by 2026.² The sector employs over half a million people in England, Wales and Scotland, with 88,000 engaged in manufacturing, 62,000 in wholesale and 413,000 in retail.³ Globally, the profits of the industry amounted to approximately £1.54trn in 2021.⁴ This number could grow by around £588bn if a circular economy model is adopted in order to achieve a more sustainable future.⁵

In the UK, as elsewhere, the fashion industry is under pressure to improve its environmental and social footprint, including lowering the energy, emissions and resources used in the production process as well as tackling poor labour conditions in parts of the supply chain. Worldwide, the industry consumes 215trn litres of water every year and is responsible for 2-8% of global greenhouse gas (GHG) emissions.⁶ Nearly 65% of the material used globally by the fashion industry consists of synthetic fibres derived from fossil fuels,⁷ making it a continued source of demand for energy, while most of the remainder is made up of water and pesticide-intensive crops. Cotton farming, for instance, is responsible for 24% of insecticides and 11% of pesticides while using only 3% of the world's arable land, as shown in Figure 1 (on page 3).⁸ The industry's human rights scorecard remains significantly below the decent work standards of the International Labour Organisation, which estimates that worldwide some 170m children are engaged in child labour, and that many of these are employed in the textiles and garments sector.⁹



Nearly 65%

of the material used globally by the fashion industry consists of synthetic fibres derived from fossil fuels

Economist Impact would like to thank the following contributors (listed alphabetically) for sharing their time and insights in the preparation of this report:

Christian Cullinane, Managing Director, Consumer Brands and Group Commercial Director, Xeros Technology

Philippa Grogan, Sustainability Consultant, Eco-Age

Joe Metcalfe, Co-founder, Thrift+

Shaun Packe, Global Sourcing and Sustainability Director, Superdry

Dr Mark Sumner, Lecturer, School of Design, University of Leeds

Liesl Truscott, Director, Corporate Benchmarking, Textile Exchange

¹ <https://fashionunited.com/global-fashion-industry-statistics>

² <https://www.statista.com/topics/3348/apparel-market-in-the-uk/#dossierKeyfigures>

³ <https://www.ukft.org/business-advice/industry-reports-and-stats/#:~:text=The%20fashion%20and%20textile%20industry%20in%20England%2C%20Wales%20and%20Scotland,across%20retail%2C%20wholesale%20and%20manufacturing.>

⁴ <https://fashionunited.com/global-fashion-industry-statistics>

⁵ <https://archive.ellenmacarthurfoundation.org/explore/fashion-and-the-circular-economy>

⁶ <https://unfashionalliance.org/>

⁷ <https://unece.org/forests/forests-fashion>

⁸ <https://unece.org/forestry/news/fashion-environmental-and-social-emergency-can-also-drive-progress-towards>

⁹ <https://labs.theguardian.com/unicef-child-labour/>

Cotton farming at a global scale

(Proportion cotton farming is responsible for)

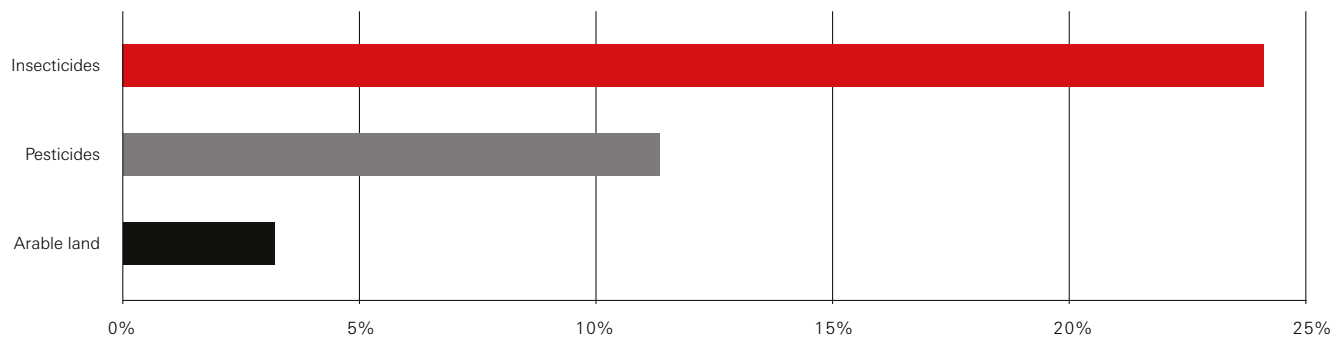


Fig. 1 Insecticides (Proportion cotton farming is responsible for): 24%
Pesticides (Proportion cotton farming is responsible for): 11%
Arable land (Proportion cotton farming is responsible for): 3%

Against this background consumer preferences are beginning to change, and efforts to improve sustainability and tackle climate change are now high on the agenda of governments and corporations, while companies in the fashion sector are investing in new technologies and innovations and adjusting their business models to initiate change from within. For the fashion sector this represents an opportunity to help transition to net zero while at the same time increasing its consumer appeal. Additionally, the fashion industry is one of the principal employers globally. Therefore, the working conditions in the industry can directly impact the poverty of a whole country. According to research carried out in Australia, if the prices of clothes made in India were to rise by an average of US 20 cents, it would be enough to lift Indian workers out of poverty and offer them a living wage.¹⁰

So what is the future of sustainability in the UK apparel industry? This report seeks to answer this question. By exploring the nature of the challenge, policies and best practices we highlight innovative solutions to help apparel companies transition to a more sustainable future.

Measuring what matters

The challenge of making the fashion industry more sustainable starts with measuring what matters. The sector is an “industry of industries”, from agriculture to shipping to waste, according to Mark Sumner from the School of Design at the University of Leeds. “If we think about wool coming from Australian farmers, between the Australian farmer and the consumer there are about 20 different operations that take the wool and turn it into a final product. And those operations can be separate businesses.”

Some tools, such as the life-cycle assessment (LCA) methodology, provide a means to track a product’s social and environmental impact over its life cycle.¹¹ The LCA requires a covering chain of custody and traceability back to the original small-scale producer. However, in fashion this is “very difficult”, according to Liesl Truscott, Director of Corporate Benchmarking at the Textile Exchange, an advocacy group.

"A major challenge of gathering emissions data from smallholder products is that it's a long way to the raw material, whether cotton growing or sheep raising".

Supply-chain complexity, furthermore, hinders the ability of consumers to assess companies’ sustainability claims, increasing the risk of “greenwashing” – which is any attempt to withhold negative information related to environmental performance and expose positive information.¹² In fashion there are many buzzwords, such as “eco-friendly”, “green” and “better for the planet”, which have little meaning without substantiation. “In the absence of proper consumer knowledge of true technical sustainability, many consumers will just look for the buzzwords,” says Philippa Grogan, Sustainability Consultant at Eco-Age, a creative sustainability consultancy. One global study finds that 40% of green claims made by companies across all sectors could be misleading.¹³

¹⁰ <https://www.thefashionlaw.com/it-would-cost-you-20-cents-more-per-t-shirt-to-pay-an-indian-worker-a-living-wage/>

¹¹ <https://www.eea.europa.eu/help/glossary/eea-glossary/life-cycle-assessment>

¹² de Freitas Netto, S.V., Sobral, M. F. F., Ribeiro, A. R. B. & da Luz Soares, G.R. (2020). Concepts and Forms of Greenwashing: A Systematic Review. *Environmental Sciences Europe*, 32(19). <https://doi.org/10.1186/s12302-020-0300-3>

¹³ <https://www.gov.uk/government/news/global-sweep-finds-40-of-firms-green-claims-could-be-misleading>



Benchmarking and visibility

In the past few years public sentiment has changed and consumer pressure has mounted. A 2020 survey in the UK and Germany found that 67% of respondents considered the use of sustainable materials to be an important purchasing factor.¹⁴ Activist groups are giving consumers empowering information on how to make better choices when it comes to sustainable fashion and consumption. One example of this type of activism is the UK's Fashion Revolution, founded in 2013, which mobilises citizens, brands and policymakers through research, education and advocacy. Another example is the Textile Exchange, a US-based non-profit company committed to the responsible expansion of textile sustainability, whose tools include a "leaderboard" index of brands' sustainability performance across cotton, polyester,

wool, leather and others (as of October 2022 Burberry, Marks and Spencer and Stella McCartney were three UK firms in the top, or "leading", category).¹⁵

Rigorous sustainability benchmarking can drive a "race to the top," predicts Ms Truscott at Textile Exchange. "One of our key focuses is the chain of custody, which links the consumer, and particularly the retailer, back to the original source of the material. The chain of custody and content claims are really important to the industry because they create some degree of confidence and integrity in the production process as well as the final product sold in the marketplace."

| Leading - 4 | Maturing - 3 | Establishing - 2 | Modular |
|---|--|---|--|
| <ul style="list-style-type: none"> • Burberry • Mantis World Limited • Marks and Spencer • Stella McCartney | <ul style="list-style-type: none"> • ASOS Plc • Joules • Next • Pentland Brands • Ted Baker • Tesco Stores Ltd | <ul style="list-style-type: none"> • C&J Clark Limited • Gymshark • Mulberry | <ul style="list-style-type: none"> • Greenfibres limited • J Wear by Jalin Design • New Look Retailers Ltd. • Superdry Plc • Trendsetter Home-Furnishings |

Fig. 2

¹⁴ <https://www.mckinsey.com/industries/retail/our-insights/survey-consumer-sentiment-on-sustainability-in-fashion>

¹⁵ <https://mci.textileexchange.org/change-index/>

The Higg Index, developed by the Sustainable Apparel Coalition, is another prominent initiative developed to standardise the measurement of sustainability within the value chain among governments, non-governmental organisations (NGOs) and companies.¹⁶ Its suite of five tools assesses environmental and social performance in the value chain as well as the environmental impact of products, covering issues such as water use, carbon emissions and labour conditions.

The index has faced challenges and criticisms, including the fact that it does not cover a garment from “cradle to grave” but rather from “cradle to shop”, meaning that information about how much microplastics are shed, for instance, or whether the garment is biodegradable is absent.¹⁷ Data are uploaded by brands, allowing them potentially to be selective, such as using data from a small farm that uses best practices rather than from a large one that does not.¹⁸ Despite these challenges Dr Sumner at the University of Leeds, for example, believes the tool is helpful.

“The Higg Index is very good in terms of getting that measure [of sustainability], trying to understand the footprint. It’s not foolproof, but without it there is a big vacuum”.

Regulatory pressure and policy guidance

There is an important role to be played by governments, regulators and stock exchanges to create rules and frameworks that determine how comprehensively companies report on non-financial performance – and where the limits of those reports might lie. The UK has tabled useful and effective measures to improve governance in this area.

The Modern Slavery Act of 2015, which requires businesses with an annual global turnover of £36m or above to release statements on how they are identifying, preventing and addressing modern slavery, is one important piece of legislation.²⁰ Dr Sumner describes it as “an example of intelligent legislation. It was ground-breaking at the time and provides a really good framework about what modern slavery means, not just in the fashion industry but across the board.”

Some evaluations indicate that it has fallen short of its goals. One 2019 analysis found an overall compliance with the act in the fashion sector, but a significant proportion of businesses had failed to report or only filed a statement once.²¹ Others have identified a lack of standards for what constitutes due diligence in modern slavery, the absence of a requirement to report on the supply chain of wholly owned subsidiaries, and a lack of enforcement mechanisms.²²

Finally, another policy instrument is the Green Claims Code of the Competition and Markets Authority (CMA). The checklist outlines 13 requirements to legitimate a green claim by a company. The code acts as a guideline for businesses and a tool through which stakeholders, such as NGOs, can measure claims. Synthetics Anonymous, a report published by the Changing Markets Foundation, analysed the fast fashion industry’s dependence on fossil fuel fibres, i.e. synthetic fibres made from oil and natural gas. When it reviewed the claims of brands against the Green Claims Code, it found that only 41% of companies lived up to them.²³ At the time of writing there were indications that the government may give the CMA more powers to impose sanctions on businesses found to breach consumer protection laws, and there are broader consultations on how to recalibrate and modernise the CMA as an institution.^{24, 25, 26}

At the EU level the European Commission has recently published its EU Strategy for Sustainable and Circular Textiles. The aim of this initiative is to offer the textiles sector a route towards a circular economy and a more sustainable approach through the creation of eco-design requirements, a Digital Product Passport and an EU-extended producer responsibility scheme, among other measures.²⁷

¹⁶ <https://apparelcoalition.org/the-higg-index/>

¹⁷ <https://www.theguardian.com/fashion/2022/jun/28/fashion-brands-pause-use-of-sustainability-index-tool-over-greenwashing-claims>

¹⁸ <https://www.nytimes.com/2022/06/12/climate/vegan-leather-synthetics-fashion-industry.html>

¹⁹ <https://apparelinsider.com/higg-index-slammed-by-new-york-times-article/>

²⁰ <https://www.thebritishacademy.ac.uk/documents/947/JBA-7s1-03-Voss-Davis-Sumner-Waite-Ras-Singhal-Jog.pdf>

²¹ <https://www.thebritishacademy.ac.uk/documents/947/JBA-7s1-03-Voss-Davis-Sumner-Waite-Ras-Singhal-Jog.pdf>

²² <https://www.unseen.uk.org/modern-slavery-in-fashion/>

²³ https://changingmarkets.org/wp-content/uploads/2021/07/SyntheticsAnonymous_FinalWeb.pdf

²⁴ <https://www.gov.uk/government/consultations/reforming-competition-and-consumer-policy/outcome/reforming-competition-and-consumer-policy-government-response#chapter-3-consumer-law-enforcement-1>

²⁵ <https://www.just-style.com/news/industry-news/uk-green-claims-crackdown-targets-boohoo-asos-asda/>

²⁶ <https://www.clearantitrustwatch.com/2022/07/cma-to-be-given-new-powers-to-enforce-consumer-law-and-impose-significant-fines/>

²⁷ https://ec.europa.eu/commission/presscorner/detail/en/ip_22_2013



Supply chain strategy: From efficiency to sustainability

The fashion industry's operating model now needs to change. First, globalisation itself has slowed. Protectionism, trade tensions and the upheavals of the Covid-19 pandemic have all contributed to the long-term shrinkage of global investment and trade since the financial crisis of 2008-09.²⁸ Second, supply-chain strategies are under pressure to emphasise resilience and transparency as being equal to, or more important than, efficiency. Companies need to meet increasingly stringent regulations and norms on issues such as modern slavery and Scope 3 emissions²⁹, all of which require a new approach to supply-chain governance.

"I am encouraged by the awareness and sensitisation that there is now to sustainability – companies are engaging in the COP [UN climate process], investing in sharp people and building capacities to run these agendas, but that is yet to make a dent because the business models are so rigid and stuck," says Ms Truscott at Textile Exchange. "The things that worked in the past, around competitive advantage, don't work now. It used to be in your interests not to tell anyone where you were sourcing from, and not even commit to one sourcing company so you could switch and swap to find the cheapest price," she adds. "We can't have those mentalities anymore."

²⁸ <https://www.economist.com/leaders/2019/01/24/the-steam-has-gone-out-of-globalisation>

²⁹ The Carbon Trust defines Scope 3 emissions as emissions that develop from a business' supply chain, such as business travel, distribution and transport, waste disposal, commuting, acquired services and goods. <https://www.carbontrust.com/resources/briefing-what-are-scope-3-emissions>

CASE STUDY:

Superdry's journey towards fashion transparency

Superdry, which scored in the top tier (91-100%) for policies and commitments in the most recent Fashion Transparency Index and in the second tier (81-90%) in the governance category, has opted for a long-term, relationship-based approach, including capacity-building where necessary, to improve the sustainability of its largely cotton-based range.³⁰

"A lot of the industry works through middlemen agents to get to the suppliers," explains Shaun Packe, Superdry's Global Sourcing and Sustainability Director. "Our focus has always been to have a direct relationship. We have our own offices in all our major sourcing regions. That helps us because the relationship is the office to the factory, and we call them supplier partners. This means the company can ensure its teams visit factories every day, rather than relying on third-party assessments carried out once a year to check the windows are clean."

The company also invests in supply-chain capability where needed. Cotton, for instance, accounts for over 70% of Superdry's clothing portfolio, but the gold standard – organic – makes up less than 1% of all cotton grown, the company says. "Demand versus supply is extremely challenging, so we set out to train and educate our 20,000 farmers to meet our requirements," recalls Mr Packe. "It takes three years to be fully registered to organic, which is difficult for farmers as the yield is lower than genetically modified-based cotton, and they are not selling a premium-priced product." Superdry buys the material to get them through this transition and links farmers to ginners, spinners and factories. Taking such approaches helps companies in the long term by creating a sustainable and capable supply chain that is in direct contact to ensure that all the needs of the company are met, and that all those involved in the chain have access to the tools necessary for meeting its demands. Copying this business model would allow companies to create more solid and sustainable supply chains, where everyone is getting a return on their investment.³¹



³⁰ https://issuu.com/fashionrevolution/docs/fti_2022

³¹ https://eisma.ec.europa.eu/news/towards-more-sustainable-circular-fashion-sector-four-cosme-projects-making-it-happen-2021-06_en

Cross-sector collaboration

Reducing carbon emissions requires another shift in the business model towards collaboration within the industry, including among competitors, to share data and best practices. Textiles 2030 is an initiative of WRAP, a recycling charity, and part of the Sustainable Clothing Roadmap, a voluntary agreement funded by signatories and the UK government led by the Department for Environment, Food and Rural Affairs (Defra).

Signatories collaborate on carbon, water and circular textile targets and contribute to discussions around policy development for textiles in the UK. The agreement has been

signed by major UK brands and is supported by over half the UK market, implying that almost 60% of all clothing comes under the agreement's environmental targets.³²

The project builds on the Sustainable Clothing Action Plan 2020 Commitment (SCAP 2020), which encouraged collaborations between fashion retailers, charity retailers and textile recyclers to reduce the impact of clothing consumed in the UK. The initiative successfully reduced the use of carbon by 21.6% and of water by 18.2% and met 60% of its waste-reduction target.³³

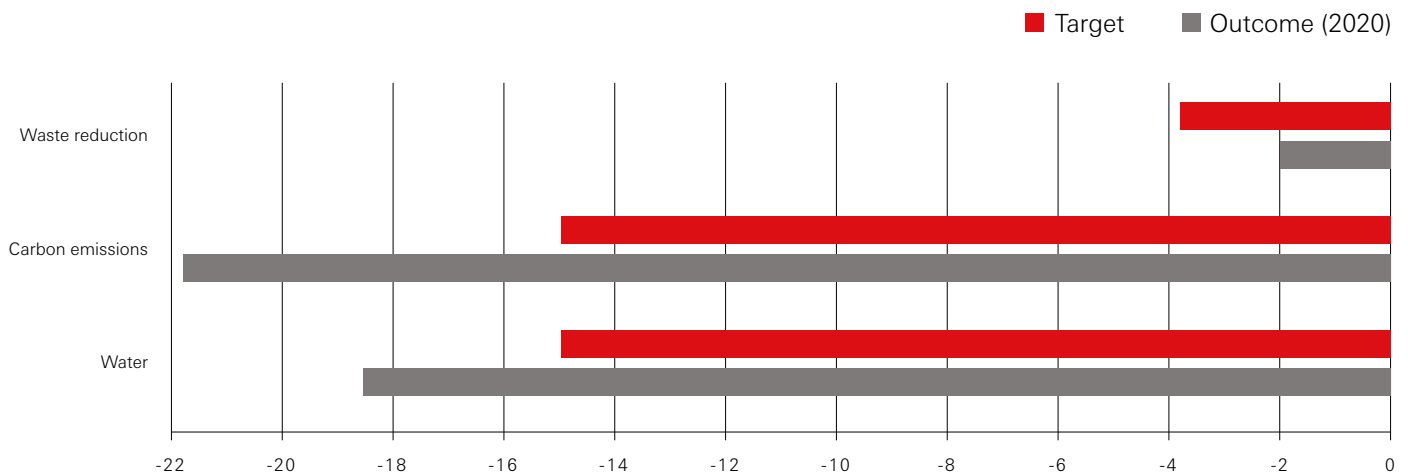


Fig. 2

| | | |
|-------------------|---------------|-----------------|
| Waste reduction: | Target: -3.5% | Outcome: -2.1% |
| Carbon emissions: | Target: -15% | Outcome: -21.6% |
| Water: | Target: 15% | Outcome: 18.2% |



³² Ibid.

³³ <https://wrap.org.uk/resources/report/scap2020-final-report>

The innovation imperative

Innovation in the fashion supply chain, from production to recycling and reuse, is essential to achieve sustainability objectives. Notable trends include increasing the application of synthetic biology to create clothing in entirely new ways, reducing water usage during the production process, aiming to use renewable energy in the manufacturing process, and supporting a rising second-hand market. Technological developments have spearheaded the sustainable transition of the industry, including allowing designers to host virtual shows, using digital samples, applying machine learning to determine fashion trends, and creating biodegradable fibres and textiles using plants.

Pangaia, a UK-headquartered company, has developed hoodies made of seaweed, agricultural waste and brewed protein, down jackets from bio-based wildflowers, active wears made of bio-based nylon and renewable plant-based materials, and trainers made of discarded skins, stalks and seeds of grapes and plants.³⁴ Such innovators, if they can scale up, offer a truly game-changing approach by decoupling fashion from the conventional agricultural inputs and resources required. Another notable trend targeting the agricultural and animal farming sector is the growth of the vegan leather market, which is predicted to hit US\$89.6bn by 2025, overtaking the animal leather goods industry.³⁵ Innovation has also led to the development of an array of biomaterials and biofibres, including biosynthetics, to use instead of nylon and polyester, among other synthetic polymers. The focus on cotton has also meant that new methods of cultivation have been adopted to reduce the GHG impact of the current production process. Regarding the group of man-made cellulosic fibres (MMCFs), developments have focused on alternatives to the process to avoid chemicals that emit GHGs, as well as feedstocks to replace wood.³⁶

Growth of the vegan leather market

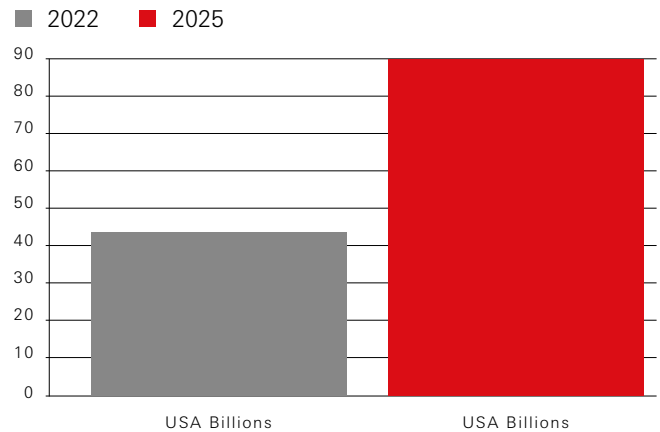


Fig. 3 Value of vegan leather market in 2022: US\$43.3bn

Projected value of vegan leather market in 2025: US\$89.6bn

Growth of the traditional leather market

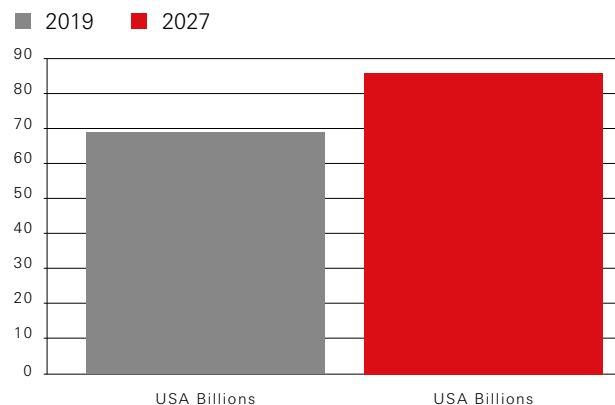


Fig. 4 Value of traditional leather market in 2019: US\$69bn

Projected value of traditional leather market in 2027: US\$86.3bn

³⁴ <https://pangaia.com/collections/future-over-past>

³⁵ <https://qz.com/mushroom-leather-how-fungi-became-fashionable-1849446383>

³⁶ <https://www.sustainablefinance.hsbc.com/mobilising-finance/unlocking-the-trillion-dollar-fashion-decarbonisation-opportunity>



Industrial innovators are also tackling the industry's wastewater problem. Xeros Technology has developed filters for domestic or commercial washing facilities that can capture 99% of microfibres and water treatment innovations that reduce overall water consumption used in textiles.^{37, 38, 39} H&M, alongside a group of NGOs, has installed wastewater recycling plants for the denim process and rainwater harvesting systems in its three main production markets (Bangladesh, India and Indonesia).⁴⁰ The company, whose main clients currently include commercial laundry companies, believes that innovations which can bolt on to existing equipment and processes are more likely to be successful. "There's an enormous capital cost associated with [sustainable transition], and to ignore that is to be blind to the facts. Any technical solution that's going to have a sustainable impact needs to work within the realities of the industry. It must be evolution, not revolution."

Materials science and equipment are not the only innovations that could transform fashion. New business models and marketplaces are also emerging to challenge convention and promote sustainability in the sector. UK start-up Thrift+, for instance, is a full-service marketplace in second-hand fashion, selling high-street and designer brands and partnering with fashion brands such as FatFace by collecting unwanted second-hand clothes from their customers.

Thrift+, backed by angel and impact investors, is selling clothes worth an estimated £400,000 per month. "Our aim is to be a billion-pound fashion retailer in second-hand clothes," says Joe Metcalfe, the company's co-founder. The current cost of living crisis could be a spur to more cautious spending and further support the appeal and normalisation of the second-hand fashion market. Consumer surveys and market estimates indicate a strong and increasing appetite for second-hand clothes. Globally, an estimated 118m consumers tried reselling for the first time in 2021, compared with 36.2m first-time sellers in 2020, and by 2030 this market will be twice the size of the fast-fashion industry, according to ThredUp, a US-based second-hand online store.⁴¹

³⁷ <https://www.xerostech.com/filtration/>

³⁸ <https://www.xerostech.com/care/>

³⁹ <https://www.xerostech.com/finish/>

⁴⁰ <https://hmggroup.com/our-stories/saving-water-to-protect-every-precious-drop/>

⁴¹ <https://www.harpersbazaar.com/uk/fashion/fashion-news/a36810362/secondhand-clothing-boom/>

Climate-friendly clothing: Best practices

The fashion industry is taking important steps to raise its environmental, social and governance (ESG) performance. However, the scale of the current environmental crisis requires urgent acceleration, from design and manufacturing to supply-chain governance and waste reduction. Drawing on best practices and strategies already evident in the industry, the following section outlines key considerations for business leaders to build momentum wherever they are in their sustainability journey.

- Sustainability as a business model, not an add-on.**
 Historically, across many industries, sustainability – if pursued at all – was often confined to corporate social responsibility (CSR) and philanthropic initiatives that were at best tangential to the business. Market regulators and investors are now strengthening the non-financial reporting requirements and expectations of public companies. Sustainability needs to be strategic and operational to fashion brands, from product design and R&D to supply-chain strategy and risk management. Reflecting the shift in the broader business world, non-financial reporting must be on a par with financial reporting in terms of transparency, rigour and regularity.
- If in doubt, leave it out.** Companies should be incentivised to publicise their achievements and progress, rather than fear a backlash. The Green Claims Code and the Higg Index are useful checklists and structured tools for benchmarking, but the process is ongoing and evolving. “Claiming absolute sustainability, at the flick of a switch, is absurd. No one can do that. It’s a journey. Even if you’re using recycled fibres, it doesn’t mean that you’re sustainable,” says Ms Grogan at Eco-Age. Mr Packe at Superdry advocates a cautious approach to sustainability claims to uphold trust. “Our approach is that if a product has got some sustainable attributes but it might not be enough to make a fundamental difference, let’s not communicate that as being sustainable. Our general rule of thumb is, if in doubt, don’t say it.”
- Supply-chain relationships need to be long-term and stable and include capacity-building.**
 The prevailing norm in fashion was often for brands to be opaque about their suppliers and to switch frequently based on cost and efficiency. That model created too many openings for non-compliant supply-chain participants and limited brands’ visibility in the supply chain. It is also not consistent with an operating environment in which companies are under increasing pressure to guarantee supply-chain governance, and where trade barriers and costs have increased. Brands need to transition to a long-term, relationship-driven approach, establishing ties with suppliers that they can monitor regularly and transitioning to more sustainable practices that incur short-term costs.
- Voluntary initiatives are not enough**—policy and regulation are needed to drive change. Consumer pressure is not enough to push companies to take on the complex and at times costly process of transitioning to more sustainable models. The Modern Slavery Act and the Green Claims Code are two UK policy tools that have fostered greater accountability and transparency. Legislators should use policy instruments to recognise and reward high performance, identify laggards and ensure that failure to meet minimum standards has consequences, according to Dr Sumner at Leeds University. Regulation need not be a hindrance to business. It can enforce clarity and alter the trade-off discussions, such as manufacturers resisting capital-intensive technology transitions, according to Mr Cullinane, Consumer Brands and Group Commercial Director at Xeros Technology. Mr Packe at Superdry suggests that in the current economic climate there could also be a role for tax and duty reforms to encourage brands and retailers to buy lower-impact materials, thereby reducing their carbon footprint and making the brand more attractive to consumers.
- R&D and innovation must be part of the net-zero transition.** The production of clothing and garments requires huge quantities of water, resources and energy, and waste products such as microfibers cannot be completely avoided. Incremental change and corporate pledges will not be sufficient for timely net-zero transition. Fundamental innovations in the production of clothes, such as synthetic biology, could provide the breakthrough needed to decouple the garments industry from conventional agriculture, while industrial innovations to filter wastewater could limit downstream pollution. New business models could also disrupt business-as-usual approaches, such as well-run, second-hand online markets or slow-fashion business models that tackle the pain points of reusing old clothes.

Conclusion

As the world is taking action on climate change and its related challenges, the fashion industry has a unique opportunity to reinvent itself in a more sustainable and climate-friendly way. From reducing the consumption of water to cutting greenhouse gas emissions and improving its labour rights record – the challenges are real and require urgent action. The latter challenge, although not the main focus of this report, remains to be one of the biggest challenges for the industry. And as companies take steps to make their supply chains more sustainable, consumers will also be expecting improvements in labour conditions throughout the production process. Recent regulatory measures such as the Uyghur Forced Labour Prevention Act in the United States, the Modern Slavery Act in the UK, the proposal for a Directive on corporate sustainability due diligence in the EU, and the Supply Chain Due Diligence Act in Germany, show that there is an interest by governments too to stop human rights violations in the supply chains.⁴²

A number of industry initiatives are showing a way forward on environmental sustainability. Biosynthetic materials could provide a way to reduce the demand for materials that harm the environment, and circular fashion models could prolong the life of textiles and materials. Similarly, a rapidly growing second-hand market could provide consumers with the opportunity to refurbish old fashions while working towards a more circular economy model. Last but not least, innovative technologies could function as a key partner in supporting the transition towards making the sector environmentally neutral.

What is clear is that the time for action is now for the fashion sector, policy and regulation to come together to work towards a more sustainable future.



⁴² <https://news.sap.com/2022/08/german-supply-chain-due-diligence-act-why-due-diligence-is-no-reason-to-panic/>, <https://www.cbpp.gov/trade/forced-labor/UFLPA>, https://ec.europa.eu/commission/presscorner/detail/en/ip_22_1145, <https://www.gov.uk/government/publications/transparency-in-supply-chains-a-practical-guide/transparency-in-supply-chains-a-practical-guide>