SUSTAINABILITY: PULSE REPORT



The Global Fashion Agenda says the industry must change its thinking for the sake of the planet – and to make an extra €80bn annually by 2030.

Pulse Report indicates industry's 'poor health'

A score of 32 out of 100 is not good by any standard, but that is what the Global Fashion Agenda (GFA) deemed the fashion industry worthy of in terms of sustainability, as part of a document produced in conjunction with Boston Consulting. The team behind the Copenhagen Fashion Summit commissioned the 72-page Pulse Report as a "wake-up call" to the industry. Its headline was that if companies act now, they can generate an extra €80 billion by 2030, through savings in waste, energy, labour and materials. By not acting on recommendations, they risk losing 3% of their profit, adding to the world's pollution and overusing valuable resources.

At its heart is a well-intentioned message and an optimism that there is "every possibility that change can happen in a short time". It says companies need to take action now – a message that was pushed at the most recent Danish summit, where brands were encouraged to sign up to the 2020 Circular Fashion System Commitment, binding them to a series of changes over the next three years. By the deadline in June, 63 companies had signed up, including adidas, Norrona, VF Corp and Kering, representing 7.5% of the market by value.

Through cotton production, the fashion industry uses 4% of the world's phosphorous and nitrogen fertilisers, plus 16% of insecticides and 7% of herbicides.

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The first Pulse Report, which was released at the Summit, found that contrary to popular thinking, some of the big fast-fashion companies had better sustainability ratings than small and medium counterparts. "These smaller companies, representing around half of the market, are a blind spot in the industry and have done little to improve their impact," it says. "Company size, far more than price positioning, correlates with a higher Pulse score. Nor is so-called 'fast fashion' necessarily a threat to the environment and society: the large entry-price high-street brands all achieve solid scores."

It says that improving environmental and social performance would not just advance the industry's commercial prospects but could add as much as €160 billion by 2030 in annual value for the world economy. "Cost projections confirm that fashion brands' profitability levels are at stake if no counteracting measures are taken, due to price hikes in energy, labour and other input factors."

Contradictions

However, it seems contradictory to be promoting rapid growth, fast fashion and increased profit margins on one hand, while suggesting the globe cannot cope with the volume of resources the industry consumes and the amount of waste it produces on the other.

Jonas Eder-Hansen, chief content officer at the GFA, explains the discrepancy: "The purpose of the profitability analysis is to convince decision takers and CEOs that the current business model will be challenged. The calculated profitability at risk is supposed to raise awareness and stress the necessity to act determinately and soon, also for the company's sake to be able to stay in business and not face insolvency which could be the consequence if they do not drive sustainability to the top of their agenda."

This seems relevant, given that when the 90 senior managers polled for the Pulse survey were asked where the responsibility for increased sustainability lies; most said it was with consumers, shareholders and industry associations (37%, 37% and 36%), rather than the brands and retailers themselves.

Mr Eder-Hansen adds, "The estimated €160 billion will be achieved if the fashion industry manages to move to better practices and produces the projected annual demand of 102 million tonnes in 2030 with fewer resources per ton output than today. However, even if the entire industry caught up to the best-practice front-runners, it would not be enough. Under optimistic and ambitious assumptions, only less than half of the €160 billion could be captured. This is why this report wants to advocate that the industry needs coordinated action beyond today's solutions."



A VF associate prepares to sew a pair of jeans in its garment manufacturing facility in Acanceh, Yucatan, Mexico. More than 30 million pairs of jeans are produced at this facility each year.

VF Corporation

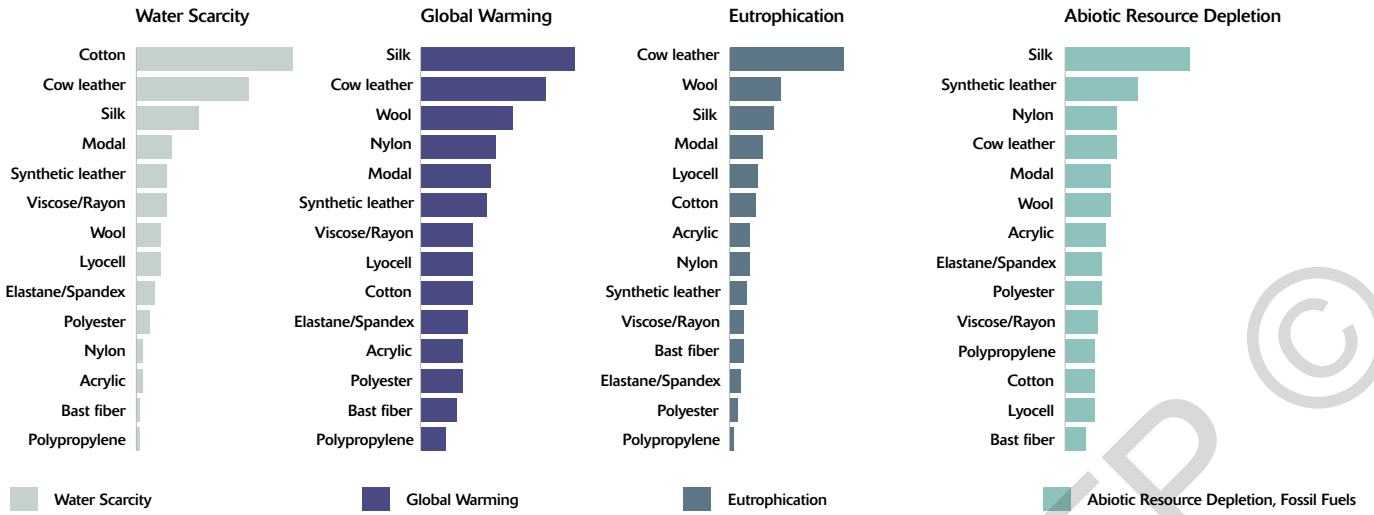
Savings

Sections on water, energy, chemicals, waste, land use, labour, health and safety and community engagement suggest changes and targets that companies could set, as well as attributing monetary values to each sector. For instance, it estimates the industry's annual water consumption under current practices will rise 50% by 2030. "If fashion can innovate and overhaul its practices enough to keep its water consumption constant, it will generate €32 billion in annual value for the world economy, and protect itself from higher prices and disruption in supplies," it says. "Energy emissions are an even bigger opportunity. Already, atmospheric CO_2 is 20% beyond what is considered safe, and we expect fashion's annual emissions to increase 60% by 2030. Keeping fashion's emissions constant would represent €67 billion for the global economy."

Eder-Hansens clarifies that rather than 'generating' money, the changes should be seen as savings: "We tried to calculate what the value for the society is. In the water example, we multiplied the amount of water saved with the value of a cubic meter of water for the society," he tells us. "That value is not necessarily equal to the amount of money a factory has to pay for a cubic metre of water at a certain location. Hence, the monetary values we are showing are an opportunity for society."

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Cradle to gate environmental impact index per kg of material



Water Scarcity

Environmental damages of water use for human health, ecosystem quality, and resources. Prevalent in the raw materials and processing phases

Global Warming

Emissions of greenhouse gasses. Prevalent in processing and manufacturing phases

Eutrophication

Excessive richness of nutrients in a lake or other body of water, frequently due to runoff from the land, causing dense growth of plant life and death of animal life from lack of oxygen. Prevalent in the raw materials phase

Abiotic Resource Depletion, Fossil Fuels

Depletion of natural resources faster than they can be replenished. Prevalent in raw materials and manufacturing (sundries and packaging)

Global Fashion Agenda and The Boston Consulting Group

Material use

One of the ways companies could improve the Pulse score is to rethink materials, according to the report. It estimates that overall apparel consumption will rise by 63% by 2030, from 62 million tonnes today to 102 million tonnes. By then, the fashion industry will use 35% more land for cotton, forest for cellulosic fibres and grassland for livestock—"altogether over 115 million hectares that could be used to grow crops for an increasing and more demanding population or to preserve forest".

It suggests replacing natural materials (particularly conventional cotton) with manmade ones, as polyester outperforms cotton, viscose and wool in terms of water scarcity, global warming and eutrophication on the Higg Index. It also suggests collectively developing "innovative man-made fibres", such as adidas' Biosteel made using spider silk (although in that case, cost will be a limiting factor), and developing "polyester enhancements".

"Polyester, more than any other alternative, has the cost efficiencies and production scale to be a practical substitute [for conventional cotton]. It already makes up most of the global textile fibre mix and we can make it with characteristics resembling those of cotton. Polyester is no perfect answer, of course. It is estimated that 15% to 30% of plastics polluting the oceans can be attributed to primary micro-plastics, with 35% of those attributed to laundering of synthetic textiles. Moreover, polyester's production relies heavily on fossil fuels. It is a non-renewable resource and is not biodegradable. Yet polyester lends itself to fibre-to-fibre recycling better than cotton does. It can also be made from waste products such as plastic bottles."

Raw nerve

Wool, leather and modal are deemed to have a high environmental impact. This suggestion has been met with dismay from International Wool Textile Organisation (IWTO), which goes so far as to say the report "risks a loss of faith in the textile industry".

"Wool has a long history of recycling, and research suggests wool garments are worn for longer and retained for longer than those made of other fibres," says the association. "Wool growers work hard to care for their sheep and land on which they graze, and there is evidence of significant carbon sequestration in the trees and shrubs on sheep farms, which mitigates the effects of greenhouse gases.

"Not only do such rankings disadvantage wool and other natural fibres, but they have the potential to mislead consumers."

The Sustainable Apparel Coalition supplied the data for the Pulse Report through its Higg Index and the rankings were made using data from the raw materials stage of SAC's Footprint Tool, rather than including the manufacture, consumer use, reuse and recycling and disposal.

"The most serious problem with the Pulse Report is that it presents a ranking of fibre types without the required data and analysis," says Geoff Kingwill, chair of the Sustainable Practices Working Group of IWTO. "There are very clear rules about how to make comparisons of fibre products, particularly to the public. This problem is compounded by failure to make clear that the data the ranking relies upon is based in part on preliminary data."

Mr Eder-Hansen explained that the criticism seems to be directed at one specific exhibit in the report that displays the cradle-to-gate environmental impact by material. "With the

The analysis above shows manmade textiles generally perform better than natural ones. However, this might appear to be an oversimplification. Leather, for instance, is not grown on cows but is produced from the by-product of the meat and food industry; it is not clear what part of the environmental impact associated with cattle farming is being attributed to 'cow leather'.

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The wool industry has contested the system is unfair, and that livestock promotes biodiversity and prevents desertification.

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current state of existing data on material impact, the report's authors decided that a view on cradle-to-gate is representative as cradle-to-grave adds the consumer phase, including even more uncertainties and hereby difficulties to come to precise conclusions."

There are also some questions surrounding the calculation of leather's environmental impact, which is also taken from the HIgg Index. Synthetic 'leather' is calculated to have a third of the environmental impact of genuine leather from cattle, which reportedly has the greatest environmental impact of all materials. However, the tanning industry uses a waste product from the meat industry that would otherwise go into landfill and it is unclear how much of the carbon footprint of the cow has been attributed to leather. The meat and leather industry estimate leather's share to be about 7%; the report's findings suggest the footprint has been calculated as significantly higher.

Next steps

The authors praise "selected brands, retailers, and multi-stakeholder initiatives" for impressive commitment and progress. "But these will not be enough. Through collective efforts the industry can unite around an agenda for change, drive the needed systemic change and work jointly on disruptive innovation."

This November, the 2020 Circular Fashion System Commitment reopens for signatories. Companies must set targets for 2020 within six months of signing up; the results will make up part of the next Pulse Report, which will be published in mid-2018. The hope is the score improves year on year.

"The issues we are addressing with the Pulse report is bigger than just accepting lower profitability levels in order to adequately compensate workers," concludes Mr Eder-Hansen. "We believe that the entire business model has to change from a 'take-make-waste' philosophy to a more circular business model with a significantly reduced footprint and better social practices."

Key recommendations from the report

Environmental:

- Closed loop recycling – No value leakage, eg one garment recycled for every new garment produced
- Sustainable material mix – 100% sustainable fibres with low footprint, eg replacing conventional cotton
- Reduced energy footprint – Minimised energy consumption and 100% carbon neutrality
- Chemical and water optimisation – No hazardous chemicals and no water pollution
- Production-to-demand – No overproduction

Social:

- Rebalanced industry economics – Fair and equal pay to worker and skill development for all workers
- Health and safety excellence – 100% safe working places fostering well-being and morale
- Advocacy of human rights – No human rights abuses and full rights advocacy

Overarching:

- Transparency and traceability – Full visibility on all tiers' supplier performance and conditions
- Consumer engagement – Complete customer information on a garment's life-cycle impact, environmentally and socially
- Novel business models – Full utilisation of purchased fashion products

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