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2018 was a big year for fashion and one trend that stood out was the increasing focus on environmental and social sustainability of the industry. From the discovery that Burberry had been burning up to £28 million of its stock to prevent counterfeiting, to the UK Environmental Audit Committee's Inquiry into the Sustainability of the Fashion Industry where Mary Creagh MP questioned how the fast fashion business model could be sustainable to the more encouraging launch of the UNFCCC's Fashion Industry Charter for Climate Action.

Fashion continues to be a crucial part of UK and European economies. According to WRAP, fashion is the eighth largest sector in terms of household spending and is ranked fourth in terms of its impact on the environment. Only housing, transport, and food have greater impacts. Alongside its economic and environmental impacts, it is a sector that attracts a strong following and exerts a strong influence over consumers. It is therefore no surprise that external scrutiny on the industry is increasing.

This insight is the first in a series designed to help business understand key trends that are impacting sustainability in the fashion industry and the opportunities that could arise from them.

Innovations in Materials

Materials are an obvious starting point when considering how to make fashion more sustainable and last year saw the spotlight shined on a number of issues regarding textiles.

One of these was the issue of microfibres – small particles of plastic that shed from synthetic materials that can end up in the ocean and our environment. At the start of 2018 Vogue Magazine called microfibres the new microbeads. In fact, the issue is more complex given microfibres are present in many materials from clothes to carpets and cannot be easily banned. There has been a lot of focus on the high number of microfibres shed from washing clothes, and the resultant need for clothes retailers to change their materials and manufacturing processes. There is more research needed to develop the right solutions to this issue as well as greater cross-sector collaboration to ensure focus is not

concentrated on one part of the lifecycle of a microfibre – i.e. textile manufacturing. Our series of insights will be looking into this issue in more detail.

When thinking about plastic pollution it is also important to consider materials used in packaging. The recent release of the Department for Environment, Food and Rural Affairs Resources and Waste Strategy included Extended Producer Responsibility (EPR) as a central pillar. This will require the producer to bear the full net cost of managing their products at end of life and should give industry the push to reconsider any plastic packaging that is currently used.

Another 2018 trend that is set to continue for 2019 is veganism which has resulted in a continued backlash against animal products being used in both the fashion and beauty sectors. Many big luxury brands have responded to consumer concern by banning fur and certain animal skins – with Chanel joining the list in December 2018. Instead, brands are searching for materials that have reduced environmental impact. This is an opportunity for brands to support the scale-up of innovations such as vegan leather.

Brands such as Stella McCartney have a long history of incorporating sustainability considerations into the design process. There is increasing demand for this from a wide range of consumers that brands should be responding to, as shown by the success of adidas' partnership with non-profit organisation Parley to launch trainers made from recycled plastic in 2018.

Circular Fashion

The fashion industry is one where consumption is on the up while prices stay low. In the UK, it is estimated that the number of tonnes of clothing purchased rose from 1.03 million in 2010 to 1.13 million in 2016. The fact that we are purchasing more clothes within fashion cycles that are getting shorter inevitably leads to more waste – it is estimated that £140 million worth of clothing goes to landfill each year¹. As we have seen with the case of Burberry, end-of-life disposal and usage is not just a problem at the consumer level but is also something brands struggle with. Moreover, it is important

¹ <http://www.wrap.org.uk/content/clothing-waste-prevention>

to remember that not all waste occurs at the end of life but also during the production process which has an impact on manufacturing countries such as China, Bangladesh and India².

So, what can businesses do to improve the circularity of garments? Big brands such as Marks & Spencer and H&M have introduced schemes to encourage consumers to recycle garments in-store, and others such as Primark intend to launch a similar scheme this year. Businesses should consider how they incentivise consumers to bring clothes to stores. For example, if discounts or vouchers are given to consumers when they bring old clothes to be recycled, this is likely to encourage them to buy more. Moreover, there needs to be a stronger infrastructure to deal with clothes once they are collected from stores to enable full circularity.

Other ways for brands to encourage circularity could include the promotion of and/or partnering with new business models centred on sharing or borrowing clothes. One successful example of this is Depop – with a consumer base that is mostly under the age of 25 and with over £300 million in sales. These business models appeal to younger consumers' desire to wear unique clothing, shop from friends or peers and contribute to more sustainable practices.

Protecting human rights in the supply chain

Human rights was a hot topic in 2018 – from the introduction of new Modern Slavery legislation in Australia to the 70th anniversary of the UN's Universal Declaration of Human Rights – and this focus should continue as we move into 2019 and beyond.

Alongside environmental impacts, social issues are also prevalent within the fashion industry's supply chain. According to the UN³, one in six people in the world work in fashion-related jobs, with women comprising 80 percent of the labour force throughout the supply chain. The fashion industry cannot shy away from the impact of their purchasing practices on labour conditions in supply chains, as well as the prevalence of human rights issues in many sourcing countries. Brands should embed these social sustainability considerations into sourcing and procurement decision-making. There is also a need to develop a comprehensive ethical trading code and policy that enables risks to be identified and

² http://www.wrap.org.uk/sites/files/wrap/valuing-our-clothes-the-cost-of-uk-fashion_WRAP.pdf

³ https://www.unece.org/fileadmin/DAM/RCM/Website/RFSD_2018_Side_event_sustainable_fashion.pdf

managed. This requires communication with suppliers and workers on the ground as well as the provision of appropriate remediation mechanisms in the case of violations.

The rise of benchmarks such as the [Corporate Human Rights Benchmark](#) and the Business and Human Rights Resource Centre's review of [FTSE 100 companies' Modern Slavery Act statements](#) show increasing external scrutiny of companies' approaches to minimising supply chain risk. This can have an impact on investors, NGOs and consumers' perceptions of a company.

Responsible Marketing

The fashion industry is a powerful social influencer with a consumer base that, for international brands, can span across many different countries and cultures. However, with great power comes great responsibility. 2018 saw a large variance between how brands handled this. For example, Nike took a stance with their [controversial ad campaign](#) featuring ex-NFL player Colin Kaepernick but on the other end of the scale [Dolce and Gabbana](#) made a huge mistake with its marketing campaign full of old stereotypes launched ahead of a show in China. The backlash against Dolce and Gabbana included the cancellation of the show and removal from China's giant online retailer Alibaba's TMall platform. This demonstrates the need for business to analyse and understand their markets across the globe and ensure decisions are not made at HQ in isolation of wider stakeholders and arising issues.

Brands also have a responsibility to influence more sustainable consumer behaviour. One way in which they can help to tackle the issue of increasing consumption is to educate consumers. Many big brands such as [Patagonia](#) and [ASOS](#) offer advice to consumers on how to prolong the life of their garments and therefore buy less. Other brands such as [Nudie Jeans](#) offer free repairs – a concept that large high street brands like [H&M](#) are beginning to explore in London and Paris. These types of outreach efforts need to be aligned with other marketing tools so that consumers are not encouraged to buy more through low-cost items, flash sales and new collections at the same time as being encouraged to extend the life of existing products.

There is no doubt that the tide is turning and there is an expectation for an industry as large and innovative as the fashion industry to step up its efforts to be more sustainable. However, in order for industry to act there needs to be the right enabling environment through policy and legislation that enables businesses to implement solutions. Sancroft will continue to explore key themes affecting the

industry and we will follow the outcome of the EAC's Sustainability of the Fashion Industry inquiry in our Sustainable Fashion Series.

Sancroft can help business in the following ways:

- Help identify your most significant social, economic and environmental challenges and opportunities through materiality assessments, and translate these into a comprehensive strategy with goals, reporting and communication plans.
- Evaluate your business' position following key legislative and policy developments (e.g. Resource and Waste Strategy, Modern Slavery Act review, Sustainable Fashion Inquiry) and understand your exposure to challenges and opportunities.
- Review current purchase and use of materials and determine actions to future-proof your business.
- Carry out a comprehensive human rights risk assessment at the business, country or commodity level and develop a holistic human rights programme including a policy framework.