

2023 Edition



FASHION TRANSPARENCY INDEX



A review of 250 of the world's largest fashion brands and retailers ranked according to their level of public disclosure on human rights and environmental policies, practices and impacts.

FASHION
REVOLUTION

CONTENTS

04 EXECUTIVE SUMMARY

- 05 About Fashion Revolution
- About the Fashion Transparency Index
- 06 Introduction
- 07 How the Index has changed this year
- 08 **KEY FINDINGS**
- 17 **KEY RESULTS**

24 ABOUT THIS INDEX

- 25 The changes we want to see & our role within and outside of the industry
- 26 Policy change, Cultural change, Industry change
- 28 The role of transparency in achieving change
- 29 The role & aims of the Fashion Transparency Index
- 30 How the Fashion Transparency Index drives change
- How a financial actor leverages the FTI
- How an analytics firm leverages the FTI
- 31 Case Study: Water Risks and Opportunities in Apparel and Textile Clusters
- 32 Case Study: Why transparency is needed for the leather industry

33 METHODOLOGY & SCOPE OF THE RESEARCH

- 34 Brand participation
- 35 A-Z of brands
- 36 The scope of our research
- 37 The research process timeline
- 38 About the methodology
- 39 Methodology advisory committee
- 40 Limitations of the research
- How we calculate the findings
- 41 Weighting of the scores
- 42 A guide to the final scoring
- 43 How to understand the data

44 FULL RESULTS & DETAILED ANALYSIS

- 45 The final scores
- 46 Quick overall findings
- 47 Average scores across the sections

48 POLICIES & COMMITMENTS

56 GOVERNANCE

- 60 Quote: **Max Lawson**, *Head of Inequality Policy*, Oxfam International

62 SUPPLY CHAIN TRACEABILITY

- 69 Quote: **Natalie Grillon**, *Executive Director*, Open Supply Hub

76 KNOW, SHOW, FIX

- 84 Quote: **Seema Joshi**, *Fashion and IT Campaigns Director*, STAND.EARTH

85 SPOTLIGHT ISSUES

- 88 **DECENT WORK & PURCHASING PRACTICES**
- 92 Quote: **Andy Hall**, *An independent migrant worker rights and forced labour specialist*
- 93 Viewpoint: **Ruslan Myatiev**, Turkmen.News & **Rocio Domingo Ramos**, Anti-Slavery International
- 96 Viewpoint: **Hilary Marsh**, Transform Trade
- 97 Quote: **Delara Burkhardt**, The Progressive Alliance of Socialists and Democrats
- 99 Viewpoint: **Anne Bienias**, Clean Clothes Campaign
- 100 Viewpoint: **Farooq Tariq**, Pakistan Kissan Rabita Committee & **Tess Woolfenden**, Debt Justice, UK
- 102 Quote: **Natalie Swan**, Business and Human Rights Resource Centre
- 103 Viewpoint: **Ayomi Jayanthi Wickremasekara**, FTZ Union

104 GENDER & RACIAL EQUALITY

- 107 Quote: **Aditi Mayer**, *Sustainable fashion, content creator, photojournalist, labour rights activist and environmental justice speaker*

108 SUSTAINABLE SOURCING & MATERIALS

- 113 Viewpoint: **Urska Trunk**, Changing Markets Foundation

114 OVERCONSUMPTION, WASTE & CIRCULARITY

- 121 Viewpoint: **Emily Macintosh**, European Environmental Bureau

- 122 Viewpoint: **Joséphine Philips**, SOJO

123 WATER & CHEMICALS

- 127 Viewpoint: **Dr. Audrey Millet**, University of Oslo

128 CLIMATE CHANGE & BIODIVERSITY

- 136 Viewpoint: **Alia Lodhi**, Inter Market Knit (pvt), Ltd.

- 137 Viewpoint: **Ruth MacGilp**, Action Speaks Louder

- 138 Viewpoint: **Beto Bina**, Farfarm

- 139 Viewpoint: **Pauline Op de Beeck**, Apparel Impact Institute

- 140 Quote: **Talha Khan**, Pakistan Environment Trust

141 FINAL THOUGHTS & RECOMMENDATIONS

- 142 Take action on transparency
- 144 Credits
- 145 References
- 150 Disclaimer

EXECUTIVE SUMMARY

ABOUT

FASHION REVOLUTION

Fashion Revolution works towards a vision of a fashion industry that conserves and restores the environment and values people over growth and profit. The Rana Plaza disaster in Bangladesh instigated the creation of Fashion Revolution and spurred millions to join our call for greater industry transparency and accountability in the fashion industry. Fashion Revolution has become the world's largest fashion activism movement, mobilising citizens, industry and policy makers through research, education and advocacy work.

The issues in the fashion industry never fall on any single person, brand, or company. That's why we focus on using our voices to transform the entire system. With systemic and structural change, the fashion industry can lift millions of people out of poverty and provide them with decent and dignified livelihoods. It can conserve and restore our living planet. It can bring people together and be a great source of joy, creativity and expression for individuals and communities.

**FASHION
REVOLUTION**

THE FASHION TRANSPARENCY INDEX

The Fashion Transparency Index is an annual review of 250 of the world's largest fashion brands and retailers ranked according to their level of public disclosure on human rights and environmental policies, practices and impacts in their own operations and in their supply chains.

We focus on the biggest and most profitable brands and retailers because they have the biggest negative impacts on workers and the environment and therefore have the greatest responsibility to change.

Transparency is foundational to achieving systemic change in the global fashion industry, which is why we have been campaigning for it since 2014 and why we created this tool. Transparency underpins transformative change but unfortunately, much of the fashion value chain remains opaque while exploitation thrives with impunity. Transparency is a first step; it is not radical, but it is necessary. Transparency is not to be confused with sustainability. However, without transparency, achieving a sustainable, accountable and fair fashion industry will be impossible.

For a deeper dive into how this Index works, why transparency matters and the methodology, please see pages **38–43**.

The Fashion Transparency Index reviews brands' public disclosure on human rights and environmental issues across 258 indicators in 5 key areas:

1. Policies & Commitments
2. Governance
3. Supply Chain Traceability
4. Know, Show & Fix
5. Spotlight Issues, which this year are:
 - Decent work, covering: forced labour, living wages, purchasing practices, unionisation, and collective bargaining
 - Gender & racial equality
 - Sustainable sourcing & materials
 - Overconsumption, business models, waste & circularity
 - Water & chemicals
 - Climate change, fossil fuels & biodiversity

INTRODUCTION

This report should not exist. We have been publishing this Index since 2017 and yet, the majority of the global fashion industry is not transparent. The lack of progress in the face of an accelerating climate crisis, deepening social inequality, environmental destruction and various incoming legislations attempting to regulate the fashion industry is concerning.

Transparency is foundational. We are talking about the bare minimum here. Yet, once again this year, while brands are telling us more about their policies and commitments, they are telling us much less about what these policies and commitments have achieved. And in the absence of disclosed evidence, it is difficult to understand if the fashion industry is turning things around.

Transparency is only the starting point and it seems many brands have failed to even show up to the race. Stubborn opaqueness by some of the wealthiest companies in the world signals a desire to maintain the status quo. There are vested interests in showcasing empty promises and unambitious targets which are ill-equipped to save us from the climate crisis, while continuing absurd excess, wage theft and the draining of our shared planet. Fashion is a trillion dollar global industry but it is extremely indebted to the environment and to the people who make our clothes.

There is no fashion on a dead planet and yet brands' decarbonisation targets set far into the future feel woefully inadequate. We are irreversibly damaging ecosystems and polluting global waterways. Generations are depending on us right now. What future are we leaving behind?

A welcome development is that policymakers increasingly see the need for laws to regulate the actions of multinational companies in global supply chains. The idea that companies will voluntarily regulate themselves has been proven false time and time again and it is no longer radical to push for corporate accountability to be enshrined in laws. We have seen legislation proposed and passed to hold companies accountable across the United States, the EU, and in several European countries and in Japan. In a landmark vote in June, the European Parliament voted in favour of a stringent Corporate Sustainability Due Diligence Directive (CSDDD), sending a clear message of resounding support for corporate accountability across the political spectrum. The era of it being perfectly legal for companies to behave reputably on home turf while exploiting workers and eco-systems abroad is hopefully coming to an end.

We cannot map the future of this industry without enlisting the expertise of the people who make our clothes – from the farmers, to the processors, to the sewers – to ensure we design a just transition to circularity. And we must extend this invitation to the people who manage our clothing waste and the communities who are impacted by our clothing consumption, too.

Ultimately, Fashion Revolution envisages a world where fashion provides dignified work, fair and equal pay and respect for culture and heritage; where fashion conserves and restores the environment and does not waste. This future is possible – and indeed this is the reality of many sustainable fashion brands platformed in our **Fashion Open Studio** and **Small But Perfect** initiatives. But, if we are to truly address dual crises of climate and inequality, it will require a systemic reorientation of what society values. We must value people and the conservation and restoration of the environment over growth and profit. The future of not only fashion but our society and planet depends on this.

What we are fighting for is honesty and openness. Without it, we cannot address the pervasive human rights and environmental abuses that this industry is a key driver of.



LIV, CIARA AND DELPHINE FROM FASHION REVOLUTION AT THE FRIDAYS FOR FUTURE MARCH IN GLASGOW AT COP26

Our **Good Clothes, Fair Pay** campaign demands groundbreaking living wage legislation across the garment, textile and footwear sector.

Head to goodclothesfairpay.eu to sign your name before 19th July 2023. If you're not an EU citizen, help us spread the word by sending to a friend who is, and by sharing our posts on social media.

HOW THE INDEX HAS CHANGED THIS YEAR

Every year, we conduct a detailed review of the Index through stakeholder interviews and media review to strengthen the methodology and push brands and retailers to increase their transparency in line with updates within the industry, including legislation. This year, we have made a few changes to the Index, with particular focus on living wages and the climate. Beginning in July 2022, Fashion Revolution launched a first-of-its-kind global campaign demanding living wages across global fashion supply chains. In line with our demand for living wages, we have attempted to drill down further on the topic of worker wages adding in new indicators which ask if the brand discloses:

- Weekly take-home wage for entry-level workers based on a standard work week of no more than 48 weekly working hours, excluding overtime;
- The approximate percentage of workers paid by piece rate in their supply chain;
- Where the presence of either (a) piece-rate workers and/or (b) daily wage workers have been disclosed in the supply chain
- Reports on the overall proportion of factory workers who are paid at least minimum wages

In addition, this year's Index is partly funded by the **European Climate Foundation (ECF)**, an independent philanthropic initiative working to help tackle the climate crisis, to imbed a new set of targeted indicators on brand disclosure related to coal-phase out and emissions reduction. Some new indicators we have added, in collaboration with the ECF, Actions Speak Louder, Stand. Earth and Changing Markets Foundation include:

- Discloses energy consumption by Tier 1 facility
- Discloses energy consumption by facility beyond Tier 1
- Publishes near (5-10 years) and long term (2040-2050) science-based targets (aligned with the 1.5°C pathway) in line with the Science Based Targets Initiative.
- Discloses the level annual investment in decarbonisation
- Discloses commitment to RE100
- Discloses what proportion of production is powered by coal, including which geographies and sectors are affected

We have become more stringent in our review and only award progress on targets when it meets the criteria of being both time-bound and measurable. Unless brands are transparent about this, it is impossible to hold them accountable to their commitments and timelines.

Another topic that we have introduced this year in the methodology is 'degrowth.' The degrowth movement prioritises social and ecological well-being instead of corporate profits, over-production and excess consumption. It requires radical redistribution, reduction in the material size of the global economy, and a shift in common values towards care, solidarity and autonomy. Importantly, this should be viewed primarily as the deliberate reduction of socially and environmentally damaging practices, like overproduction, excess consumption and usage of finite resources by the Global North.

We may not be able to tell fashion brands to produce less but what we can do is advocate for them to slow down. We can do that through consumer demand, legislation and financial incentives, such as by holding brands accountable for their human and environmental impacts and raising taxes on the culprits. It's really about the combination of

policy, industry and cultural change which is why we have included this indicator in our methodology for the first time this year.

Finally, this year we have also made the decision to add a few indicators to the Index worth zero points. This decision was made because we recognise that some of the new indicators added e.g. discloses energy consumption by facility, are so minimal at this stage that we did not want to penalise brands for not disclosing this information. Please see pages 71 and 133 for examples of brands who are disclosing this information. This will only be relevant for this year as we will be updating the methodology for 2024.

WELCOMING YOUR FEEDBACK

We recognise that the Index is not perfect and can always be improved. We welcome any feedback or questions on the Index to transparency@fashionrevolution.org

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KEY FINDINGS

Global fashion industry makes unimpressive progress on transparency

In seven consecutive years of publishing this Index, for the first time in 2023, two brands scored 80% or higher. Italian brand OVS scored highest again this year with 83%, followed by Gucci at 80% and then Kmart Australia and Target Australia at 76%. OVS has increased its score by 5 percentage points since last year, Gucci by 21 percentage points, and Kmart and Target Australia's scores have decreased slightly by two percentage points.

Once again, overall progress on transparency in the global fashion industry remains too slow, and brand performance varies greatly. The average score of the world's largest fashion brands creeps up by 2 percentage points to just 26%. The average is drawn from a wide range of scores – with brands scoring between 0% and 83%. Alongside record highs this year, 18 major brands score a 0% rating, up from 17 brands last year, including: ANTA, Belle, Big Bazaar, Bosideng, Fashion

Nova, K-Way, KOOVs, Max Mara, Metersbonwe, Mexx, New Yorker, Heilan Home, Savage x Fenty, Semir, Splash, Tom Ford, Van Heusen and Youngor. All in all, 71 out of 250 brands (28%) score in the 0-10% range. This is a slight improvement from 32% last year.

**For the first time,
two brands scored
80% or higher**

For another year, we have seen major fashion brands publicly disclose the most information about their policies, commitments and processes on human rights and environmental topics and significantly less about the results, outcomes and impacts of their efforts. The average score for the Policies section is 53%, which is consistently the highest-scoring section. The lowest scoring section is Spotlight Issues, with an average score of just 18%, unchanged since last year. Even the highest-scoring brands in the Index lack disclosure on issues such as social auditing, living wages, purchasing practices, unionisation, gender and racial equity, production and waste volumes, circularity, chemical use, deforestation and carbon emissions in the supply chain. Without greater transparency on these issues, we

cannot be assured that brands are meaningfully tackling global inequality and the climate crisis. More transparency is needed on the concrete impacts of brands' human rights and environmental efforts. Transparency on these issues is critical for civil society to hold the fashion industry accountable for its impacts.

**The average score of
the world's largest
fashion brands creeps
up by 2 percentage
points to just 26%**

This year 61% of major fashion brands reviewed participated by returning a completed questionnaire, down from 62% last year. Notably, four brands reviewed in the Index last year and who participated (Reebok, Billabong, Roxy and Quiksilver) did not participate this year. These four were all bought by Authentic Brands Group who are now the parent company of nine non-participating brands included in the Index (4% of the total brands we review). We have witnessed a pattern of decreasing transparency, with some brands' transparency scores dropping by as much as 55 percentage points in the

aftermath of them being acquired by opaque management companies like Authentic Brands Group and the lack of an established link between the brand and parent company websites. This begs the question, who ultimately controls and owns fashion? Why is so much of the fashion industry controlled by so few companies?



The luxury sector is notorious for secrecy. This year, the biggest increases are in luxury, a market segment which has long lagged behind highstreet and sportswear on transparency

SOURCE: FAIR WEAR FOUNDATION



After years of the luxury fashion sector dragging its feet on transparency, the five biggest movers this year are all luxury brands. Of all 250 brands in the Index, the biggest increases this year came from Gucci (+21% points since 2022), Armani (+19% points since 2022), Jil Sander (+17% points since 2022), Miu Miu (+17% points since 2022) and Prada (+ 17% points since 2022). Jil Sander had previously consistently scored 0% in the Index so it is encouraging that after many years, they have participated and improved their score. This demonstrates

that big strides in transparency are achievable if there is the will. Participation amongst luxury brands illustrates a sea change in terms of luxury's transparency when it comes to who and where our clothes are made.

A luxury brand is among the top scoring brands for the first time, with an overall average score of 80%

The majority of the top movers in luxury have increased their scores by disclosing their supplier lists, in some cases from first-tier factories right down to raw material suppliers. For some years, this traceability has been common in other market segments, including high street and sportswear. Seeing luxury catch up, at last, is a welcome improvement. Fashion Revolution's campaigning, alongside initiatives like the **Sustainable Markets Task Force** and others, may have contributed to this change at last.

For the first time, more than half (52%) of major brands disclosed their first-tier supplier lists but more work is needed on transparency of where our clothes are made across the supply chain

After years of campaigning for supply chain transparency alongside our allies, it is a major win to finally be able to report that more than half of major fashion (52%) in the Index now disclose their first-tier supplier lists. This is a significant improvement, considering that in 2017 when we just started this work, 32 out of 100 brands (32%) disclosed a list of their first-tier factories where their clothes are made and now 129 out of 250 brands (52%) do.

Whilst we applaud the 52% of brands disclosing their first-tier supplier lists, meaningful due diligence – socially and environmentally – is underpinned by full supply chain traceability. The overall average score in the Traceability section is 23% but nearly half (45%) of brands tell us little to nothing, scoring just 0-1% overall in the section. If brands do not know or disclose the facilities where their clothes are made, all the way along their supply chain, they cannot be held accountable for their human rights and environmental impacts. We cannot fix what we cannot see. And while supply chain traceability is not the end goal, it is a starting point to address all of the problems in fashion we are seeking to solve – from gender inequality, forced labour, environmental degradation to poverty pay and more. A continued lack of transparency by nearly half of major fashion brands reviewed, even in the face of a deepening climate crisis and wave of incoming legislation with transparency at the helm, feels like a deliberate tactic to retain the status quo begging the question, yet again, what is being hidden?

Major fashion brands continue to shirk responsibilities like tax and purchasing practices which drive inequalities within the industry. The pay gap between fashion CEOs and garment workers continues to widen, meanwhile, only 18% of brands are disclosing the percentage of executive pay tied to their sustainability target

Traditional fashion brand compliance efforts consisted of offloading the direct responsibility for human rights and the environment onto their suppliers, who absorbed this burden as a cost of securing the brand's business. This status quo has resulted in (1) brands distancing themselves from supply chain issues and shirking responsibility in cases of abuse, and (2) obscuring the direct role that brands themselves play in driving supply chain abuses.

Since the Covid-19 pandemic, when exploitative brand purchasing practices (such as cancelling and refusing to pay for orders and demanding retrospective discounts, among others) resulted in unprecedented levels of worker hardship, there has been a greater spotlight on brands to take responsibility for the impacts they are driving. However, as **evidence continues to mount** that major fashion brands engage in practices which are volatile and abusive toward their suppliers, our findings similarly show that few major fashion brands disclose evidence of working with their suppliers under fair terms. Just 12% of brands publish a responsible purchasing code of conduct, and only one brand, Zeeman, publishes a standard, due-diligence-aligned supplier agreement template, setting out typical order and payment terms and conditions. Only 4% of brands share the number of orders that

they impose retrospective changes to their previously agreed payment terms, and only 11% of brands disclose a policy to pay suppliers within 60 days.

Just 12% of brands publish a responsible purchasing code of conduct

To make matters worse, brands are increasingly adopting direct-to-consumer (D2C) on-demand models in the way they order their clothes, typically ordering very small order quantities upfront, and if they are selling well, orders are ramped up. Purchasing in this way may reduce unsold goods, but it places suppliers under risk and workers under immense pressure. Sudden and unpredictable surges in order volumes with tight deadlines make it impossible for suppliers to plan. Purchasing unpredictably can drive up excessive overtime, as well as stress and anxiety for workers to meet production targets. D2C models also make the customer the importer, not the retailer. Shipping directly to consumers from China helps major brands reap tax advantages where, in the US, de minimis customs rule allow Chinese producers to ship products below

\$800 directly to consumers to avoid U.S. tariffs, taxes, and oversight. This means that brands operating with D2C models can avoid tax and fly under the radar of forced labour regulations.

Using **tax loopholes** and **tax havens** to maximise and hoard even more profits, and avoid contributions to the communities in which they operate, is common among major fashion brands. This is especially stark given that the people who make these clothes struggle to provide for themselves and their families and while consumers and citizens around the world are facing a cost of living crisis. Less than half (45%) of brands publish their responsible tax strategy, yet it is crucial for governments to implement a tax system to address current loopholes and ensure that multinational companies pay their share in the countries where they operate to address the growing inequalities between and within countries.

Parallel to this, **CEO pay is skyrocketing and the wage gap between fashion CEOs and the people who make our clothes is reaching stratospheric heights.**

Fashion executives are some of the **richest individuals on the planet** and should be held accountable for the human rights and environmental impacts of the brands. Despite this, while 26% of brands disclose if executive pay is tied to human rights

and environmental targets, only 18% of brands disclose the percentage of executive bonus or pay tied to these targets. Sustainability targets tend to represent a small proportion of executive bonuses which begs the question, are executives truly incentivised to meet sustainability targets when their base pay is already so significant?



Despite upcoming legislation to mitigate fashion waste, mounting evidence of overproduction remains the big elephant in the room as most major brands do not disclose their annual production volumes nor do they commit to reducing the number of new items they produce

SOURCE: FAIR WEAR FOUNDATION



Alarmingly, thousands of tonnes of clothing waste are found globally; in the **depths of the ocean**, on the shores of polluted beaches from the **USA to Ghana**, tangled and twisted among other waste, collecting in gutters increasing the risks of cholera and malaria and piling up in deserts. Fashion sheds microplastic particles that enter the atmosphere and waterways through washing and wearing with **plastic particles even found in human placentas**.

On the smallest scale and to the largest, fashion's overproduction and overconsumption **problem is now visible even from space**. Despite the indisputable fact that clothing waste reaches all facets of life, 88% of brands still do not disclose their annual production volumes, obscuring the scale and truth of overproduction.

99% of fashion brands do not disclose a commitment to reduce the number of new items they produce

For the first time this year, we are looking to see if brands disclose a commitment to 'degrowth', a concept stemming from ambitions to balance economics with planetary boundaries by a planned reduction both in how much new clothes are produced and consumed. If we continue to push these boundaries, we increase the risk of generating irreversible environmental changes like **rising sea levels** and **temperatures**, which are already happening. Take-back schemes, rental and other new business models are as effective as blocking a dam with a bandage unless the issues of overproduction and

overconsumption are addressed at the root. Our research shows that 99% of brands do not disclose a commitment to reduce the number of new items they produce. It is clear that we cannot shop our way out of the climate crisis and yet the industry continues to grow at a staggering rate, ignoring the science and prioritising the money.

Whilst major brands are making **commitments to decarbonise** their global supply chains, we cannot have a meaningful impact on carbon reduction without addressing overproduction and overconsumption as a vital part of reducing climate impact. The business of fashion has simply grown too large. Armani and United Colours of Benetton are the only 2 out of 250 brands who have disclosed a commitment to degrowth, with Armani committing to a '**significant reduction in SKUs**' (pg. 18) and **United Colours of Benetton** to 'decouple the company's economic performance from the increase in the volume of garments'. What this could look like at scale, according to **The OR Foundation**, is for reduction targets for new clothing of at least 40% over five years. **Time is running out** and the industry desperately needs to slow down and scale back.

Conversations on circularity are growing but most brands (95%) are not transparent about how they are enabling a Just Transition to a circular economy which paints an unclear picture on how workers' voices and needs will be addressed

The transition to a circular fashion economy is occurring against a back-drop of widening economic inequalities and precarity as the climate crisis worsens. According to the **Just Transition Centre**, a Just Transition secures the future and livelihoods of workers and their communities in the transition to a low-carbon economy. It is based on social dialogue between workers and their unions, employers, and government, and consultation with communities and civil society. A plan for Just Transition provides and guarantees better and decent jobs, social protection, more training opportunities and greater job

security for all workers affected by global warming and climate change policies. Unfortunately, 95% of brands disclose no information on how they are upskilling the workforce for a Just Transition, suggesting that they are not doing anything at all, or at least not speaking about it publicly.

Intersecting these risks, Business for Social Research's (BSR) **research** found that marginalised and disenfranchised groups, overrepresented in value chain segments likely to expand in a more circular system (e.g., recycling and logistics), will be disproportionately impacted by a circular fashion transition. These workers risk the perpetuation of insecure jobs that are characterised by low wages, excessive overtime and harassment, unless they are consulted and their needs centred in a transition to a circular fashion economy. Economic factors globally and in individual countries compound these risks further, especially for at-risk groups. Similarly, the rapid **rise and fall of fast fashion brands** highlights the volatility of the industry and the acute need for fashion brands to future-proof the livelihoods of the people who make our clothes. It is a moral and economic imperative that fashion brands urgently invest in upskilling their supply chain workers to ensure that the people who make our clothes – especially at-risk workers – are not left behind in a circular fashion transition.

Few major fashion brands have published commitments to zero deforestation despite accelerating biodiversity loss globally

Materials used to make our clothes such as cotton, viscose and leather are associated with deforestation. **Brazil, for example, the second largest global cotton exporter** is now reaching record levels of deforestation – **in 2022 more than 20.000 km² were deforested, an increase of 22% from 2021.** **The Cerrado, the region with the highest concentration of cotton farms in Brazil**, has suffered from territorial conflicts and deforestation for five decades, losing 50 thousand square kilometres of native vegetation in the last ten years. In addition, the Brazilian cattle industry is the main driver of deforestation in the Amazon Rainforest to source beef and leather. **Research** has shown that the fashion industry is pushing the Amazon rainforest closer to the tipping point of irreversible ecosystem collapse. Hundreds of

fashion brands have supply-chain links to Brazilian leather exporters, despite some of them having explicit policies about deforestation.

Just 12% of major fashion brands published a time-bound, measurable commitment to zero deforestation this year, down 3% from last year

Given the fashion industry's role in contributing to global deforestation, it is alarming to see the absence of transparency on targets. Just 12% of brands published a time-bound, measurable commitment to zero deforestation this year. This is three percent less brands than last year. In addition, only 7% publish measurable progress towards achieving zero deforestation. We found that some brands publish progress information only on man-made cellulosic fibres, like viscose, modal and rayon. The lack of transparency from global brands in this area mirrors the inaction of local fashion brands in Brazil in this area; none of whom disclosed a time-bound commitment to

zero deforestation according to the **Fashion Transparency Index Brazil 2022**. We cannot mitigate the climate crisis without addressing forest loss and damage so the need for brands to ensure that their production is not threatening our forests is urgent. In the absence of good, comprehensive transparency on this issue, we are left in the dark as to the real environmental costs of our clothes and we are unable to hold major brands accountable for their destruction of this important ecosystem.

The climate crisis is growing in intensity and urgency but 94% of brands still don't disclose what fuel is used in the manufacturing of their clothes

Only 2 out of 250 brands have shared a commitment to degrowth at a time when the industry desperately needs to slow down and scale back

The need to transition away from coal entirely to cleaner forms of energy is urgent if we are to mitigate the climate crisis. We added a new indicator this year to understand major brands' reliance on coal. Despite this, few brands (6%) disclose the proportion of their supply chain that is powered by coal and which geographic regions are still reliant on fossil fuels. Visibility of fossil fuel reliance in supply chains is critical for brands to take adequate measures to support their suppliers in a green transition and advocate that governments of countries they source in increase accessibility to high-quality renewable energy like wind and solar.

For the first time this year, we have included an indicator to track the number of brands committed to RE100 – a global corporate renewable energy initiative bringing together businesses committed to 100% renewable electricity. 31 brands included in the FTI have committed to RE100 and while a few brands like Burberry commit to 100% of electricity from renewable resources to power its whole business by 2022, the majority only focus on their own operations, for example, their stores and offices rather than the factories in which their products are made. To ensure that their moves towards clean energy genuinely address the full impact of their production and do not ring hollow, there is a need for brands to incorporate supply chain production in their commitments and actions.

Phasing out coal involves significant costs which may be prohibitive for factories operating on thin margins. Brands should co-finance decarbonisation of their supply chains rather than passing the costs onto their suppliers. This is why, for the first time this year, we have added a new indicator on investment in decarbonisation to understand what actions brands are taking to

actively support their suppliers in their green transition. Only 9% of major fashion brands disclose their investment in decarbonisation, such as investment in research and development, helping suppliers access finance to cover costs of a green transition, sustainability-linked loan and insetting back into the supply chain such as investment in renewables or regenerative farming.



Despite generating trillions of dollars in annual revenues, the fashion industry, which exists due to the hard work of garment workers, is still failing to secure living wages for the people who make our clothes.

Poverty pay is systemic to the fashion industry – and it is upheld by a lack of transparency and accountability. Some of the richest people in the world have amassed their **billionaire fortunes** in fashion retail, spanning high-street fashion to luxury. And yet, millions of people who make those clothes – mainly young women of colour – are not paid enough to meet their basic needs. With sky-rocketing inflation and living costs globally, it is more urgent than ever that the people who make our clothes can afford to live decently and be able to provide for themselves and their families.

99% of major fashion brands do not tell us the number of workers in their supply chains being paid a living wage

This year, an abysmal 1% of major brands disclose the number of workers in their supply chain that are paid a living wage rate – enough to cover their basic needs and put aside some discretionary income. Clearly, isolated, voluntary efforts from brands to implement living wages in their supply chains are insufficient in addressing this seismic injustice. Fashion Revolution, alongside allies, is campaigning for groundbreaking legislation at EU level on living wages for garment workers worldwide. Hundreds of thousands of EU citizens have signed their name to support the campaign. We need one million signatures from EU citizens (EU passport holders, regardless of residency) before 19th July 2023. Head to goodclothesfairpay.eu to sign your name. If you're not an EU citizen, help us spread the word by sending to a friend who is, and by sharing our posts on social media.

Major fashion brands continue to pay lip service to workers' rights to organise and bargain. Just 1% of brands disclose the number of collective bargaining agreements providing wages higher than required by local law, despite most (85%) publishing policies on freedom of association.

Poverty wages and restrictions on freedom of association come together to repress worker voice. It is not by coincidence but by design that major brands continue to source much of their garment production from countries where it is impossible, difficult and/or unsafe for workers to form trade unions and bargain for greater rights. However, in spite of the disconnect from their sourcing practices, most brands

are averse in communicating their commitment towards upholding these enabling rights, with the vast majority (85%) of brands publishing a policy outlining their commitment to freedom of association, the right to organise and collective bargaining at supply chain level.

Only 15% of brands disclose the number or percentage of their supplier facilities that have independent, democratically elected trade unions

Levels of commitment fall short when it comes to disclosing the impact on the ground with just 39% of brands sharing how they are putting these policies into action and only 15% of brands disclosing the number or percentage of their supplier facilities that have independent, democratically elected trade unions. This is further evidenced by the fact that a mere three brands out of 250 (1%) disclose the number of collective bargaining agreements that provide wages higher than required by local law

for workers in their supply chain. Importantly, wages above those required by law do not equate to a living wage. Without living wages, collective bargaining agreements are essential tools to help garment workers gain greater conditions and pay than what is established by national labour laws but this is increasingly rare and difficult to achieve. Collective bargaining remains the primary and often the only means for workers to gain improved conditions and wages.

However, the Covid-19 pandemic opened the door for widespread union-busting in many production contexts. The economic collapse catalysed by the pandemic has pushed many governments of production countries into labour deregulation to attract foreign investment as the global cost of living crisis continues to soar, harming the people who make our clothes the most. It is timely for brands to step up and ensure that their commitments hold integrity and stand up to scrutiny.

Our clothes are produced by guzzling water in regions where it is scarce and by using thousands of toxic chemicals. Yet, only 23% of major brands and retailers disclose their methodology to identify these risks.



Water is a crucial resource for the fashion industry – it is used at all stages of our clothes' life from the farm where fibres are made, all the way along the supply chain (e.g. to process fibres, dye and finish products) right to the end when customers use water to wash their clothes. Fashion is a major contributor to water pollution around the world and one of the most water-intensive industries.

More than 8,000 synthetic chemicals are used in the fashion manufacturing process and might end up in what we wear. Some are hormone disruptors, like phthalates. There are even small quantities of carcinogens like PFCs and formaldehyde. All stages of textile manufacturing use chemicals: from pesticides in the fields, inputs in fibre production, washing, transportation, dyeing, and finishing (anti-static, anti-crease...) and even up to the baling of second hand items. The impact of hazardous materials is felt throughout the supply chain, from supply chain workers to the consumer who buys the clothes. But it doesn't stop there, as textile waste has negative consequences on the environment and the people who live near landfills. Given the worldwide impacts of hazardous chemicals on people and the planet, it is concerning that only 7% of major fashion brands publish their supplier wastewater test results. Brands must take accountability and trace their entire supply chain to address long-lasting social and environmental impacts of water pollution on garment workers, local communities and the surrounding natural environments.

In addition, many of the biggest garment-producing regions are also subject to significant water risks – which include water availability, flooding, pollution or gaps in water regulation and planning. While the industry keeps churning out more clothes and its reliance on water is ever increasing. Water-related risks are likely to increase in the face of the climate crisis and will inevitably impact the industry. For instance, the **World Bank's recent research suggests** that growth in key apparel production regions, such as Pakistan, India and China, are projected to decrease by up to 6% by 2050 due to water related impacts. **By 2050, three out of every four apparel and textile industry suppliers may face high water quality risk.**

Despite studies showing that hazardous chemicals can still be found in our clothes, only 7% of major fashion brands publish their supplier wastewater test results

Given the industry's reliance on water and the need to address water stress within fashion supply chains (**defined as** the ability, or lack thereof, to meet human and ecological demand for fresh water; it includes water quality, availability and accessibility), it is concerning to see that where the greatest impacts occur through wet processing or growing fibres like cotton and linen, the less information fashion brands disclose on their water footprint. For instance, while 32% of brands publish their water footprint within their own operations (same as last year), only 24% publish the water footprint at manufacturing level and even less at fibre at raw material level (3%). In addition, only 23% of brands disclose their process to conduct water-related risk assessments, despite research showing that most of **the industry is concentrated in a few large clusters** and many of these large clusters are highly exposed to physical water risks. The impact that clothing production has in water-scarce regions is indisputable. It is unacceptable that there is such low disclosure from major fashion brands on water and hazardous chemicals – indeed, transparency on the usage of a vital resource for life is the bare minimum.

With due diligence legislation on the horizon, led by the EU, fashion brands have increased their disclosure on their social and environmental due diligence

The climate crisis is a humanitarian crisis. It is critical that major brands conduct robust due diligence to identify both their human rights and environmental risks across their supply chain. This year, 68% of brands disclose their approach to conducting human rights due diligence, and 49% do so for environmental due diligence.

Major fashion brands which sell to the EU – the largest importer of clothes in the world – are preparing to be legally required to disclose their due diligence procedures. Performance on every indicator in human rights and environmental due diligence has increased compared to last year.

49% of major fashion brands disclose their approach to conducting environmental due diligence

More brands than ever are disclosing their approach to due diligence; how affected stakeholders are consulted; salient risks identified; and which steps are taken to address these risks and the outcomes, in both their human rights and environmental due diligence. Upcoming legislation on due diligence, including the Corporate Sustainability Due Diligence Directive (CSDDD) and the Corporate Sustainability Reporting Directive (CSRD) at EU level have contributed to this uplift, as have similar efforts in **Japan, Germany, the US** and **more**. In human rights due diligence, the most significant increases have been in disclosing how brands consult affected stakeholders (37% up from 26% last year). In environmental due diligence, we observe the biggest increase in disclosure of the salient environmental risks, impacts and violations identified (37%, up from 26% in 2022).

But it's not all good news. Major fashion brands remain far stronger at describing their identified risks, socially and environmentally, than outcomes and impacts of due diligence. Transparency of the due diligence processes is foundational – but it is vital that brands also disclose its impacts and outcomes too. Transparency on how brands deliver on their commitments is the bare minimum that we can expect and yet, many brands are still reluctant to do so until they are legally mandated to do so – which, with upcoming legislation, will hopefully be very soon.

68% of major fashion brands disclose their approach to conducting human rights due diligence

Over half of major brands (51%) publish targets on sustainable materials yet only 44% provide information on what constitutes a sustainable material

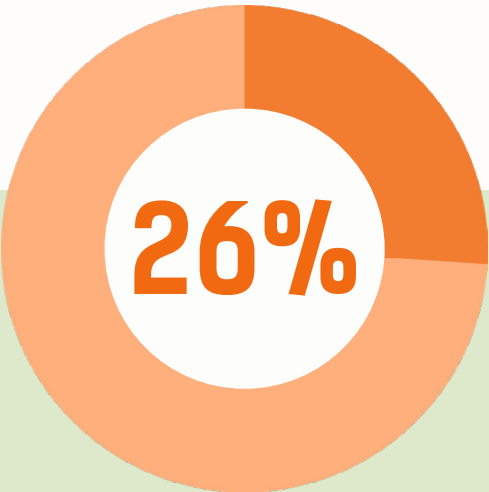
Governments around the world are finally introducing regulations to address misleading claims made by companies about the environmental credentials of their products. Despite an incoming wave of legislation to regulate the fashion industry, only 51% of brands publish a target on sustainable materials and even less (44%) disclose what constitutes a sustainable material. Just 42% disclose progress against these targets. This is concerning as the greatest environmental impacts of the industry come from energy-intensive raw material production, preparation and processing.

Only 29% of brands disclose the breakdown of fibres sourced annually

Yet, there is a persistent lack of data on the actual environmental impacts of each material, which also varies depending on how and where these materials are made. In addition, only 29% of brands disclose the breakdown of fibres sourced annually, which fails to provide a full picture of the fashion industry's fibre mix and its collective environmental impact.

KEY RESULTS

AVERAGE SCORES



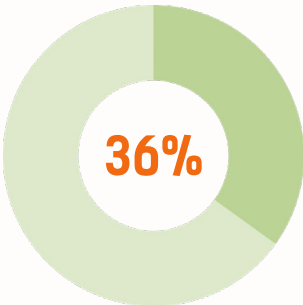
Overall average score across the 250 brands reviewed in 2023

BY SECTION

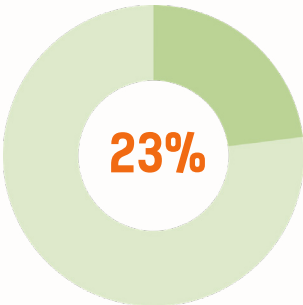
POLICIES & COMMITMENTS



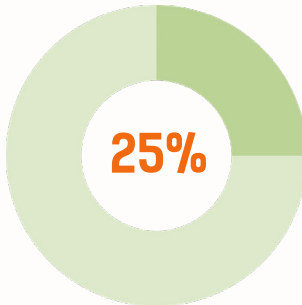
GOVERNANCE



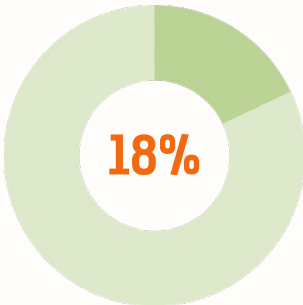
TRACEABILITY

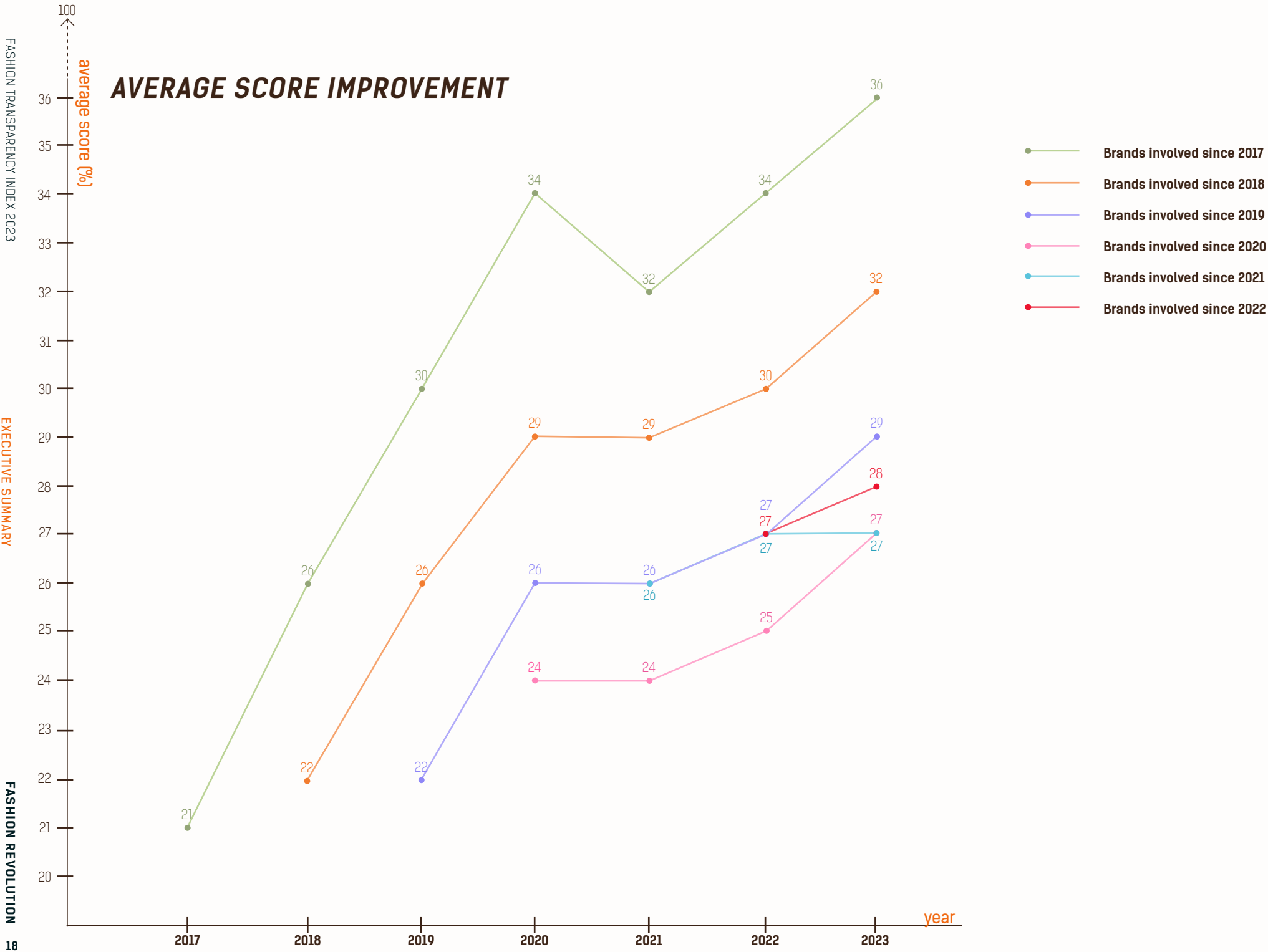


KNOW, SHOW & FIX



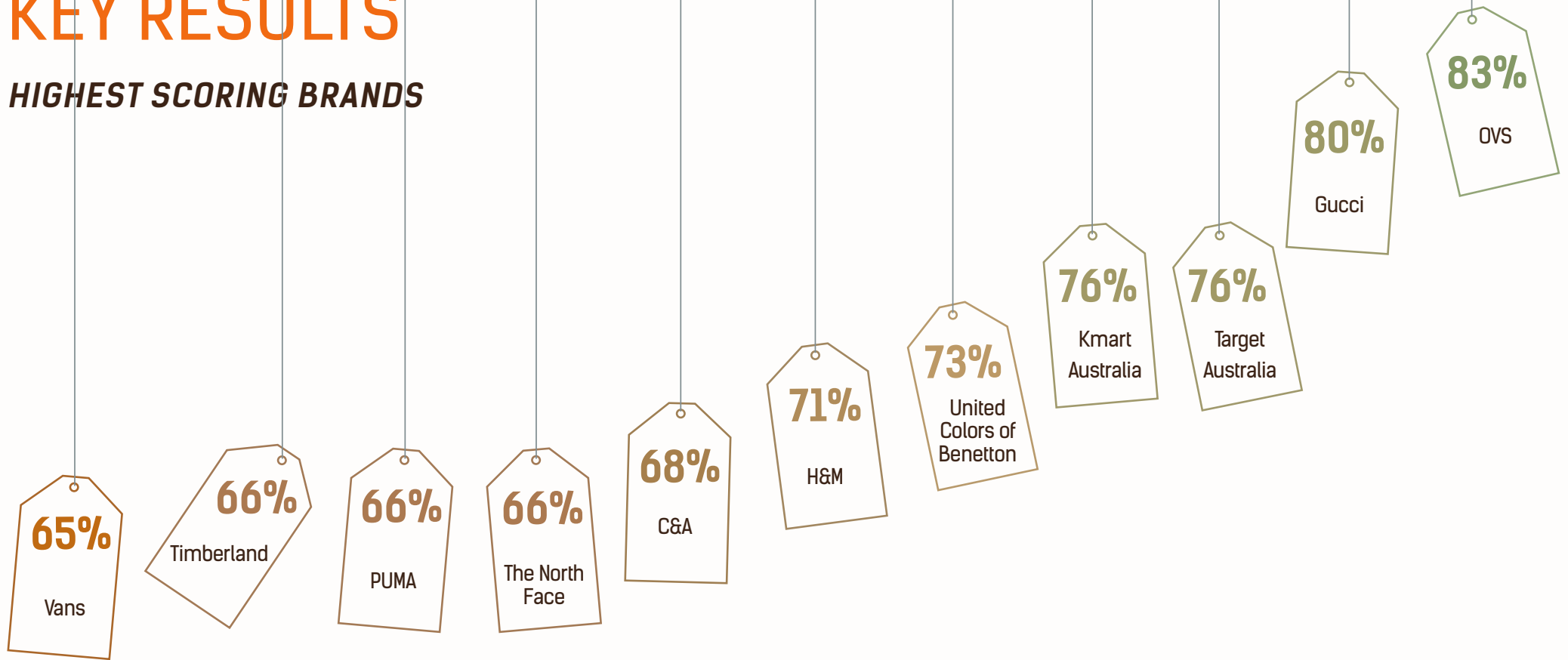
SPOTLIGHT ISSUES



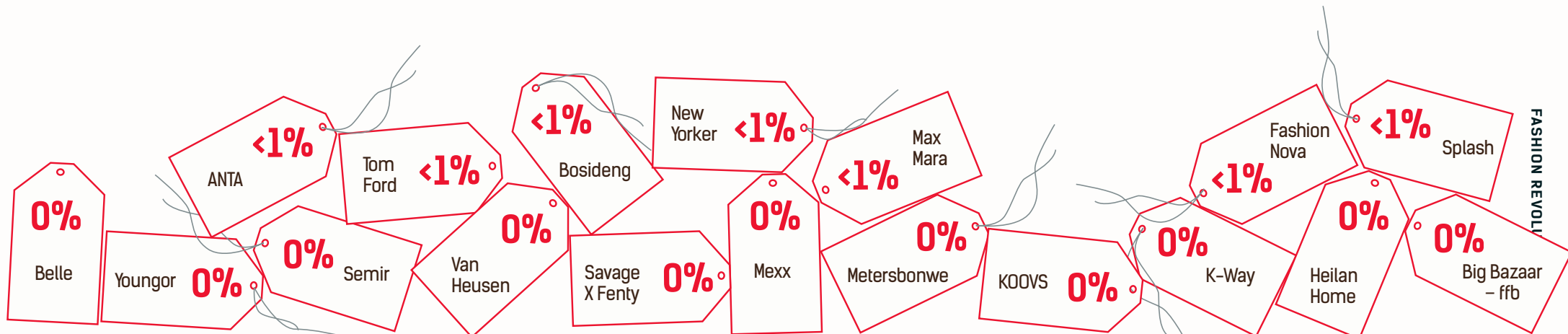


KEY RESULTS

HIGHEST SCORING BRANDS

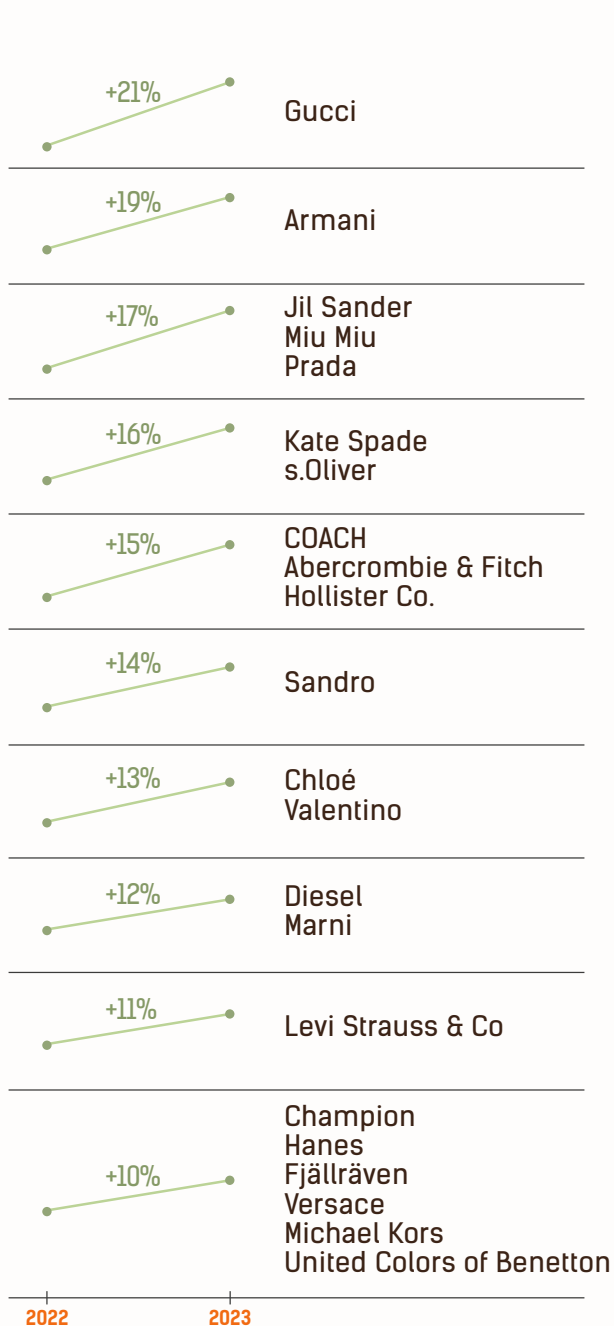


LOWEST SCORING BRANDS

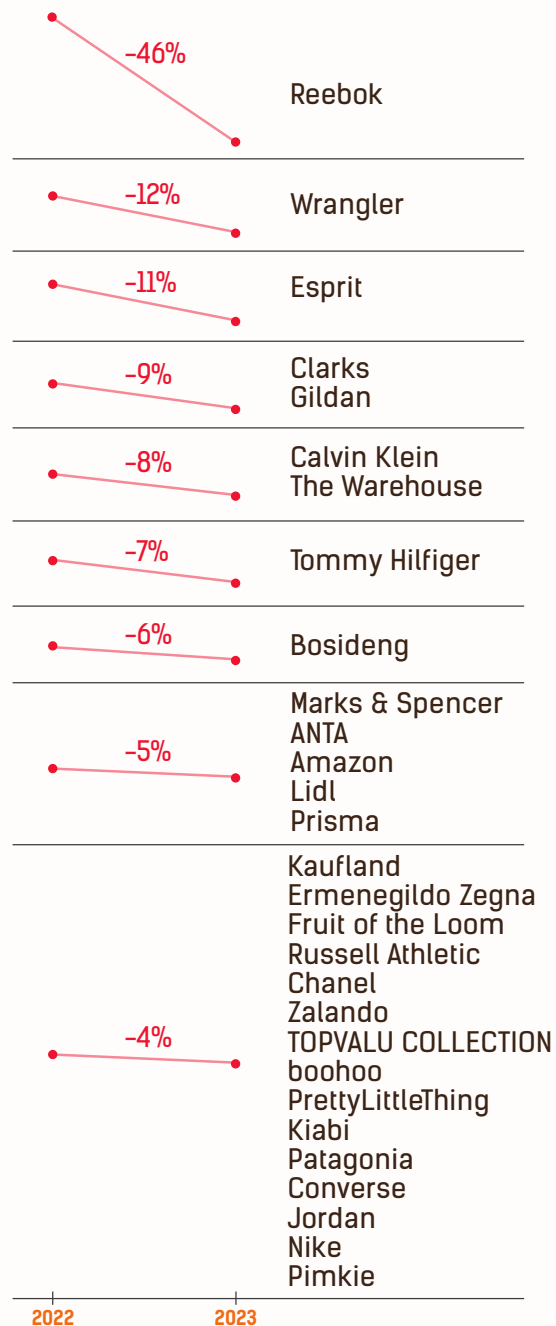


AVERAGE SCORES

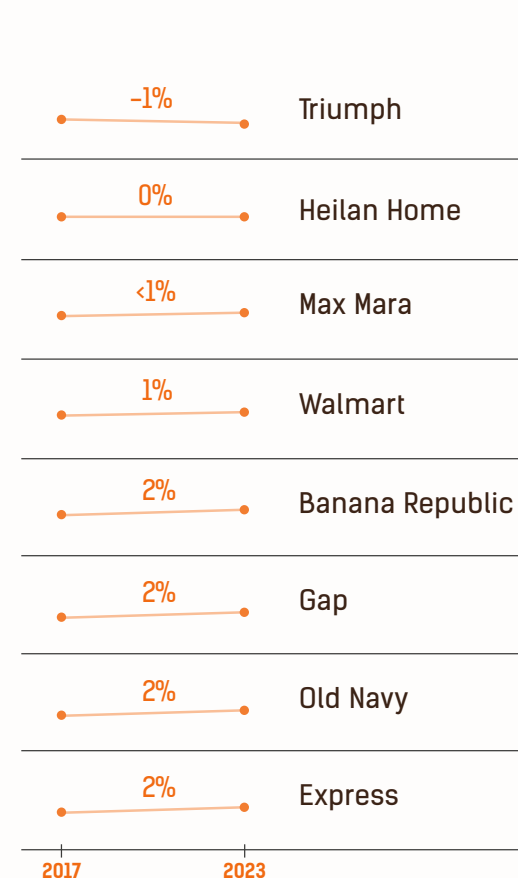
HIGHEST INCREASE IN % POINTS SINCE 2022



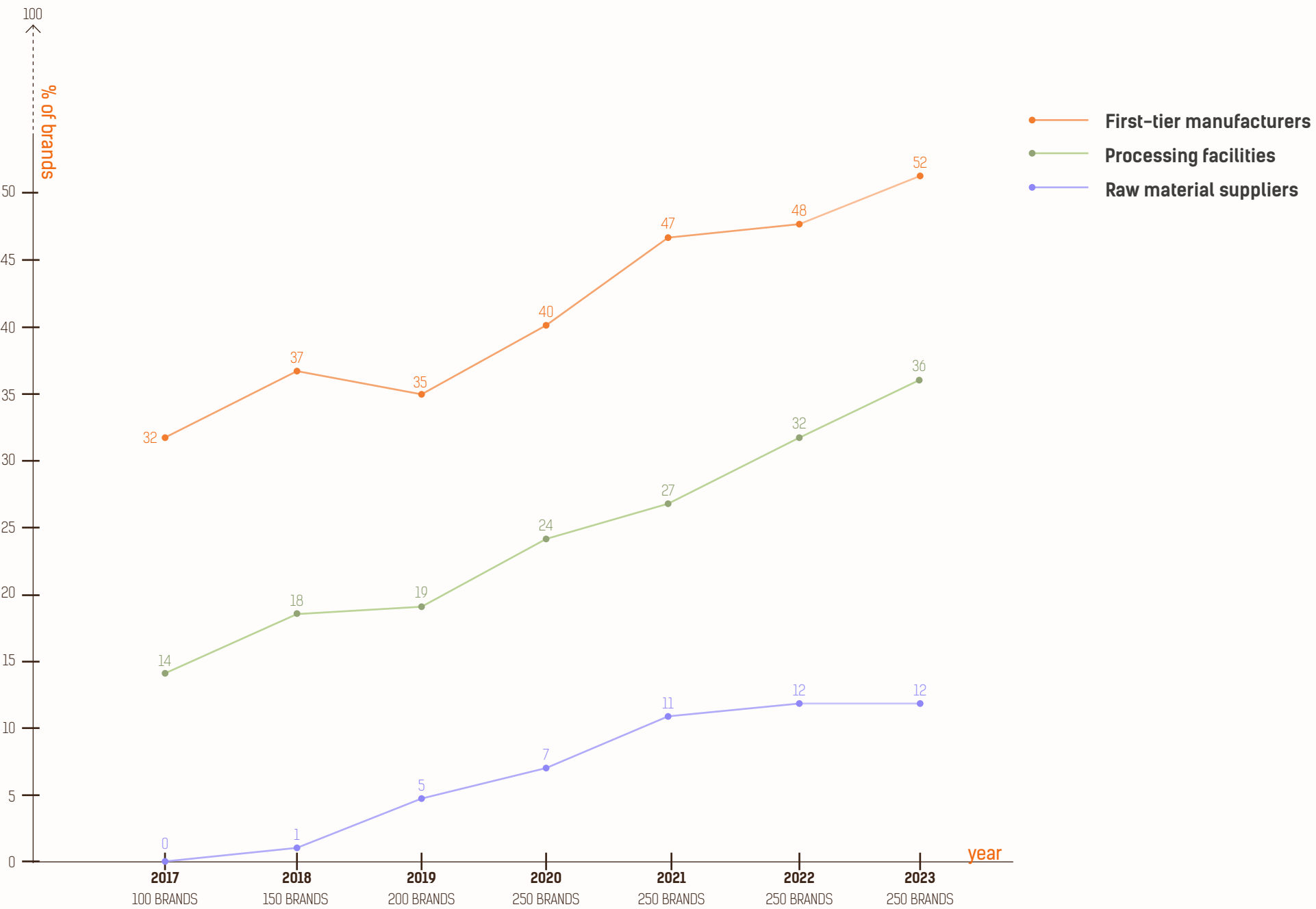
HIGHEST DECREASE IN % POINTS SINCE 2022



NON-MOVERS SINCE 2017



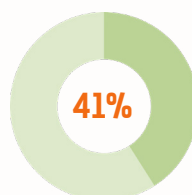
% OF BRANDS PUBLISHING SUPPLIERS LISTS



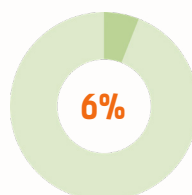
KEY RESULTS

SPOTLIGHT ISSUES

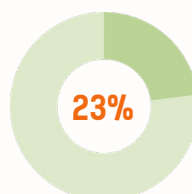
DECENT WORK



of brands disclose their approach to recruitment fees in the supply chain

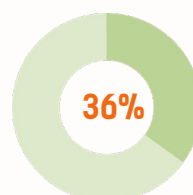


of brands disclose the number of workers in the supply chain affected by the payment of recruitment fees or related costs

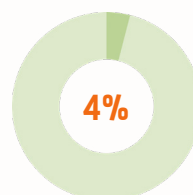


of brands disclose data on the prevalence of modern slavery related violations and risk factors

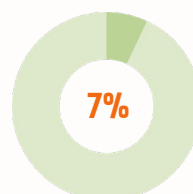
GENDER & RACIAL EQUALITY



of brands disclose gender pay gap in their own operations

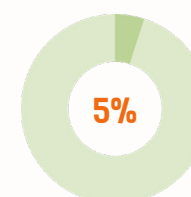


of brands disclose ethnicity pay gap data in their own operations

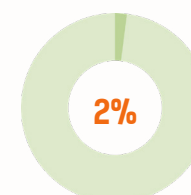


of brands publish actions focusing on the promotion of racial and ethnic equality in supplier facilities

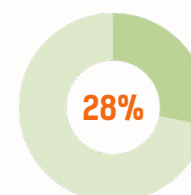
PURCHASING PRACTICES & LIVING WAGES



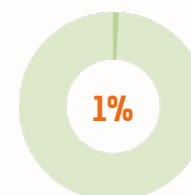
of brands disclose a method for ring-fencing labour costs in price negotiations



of brands disclose the number of orders where labour costs were ring-fenced

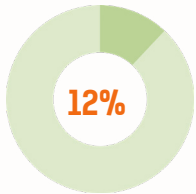


of brands publish approach to living wages for supply chain workers

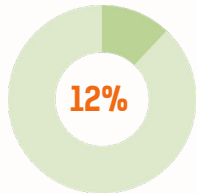


of brands disclose the number of supply chain workers that are being paid a living wage

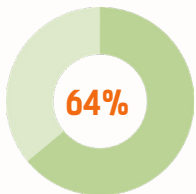
CLIMATE CHANGE & BIODIVERSITY



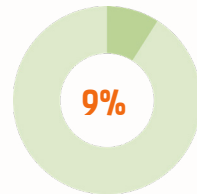
of brands publish near and long-term decarbonisation targets verified by Science-Based Targets Initiative



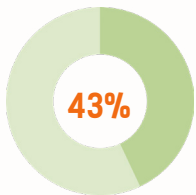
of brands publish a time-bound, measurable commitment to zero deforestation



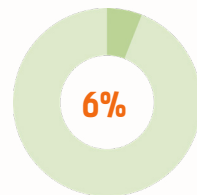
of brands disclose annual carbon footprint in their own operations (i.e., head office, retail stores, etc.)



of brands disclose their investment in decarbonisation

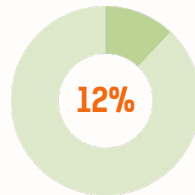


of brands publish their annual value chain/scope 3 carbon footprint

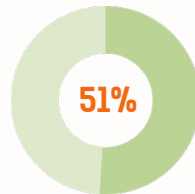


of brands disclose what proportion of production is powered by coal

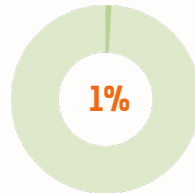
OVERCONSUMPTION & BUSINESS MODELS



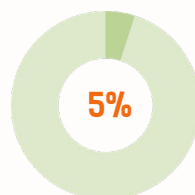
of brands disclose data on the quantity of products made annually



of brands offer product repairs

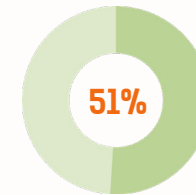


of brands disclose a commitment to degrowth

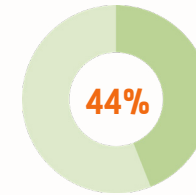


of brands disclose efforts for a Just Transition to a circular economy

SUSTAINABLE SOURCING & MATERIALS

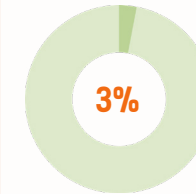


of brands disclose a time-bound, measurable sustainable materials strategy



of brands describe how they define what they consider a 'sustainable' material

WATER & CHEMICALS



of brands publish annual water footprint at raw material level



of brands disclose a commitment to eliminate use of hazardous chemicals

ABOUT

THIS INDEX

THE CHANGES WE WANT TO SEE

A SYSTEMIC OVERHAUL OF THE GLOBAL FASHION INDUSTRY

At Fashion Revolution, we campaign for a global fashion industry that conserves and restores the environment and values people over growth and profit.

We are working towards an industry-wide culture of transparency and accountability across the value chain; a global fashion industry where brands take responsibility for their social and environmental impacts and where there is no time wasted trying to 'prove' responsibility for particular supply chains.

The Fashion Transparency Index is one tool in achieving this vision, and feeds into our manifesto point #8:

MANIFESTO POINT #8

FASHION IS TRANSPARENT AND ACCOUNTABLE. FASHION EMBRACES CLARITY AND DOES NOT HIDE BEHIND COMPLEXITY NOR RELY ON TRADE SECRETS TO DERIVE VALUE. ANYONE, ANYWHERE CAN FIND OUT HOW, WHERE, BY WHOM AND UNDER WHAT CONDITIONS THEIR CLOTHING IS MADE.

OUR ROLE WITHIN AND OUTSIDE THE INDUSTRY

Fashion Revolution is uniquely positioned both 'within' and 'outside' the fashion industry. We work to achieve change in three main ways: policy change, cultural change and industry change.

Working 'within' the system means engaging in a system that is deeply unsustainable, extractive and unjust. Engaging with a system we disagree with is not to condone it. In fact, it is the very opposite – an attempt to fundamentally dismantle the structures that uphold injustice and exploitation. This includes opaque supply chains – which allow human rights and environmental abuses to remain hidden whilst obscuring who has the responsibility to ensure effective redress.

We engage within an unjust fashion system because doing so is effective in driving change, even though that change can be frustratingly slow and incremental. We are working for industry-wide transparency and accountability to become deeply embedded across the value chain. This can only be achieved by involving the biggest players in the industry, such as the brands reviewed in this Index, precisely because they have the biggest negative impacts and greatest responsibility to address the problems they perpetuate. To read more about how we select brands and retailers to review in this Index and why we don't review smaller brands, please read our [Q&As here](#).

Fashion Revolution simultaneously works 'outside' of the system, to educate and mobilise citizens as well as advocate for policy changes in government and legislation. Broadly speaking, we see industry change as work 'within' the system, and cultural and policy change as work 'outside' the system.

WORK 'OUTSIDE' THE FASHION SYSTEM



POLICY CHANGE

Advocating and campaigning for policy changes and influencing governments to play a more active role in enforcing laws and regulating the industry

FOR EXAMPLE

- Leading the **Good Clothes Fair Pay campaign** in coalition with allies to demand groundbreaking EU legislation that helps achieve living wages for textile and garment workers around the world
- Advocating for stringent human rights and environmental legislation in the fashion industry – including consulting and campaigning with **Justice is Everybody's Business campaign** (JIEB) on the Corporate Sustainability Due Diligence Directive (CSDDD), joining workshops on the Corporate Sustainability Reporting Directive (CSRD), taking part in coalition on the EU textile strategy

Policy change is a long game and requires strategic lobbying and campaigning over time. It takes many years of tireless, persistent work behind the scenes.

Although our policy work may be less visible than our cultural and industry work, it is a vital part of our remit.



CULTURAL CHANGE

Raising public awareness and educating people about the social and environmental challenges facing the global fashion industry. Bringing people together around the world to take collective action

FOR EXAMPLE

- Creating campaigns like **#WhoMadeMyClothes** **#WhoMadeMyFabric** **#WhatsInMyClothes?** to drive a global conversation about the impacts of our clothes
- Creating tools, like our Email a Brand Tool, for people to use their voice to collectively mobilise for change
- Running free online courses exploring fashion's social and environmental impacts, such as **Fashion's Future and Sustainable Development Goals** available on FutureLearn

Cultural change, by its very nature, is more visible. It is work that engages and mobilises citizens to take collective action. The aim is to remove barriers between consumers and producers and inspire people to consume less, value quality, take better care of their clothes and use their voices to bring about change.

WORK 'INSIDE' THE FASHION SYSTEM



INDUSTRY CHANGE

Conducting research that shines a light on the social and environmental impacts of the global fashion industry and leverages brands' competitive tendencies to drive faster change

FOR EXAMPLE

- Producing the **Fashion Transparency Index** and the **Out of Sight** reports to incentivise transparency and promote accountability across the supply chain
- Highlighting where the industry is moving too slowly and push for faster change
- Influencing brands and retailers to change through citizen pressure
- Showcasing and championing smaller, innovative brands and designers through our **Fashion Open Studio** initiative
- Accelerating small and medium fashion enterprises to transition to circular and sustainable models through the **Small But Perfect** programme

Industry change engages with the current unjust system to transform it. Through the Fashion Transparency Index, we engage directly with some of the largest fashion brands in the world – those who have the biggest responsibility and furthest to go – to demand faster progress. We also champion smaller, more responsible brands.



You can read more about how we work [here](#).

THE ROLE OF TRANSPARENCY IN ACHIEVING CHANGE

Transparency is fundamental to achieving all the changes that Fashion Revolution is working towards – in policy, in culture and in the industry.

The public disclosure of credible, comprehensive and comparable information about fashion's supply chains, business practices and impacts on workers, communities and the environment is crucial to driving systemic change. Transparency enables investors, lawmakers, journalists, NGOs, trade unions, workers and their representatives to hold brands and retailers to account by:

- Scrutinising what companies say they are doing to address human rights and protect the environment
- Holding brands and retailers accountable for their policies and practices, which is especially important when things go wrong, like they did when Rana Plaza collapsed
- Collaborating to cease, mitigate, prevent and remedy environmental and human rights abuses
- Collaborating to share strategies and best practice on these issues

Transparency is a tool for change, not the end goal. Transparency is a baseline, without which we cannot meaningfully move towards accountability and positive impact in the global fashion industry.

Transparency is not a silver bullet that will solve all of the complex and deeply systemic problems in the global fashion industry. However, transparency provides a window into the places and conditions in which our clothes are being made and allows us to address them more quickly and collaboratively. Hear from affected stakeholders and experts on the role of transparency to enable action on pages **69, 84, 92-93, 96, 97, 99-100, 102-103, 113, 121-122, 127, 136-140.**

Transparency is not to be confused with sustainability, but without transparency, achieving a sustainable, accountable and fair fashion industry will be impossible.

We are not alone in calling for transparency. We are one voice of many across civil society, including NGOs and trade unions representing supply chain workers. **Please read this letter published in April 2021 and signed by 33 NGOs**, including Fashion Revolution, calling for full supply chain transparency in the clothing sector.

TRANSPARENCY



SCRUTINY



ACCOUNTABILITY



CHANGE

“The time for full supply chain transparency is now. As civil society organisations, we call upon all clothing brands and retailers to disclose all the facilities in their supply chain. We welcome the steps taken by those companies who are already disclosing part of their supply chain and encourage them to accelerate their progress towards full transparency. We ask regulators to provide for a level playing field, by setting harmonised legislation for such public disclosure and to ensure every clothing brand commits to the same level of transparency.”

THE ROLE & AIMS OF THE FASHION TRANSPARENCY INDEX

We have heard from many people in our community who feel frustrated by the slow speed of change in the fashion industry. Given the climate emergency and persistence of human rights abuses in the industry, many people are crying out for urgent and systemic transformation now. We hear you, and we share your frustrations.

For the time being, while so much of the global fashion industry remains opaque and abuses go unseen, driving transparency is absolutely necessary, and we believe the Fashion Transparency Index has a pivotal role to play. We hope that in the near future, campaigning for transparency will no longer be needed as the industry moves beyond transparency to other crucial actions.

The aim of the Fashion Transparency Index is not transparency in and of itself. The aim is to incentivise disclosure of information to be used by individuals, activists, experts, worker representatives, environmental groups, policymakers, investors and even brands themselves to scrutinise what the big players are doing, hold them to account, showcase good practice and work to make change a reality. Transparency is not the end point, it's the entryway to capacity building.

The Fashion Transparency Index was created to:

- Incentivise major brands and retailers to disclose a greater level of detailed and comparable data and information year-on-year by **leveraging their competitive tendencies**
- Shape our ongoing efforts to **raise public awareness and educate people** about the social and environmental challenges facing the global fashion industry, using this research to inform people's activism and collectively mobilise
- **Analyse trends** and compare the level of transparency on human rights and environmental issues among the world's largest and most influential fashion brands and retailers
- **Create a tool** that helps a wide set of stakeholders to better understand what data and information is being disclosed by the world's largest brands and use the findings to take further action

HOW THE FASHION TRANSPARENCY INDEX DRIVES CHANGE

The Fashion Transparency Index has driven change by incentivising the world's largest brands and retailers to publicly disclose their social and environmental efforts and by normalising transparency within the industry. Brands that have been reviewed year-on-year since 2017 evidenced progressive increases in their scores.

When we first started this research back in 2016, very few brands published a factory list (5 out of 40 brands, 12.5%), and now 129 out of 250 (52%) of the world's largest brands disclose supplier lists at the first-tier of manufacturing. We have made this important industry shift happen by pushing hard for increased transparency in tandem with like-minded allies such as the **Transparency Pledge coalition** and the **Open Supply Hub**, among many others.

We have also forged partnerships with allies to enable the Index methodology and research to be used more widely, putting the findings into tangible action. For example, our partnership with **WikiRate** enables the data we collect about brands to be freely accessible, easily comparable, machine-readable, and crucially, actionable. This is valuable to investors and civil society organisations, including trade unions that represent garment workers, that make use

of transparency data. Explore our case studies on pages **31–32** to understand how transparency data can be used to address environmental abuses and hold brands to account.

Brands that have been reviewed year-on-year since 2017 evidenced progressive increases in their scores

The Index findings have been integrated into the **Business & Human Rights Resource Centre's brand dashboards** and company pension platform **Matter**, both used by investors who are increasingly incorporating FTI data into their ESG scoring of investee companies. Parts of the methodology and research have been integrated into the **Good On You** app used by ethically-minded consumers and **FashionChecker.org** which compares brands' claims about living wages to workers' wage slips.

In addition, a number of the world's largest investment firms managing billions in assets are leveraging the Fashion Transparency Index data as a part of their routine risk management and benchmarking across their portfolios.

HOW A FINANCIAL ACTOR LEVERAGES THE FTI

"As a fund manager, we are interested in identifying companies that are leading their sector in managing environmental and social risks, and those making progress in reducing their negative impacts. The FTI provides a very valuable and detailed insight, comparing the performance of a large number of companies, with great data functionality, and an understanding of the key material risks for the sector. The fashion sector is a repeat offender when it comes to greenwashing, and data like the FTI helps strengthen transparency and accountability for investors and other key stakeholders."

Fund Manager of a major investment firm managing £200bn+ in assets

HOW AN ANALYTICS FIRM LEVERAGES THE FTI

"The Fashion Transparency Index (FTI) is testimony to the power of persistency. It has mainstreamed what was once a peripheral notion, i.e., the disclosure of supplier lists, and in doing so, has changed industry perceptions. Previously regarded as commercially sensitive, this form of transparency is now widely accepted as good practice. The Index has also kept a laser focus on the drivers that sustain modern slavery. It has called attention to what meaningful disclosure actually looks like, e.g. prompt payment terms, collective bargaining coverage and identification of recruitment fees. At the same time it has called out the fluff and information overload of sustainability reporting. Morningstar Sustainalytics is leading a collaborative investor engagement on modern slavery that is focused on the apparel sector (and, in parallel, the construction sector too). The Index highlights the structural factors that the sector needs to grapple with and then disclose on, so that fashion can rightly earn the accolades of ethical, responsible and sustainable. Whilst the road ahead can often feel uphill, we feel confident that initiatives like the FTI will bring this vision of fashion into reality."

Anita Nagarajan
Associate Director
Morningstar Sustainalytics.

CASE STUDY

WATER RISKS AND OPPORTUNITIES IN APPAREL AND TEXTILE CLUSTERS

Transparency plays a pivotal role in the fashion industry, enabling stakeholders to make informed decisions, fostering trust, and promoting ethical practices.

An example of this is the use of **Open Supply Hub (OS Hub)** where production facilities are assigned a unique ID number which helps drive standardisation in how information is communicated and shared between entities – something that is increasingly important as a **swathe of incoming legislation** holds transparency as a priority. This year, our findings show that while 52% of brands publish a list of their first-tier manufacturers, just 25% disclose their supplier lists on the Open Supply Hub. This lack of transparency leaves room for uncertainty and raises questions about the industry's accountability on **social and environmental issues**.

One of the most pressing issues is the **overconsumption of natural resources** like water. Water is an essential resource for all life and must thus be shared, which poses complex challenges due to its scarcity, distribution, and **interconnectivity with various issues like climate change and biodiversity**. The fashion industry has sprung up in areas connected to water, such as along river systems,

wetlands, and deltas which have subsequently emerged into the biggest cities in the world. Taking a full value chain perspective, especially in raw materials and processing stages, is crucial for addressing water challenges. Understanding and addressing water risks collaboratively is crucial for the industry's long-term sustainability and resilience, as water-related impacts can have profound social, economic, and environmental consequences.

In 2022, the **World Wide Fund for Nature (WWF)** published a **report** exploring the apparel and textiles industry's exposure to water risk, emphasising opportunities for cross-cluster learning and collaboration between sectors by sharing where clusters are taking collective action to address water challenges. By utilising spatial analysis, the **WWF Water Risk Filter**, combined with Open Supply Hub data, it was identified that apparel and textile clusters are concentrated in smaller regions, primarily major urban areas with a history of industrialization, rather than spread across countries. Through the organisation of clusters based on their most urgent water risks, environmental protection groups can facilitate opportunities for knowledge exchange around the most effective solutions to address these risks.

For example, through OS Hub, WWF was able to pinpoint which brands were sourcing from the Ho Chi Minh City cluster and identified that Adidas, Anonymous, Columbia, Gap Inc., and Fast Retailing would be in a good position to collaborate to address the risks. In some instances, cross-sectoral collaboration is also seen as a possibility when there are overlaps in industries – in this case, the Apparel and Textiles industry and the Information and Communications Technology (ICT) industry as they not only share common locations, but exhibit similarities in supply chain management and the insights gained from collaborative efforts with shared suppliers as well. Clubbing together efforts means that resources can be shared, in the hopes of addressing issues more quickly and driving impact more widely.

The identification of risks and opportunities here has enabled WWF to visualise a water stewardship strategy which they plan to present in the succeeding report. This work exemplifies how access to accurate and up-to-date information empowers stakeholders to make informed decisions, address potential risks, and uphold ethical practices. Through transparency, the industry can build trust, promote accountability, and work towards a sustainable and fair future for all involved.

SOURCE: PATRICK SCHNEIDER ON UNSPLASH



CASE STUDY

WHY TRANSPARENCY IS NEEDED FOR THE LEATHER INDUSTRY

From the birthing cattle farms to the shelves of brands and retailers, the leather supply chain is long and complex. Some of its biggest challenges are the lack of transparency and the links to deforestation, and this problem is particularly alarming in Brazil.

The cattle industry is the **largest driver of deforestation of the Amazon rainforest** and it is estimated that, in 2021, areas dedicated to pasture accounted for about **90% of deforestation** in the region. The Brazilian leather industry generates approximately **USD \$1.1 billion in revenue** and **80% of its volume** is exported to around **80 countries**. For example, Italy, a country known for its leather goods, is the **second largest importer** of partly processed skins from cattle ranches in Brazil. Evidence also suggests that most deforestation in Brazil is conducted **illegally**.

To investigate supply chain connections between companies in various countries to deforestation in the Amazon rainforest, the **Stand. earth Research Group** analysed and cross-referenced nearly 500,000 rows of customs data obtained from multiple source providers. So far, the research uncovered

400 individual connections between companies (leather tanneries in Brazil, leather processors in various countries, product manufacturers, and shoe/fashion brands around the world) to Amazon deforestation and these linkages connect to over 100 brands. Each individual connection is not absolute proof that those brands use deforestation leather but it demonstrates that many are at very high risk of contributing to the destruction of the rainforest.

The lack of transparency and traceability is what makes it difficult to ascertain whether the leather in a particular handbag, shoe or clothing actually came from the Amazon. A study made by the **Amazon Environmental Research Institute (IPAM)** with the support of the European Union shows that transparency is one of the main challenges around the traceability of the leather supply chain. Public databases, for instance, lack transparency, standardisation and integration of documents to efficiently help traceability arrangements. Also, the engagement of the productive sector in transparency forums and initiatives is still limited and there is a weak integration of information between all facilities in the leather production chain.

Transparency and traceability are fundamental for curbing deforestation: without it, no company can guarantee that its supply chain is deforestation-free. The ability to map and publicly disclose full lists of raw material suppliers is critical for conducting environmental and human rights due diligence. Transparency measures require collective actions and it serves as a tool to hold major brands and retailers accountable to reduce their environmental, social, and quality risks as well as enhance communication with society at large. If supply chains are transparent, there's nowhere for deforestation to hide.

SOURCE: PAT WHELEN ON UNSPLASH



*METHODOLOGY
& SCOPE OF
THE RESEARCH*

BRAND PARTICIPATION

HOW BRANDS AND RETAILERS ARE SELECTED

The Fashion Transparency Index reviews and ranks 250 of the world's largest and most influential fashion brands and retailers. Brands have been selected on the following basis:

- Annual turnover of more than USD \$400 million*
- To represent a spread of market segments including high street, luxury, sportswear, accessories, footwear and denim
- To represent a global geographic spread from across Europe, North America, South America, Asia and Africa.

*NOTE: When companies are privately held, turnover estimations are made based on publicly available information related to the brand

As the biggest and most powerful retailers in the apparel industry, the brands reviewed in this Index have the most significant negative human rights and environmental impacts and an outsized responsibility to make transformative change. These brands are large and profitable. With some of the world's wealthiest owners and CEOs at their helm, these brands have both the resources and moral imperative to take meaningful action, not just on transparency, but on their impacts too. This includes improving the human rights and environmental impacts at the very heart of their business models. More information about why we target large multinational brands can be found in our Q&As, see [this link](#).

We have chosen to list brand names in this report rather than parent company or controlling group names because the public will be most familiar with the brands. However, please note that for some of the brands that are part of a bigger group, such as H&M Group, Inditex, PVH and others, their scores reflect all brands in the controlling group regardless of whether they appear in this Index (unless disclosure varies at different brands within the same group, in which case the scores are disaggregated by brand).

This year 61% of the brands and retailers reviewed participated by returning a completed questionnaire, down from 62% last year. Notably, four brands reviewed in the Index last year and who participated (Reebok, Billabong, Roxy and Quiksilver) were all bought by Authentic Brands Group who are now the parent company of 9 brands included in the Index (4% of the total brands we review). We have witnessed a pattern of decreasing transparency, with some brands' transparency scores dropping by as much as 55 percentage points due to them being acquired by opaque management companies like Authentic Brands Group and the lack of an established link between the brand and parent company websites. This begs the question, who ultimately controls and owns fashion? Why is so much of the fashion industry controlled by so few companies?

We include brands in the Index regardless of whether they participate or not. We treat every brand the same regardless of whether they choose to participate or not. However, by engaging with our methodology, brands that participate typically receive higher scores because they can flag relevant disclosure that our researchers may have missed or they disclose additional information in the review period in order to improve their scores.

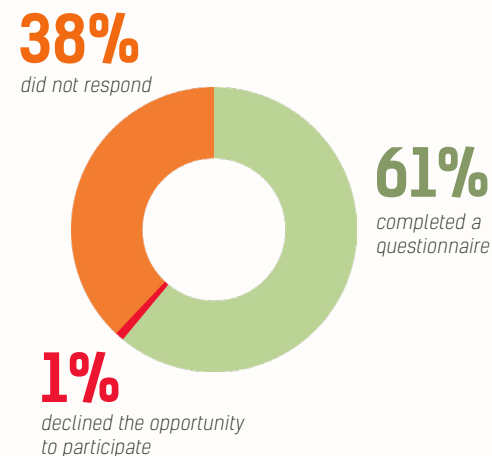
WHAT DOES BRAND PARTICIPATION MEAN?

Fashion Revolution contacts all 250 brands each year at the beginning of the Fashion Transparency Index research cycle, typically in November. At this stage, we inform them of the updates in the methodology and invite them to participate, asking them to reply with their interest or to decline.

Participation means brands will review their pre-populated questionnaires to fill in any gaps that the Fashion Revolution research team may have missed in the initial review, as brands know their policies better than we do. Fashion Transparency Index researchers leave comments in the questionnaire template, asking brands questions like updated disclosures or clarity on what is meant by a particular disclosure. This querying acts as a capacity-building exercise for the brands.

When brands provide feedback and/or publish further information in line with the questionnaire, Fashion Transparency Index researchers then feed back to them on why a disclosure is or is not acceptable in line with our methodology. This is the value-add of participation. Generally speaking, brands who participate receive higher scores year-on-year because the Fashion Transparency Index research team is able to push them to disclose more information in line with industry best practice. This year, 12 brands participated in the Index for the first time, but overall participation dropped from 62% to 61%. The participation rate of the Index increases year-on-year despite the number of other Indices and reports brands participate in on an annual basis, suggesting the Fashion Transparency Index remains a prioritised annual report that is marked in their calendars.

HOW MANY BRANDS PARTICIPATED THIS YEAR?



A-Z OF BRANDS

Abercrombie & Fitch (Abercrombie & Fitch) ●	Chloé (Richemont) ●	Heilan Home	Metersbonwe	SHEIN ●
Adidas (Adidas AG) ●	Clarks	Helly Hansen (Canadian Tire Corporation) ●	Mexx	Shimamura (Shimamura Co., Ltd.)
Aeropostale (Authentic Brands Group LLC)	COACH (Tapestry, Inc.) ●	HEMA ●	Michael Kors (Capri Holdings) ●	Skechers
AJO (Reliance Retail)	Columbia Sportswear ●	Hermès	Miu Miu (Prada Group) ●	Speedo (Pentland Group) ●
ALDI Nord (ALDI Einkauf GmbH & Co. oHG) ●	Converse (Nike, Inc.) ●	Hollister Co. (Abercrombie & Fitch) ●	Mizuno ●	Splash (Landmark Group)
ALDI SOUTH (ALDI Einkauf GmbH & Co. oHG) ●	Cortefiel (Tendam) ●	Hudson's Bay (Hudson's Bay Company)	Moncler	Sports Direct (Frasers Group)
ALDO (The Aldo Group Inc.) ●	Costco	Hugo Boss ●	Monoprix (Groupe Casino)	Steve Madden
Amazon (Amazon.com, Inc.) ●	Cotton On (Cotton On Group)	Intimissimi (Calzedonia Group) ●	Morrisons (Nutmeg) ●	Stradivarius (Inditex) ●
American Eagle ●	Decathlon (Association Familiale Mulliez) ●	Ito-Yokado (Seven & i Holdings Co)	MRP	Superdry ●
ANTA	Deichmann	Jack & Jones (BESTSELLER) ●	Muji (Ryohin Keikaku Co.) ●	Takko
Anthropologie (URBN) ●	Desigual ●	Jack Wolfskin (Calloway Golf Company) ●	New Balance ●	Target ●
Aritzia ●	Dick's Sporting Goods	JD Sports	New Look ●	Target Australia (Westfarmers) ●
Armani (Giorgio Armani S.p.A) ●	Diesel (OTB Group) ●	Jil Sander (Onward Holdings) ●	New Yorker	Tchibo ●
Asda (George.) (TDR Capital) ●	Dillard's	Jockey	Next ●	Ted Baker ●
ASICS ●	Dior (LVMH) ●	Joe Fresh (Loblaw Companies Limited) ●	Nike (Nike, Inc.)	Tesco (F&F Clothing) ●
ASOS ●	Disney (The Walt Disney Company)	John Lewis ●	Nine West (Authentic Brands Group LLC)	Tezenis (Calzedonia Group) ●
Balenciaga (Kering) ●	DKNY (G-III Apparel Group)	Jordan (Nike, Inc.) ●	Nordstrom ●	The Children's Place
Bally (JAB Holding Company) ●	Dolce & Gabbana	K-Way	Old Navy (Gap Inc.) ●	The North Face (VF Corporation) ●
Banana Republic (Gap Inc.) ●	Dr. Martens (Permira) ●	Kate Spade (Tapestry, Inc.) ●	Otto (Otto Group)	The Warehouse
BCBGMAXAZRIA (Marquee Brands)	Dressmann (VARNER) ●	Kathmandu ●	OVS ●	Timberland (VF Corporation) ●
Beanpole (Samsung C&T)	DSW (Designer Brands)	Kaufland	Paris (Cencosud) ●	TJ Maxx (TJX)
Belle	Eddie Bauer (Authentic Brands Group LLC)	Kiabi	Patagonia ●	Tod's
Bershka (Inditex) ●	El Corte Inglés ●	KiK ●	Pepe Jeans	Tom Ford
Big Bazaar – ffb (Future Group)	Ermenegildo Zegna ●	Kmart (Sear Holdings)	Pimkie	Tom Tailor ●
Big W (Woolworths Group) ●	Esprit ●	Kmart Australia (Westfarmers) ●	Prada (Prada Group) ●	Tommy Bahama (Oxford Industries, Inc.)
Billabong (Boardriders)	Express	Kohl's	PrettyLittleThing (boohoo group plc) ●	Tommy Hilfiger (PVH) ●
Bloomingdale's (Macy's Inc.)	Fabletics ●	KOOVS	Primark (Associated British Foods plc) ●	TOPVALU COLLECTION (AEON)
Bonprix (Otto Group) ●	Falabella	La Redoute (Galeries Lafayette Group) ●	Prisma (S Group)	Tory Burch
boohoo (boohoo group plc) ●	Famous Footwear (Caleres)	Lacoste (Maus Frères) ●	Pull&Bear (Inditex) ●	Triumph ●
Bosideng	Fanatics (Kynetic) ●	Lands' End ●	Puma ●	Truworths
Bottega Veneta (Kering) ●	Fashion Nova	LC Waikiki	Quiksilver (Boardriders)	UGG (Deckers Brands) ●
Brooks Sports (Berkshire Hathaway) ●	Fendi (LVMH) ●	Levi Strauss & Co ●	Ralph Lauren ●	Under Armour
Brunello Cucinelli	Fila ●	Li-Ning	Reebok (Authentic Brands Group LLC)	Uniqlo (Fast Retailing) ●
Buckle	Fjällräven (Fenix Outdoor) ●	Lidl ●	REI ●	United Arrows ●
Burberry ●	Foot Locker	Linex (Stockmann Group) ●	Reliance Trends (Reliance Retail)	United Colors of Benetton ●
Burlington ●	Foschini (TFG) ●	LL Bean	Reserved (LPP) ●	Urban Outfitters (URBN) ●
C&A ●	Fossil (Fossil Group, Inc.) ●	Longchamp	REVOLVE	Valentino ●
Calvin Klein (PVH) ●	Free People (URBN) ●	Louis Vuitton (LVMH) ●	River Island ●	Van Heusen (Authentic Brands Group LLC)
Calzedonia (Calzedonia Group) ●	Fruit of the Loom (Fruit of the Loom)	Lululemon ●	Romwe (Shenzhen Globalegrow E-Commerce Co, Ltd.)	Vans (VF Corporation) ●
Canada Goose ●	Furla	Macy's (Macy's Inc.)	Ross Dress for Less	Vero Moda (BESTSELLER) ●
Carhartt	G-Star RAW ●	Mammut (Telemos Capital Limited) ●	Roxy (Boardriders)	Versace (Capri Holdings) ●
Carolina Herrera (Puig) ●	Gap (Gap Inc.) ●	Mango ●	Russell Athletic (Fruit of the Loom)	Very (The Very Group) ●
CAROLL (Vivarte)	Gerry Weber	Marc Jacobs (LVMH) ●	s.Oliver ●	Victoria's Secret (L Brands)
Carrefour	Gildan ●	Marks & Spencer ●	SAINT LAURENT (Kering) ●	Walmart (Walmart Inc.)
Carter's (Carter's Inc) ●	GU (Fast Retailing) ●	Marni (OTB Group) ●	Saks Fifth Avenue (Hudson's Bay Company)	Woolworths South Africa (Woolworths Holdings Limited) ●
CELINE (LVMH) ●	Gucci (Kering) ●	Massimo Dutti (Inditex) ●	Salvatore Ferragamo ●	Wrangler (Kontoor) ●
celio	GUESS ●	Matalan ●	Sandro (SMCP) ●	Youngor
Champion (HanesBrands Inc.) ●	Gymshark ●	Max (Landmark Group)	Savage X Fenty ●	Zalando ●
Chanel	H&M (H&M Group) ●	Max Mara	Semir (Semir Group)	Zara (Inditex) ●
Chico's	Hanes (HanesBrands Inc.) ●	Merrell (Wolverine World Wide, Inc.)		Zeeman ●

● participated in brand questionnaire

THE SCOPE OF OUR RESEARCH

We have deliberately chosen to focus on transparency by means of public disclosure. If information and data disclosed by brands is publicly available, detailed and specific enough, it can be used by multiple stakeholders – including worker representatives, environmental groups, investors, consumers and brands themselves – to drive positive change on human rights and environmental issues. This is what we are looking for and what the Index incentivises major brands to do.

Limited and inward-facing disclosure limits the scope for transformative impact. Public disclosure drives public accountability. For this reason, the Index purposely excludes everything that brands and retailers claim to be doing internally and behind the scenes across their companies and supply chains. This is also why we are looking for public disclosure not only on brands' policies, procedures and governance, which are less risky to share, but also meaningful disclosure of results, progress, outcomes and impacts across the business and its value chain.

WHAT IT DOES MEASURE

- The Fashion Transparency Index measures what brands know and publicly share about their human rights and environmental impacts across their value chains.
- Credit is only awarded to publicly disclosed information/data on major brands' policies, procedures, performance and progress on human rights and environmental issues across the value chain.
- We award points only for information/data that has been publicly disclosed on the brand or parent company's own website (or directly linked to it, see right).

INFORMATION/DATA MUST BE PUBLICLY AVAILABLE FROM ONE THE FOLLOWING PLACES:

- On the brand or parent company's website;
- Sustainability/CR microsites, provided there is a direct web link to it from the main brand or parent company website;
- In annual reports or annual sustainability reports (only counted if dated January 2021 or later) published on the brand or parent company website;
- In any other documents which are publicly available and can be downloaded freely from the brands' or parent company's websites
- Via external, third-party websites but only when there is a direct web link from the brand or parent company's website to the third-party website (e.g. Bangladesh Accord, Better Work, CDP, FLA, ETI, BSCI/Amfori websites) where specific disclosures can be found.

WHAT IT DOES NOT MEASURE

- The Fashion Transparency Index does not measure impacts; it measures public disclosure.
- Verification of claims made by brands and retailers is beyond the scope of this research, but we encourage stakeholders to use our research to hold brands to account on their claims.
- The Fashion Transparency Index does not measure ethics or sustainability. We do not endorse any brand in the Index or suggest that consumers shop at specific brands based on their ranking. This is not a shopping guide.

WE DO NOT COUNT THE FOLLOWING INFORMATION SOURCES:

- Clothing labels and hang tags on products
- In-store or at other physical locations
- Smartphone apps
- Social media channels
- A third-party website or document where there is no weblink from the brand's own website, including press articles
- Downloadable documents where the weblink cannot be found on the brand's website

THE RESEARCH PROCESS

TIMELINE

2022

AUGUST

SEPTEMBER

OCTOBER

NOVEMBER

AUGUST – NOVEMBER

Methodology updates

Industry research and stakeholder consultation informs how we select new Spotlight Issues, devise new indicators and adjust any others. The brand questionnaire is prepared. During this time, we also research and select the additional four brands and retailers to be reviewed, replacing the brands whose annual revenues fell below our threshold or went bankrupt in 2021/22.

2023

DECEMBER

JANUARY

DECEMBER – JANUARY

Research the selected brands and retailers

Our research team reviews each brand and pre-populates their questionnaire with evidence of relevant public disclosure, awarding them preliminary points. At this time, brands are notified of their inclusion in this year's Index and invited to participate.

FEBRUARY

MARCH

APRIL

MAY

JUNE

EARLY FEBRUARY

Data quality assurance check

Each indicator is peer-reviewed by at least two different lead researchers for accuracy and consistency across all 250 brand questionnaires.

LATE FEBRUARY

Brands receive questionnaires to complete

Brands are given approximately one month to fill in the gaps on their brand questionnaires, alerting us to information our researchers may not have found.

LATE MARCH

Brands return completed questionnaires

Participating brands return their completed questionnaires. Our research team reviews responses and awards additional points where sufficient disclosure has been made.

LATE MARCH – APRIL

Questionnaire responses reviewed and quality assurance check

The research team conducts several rounds of peer review quality assurance checks before finalising each questionnaire and the scoring.

EARLY MAY – LATE JUNE

Data is compiled, analysis completed, and report prepared

Data is compiled, analysis completed, and report prepared: Data from each brand questionnaire is collated into one large complete dataset, which is used to analyse final results, determine year-on-year trends and progress, as well as pull-out interesting findings. Brands are notified of their final scores and progress shortly before publication.

ABOUT THE METHODOLOGY

The Fashion Transparency Index reviews and benchmarks brands' public disclosure on human rights and environmental issues across 5 key areas:

1. Policies & Commitments
2. Governance
3. Supply Chain Traceability
4. Know, Show & Fix
5. Spotlight Issues, which this year are:
 - Decent work, covering: forced labour, living wages, purchasing practices, unionisation, and collective bargaining
 - Gender & racial equality
 - Sustainable sourcing & materials
 - Overconsumption, business models, waste & circularity
 - Water & chemicals
 - Climate change, fossil fuels & biodiversity

We have strived to align the methodology, so far as possible, with existing international standards and frameworks such as GRI, Open Data Standard, UN Guiding Principles, SDGs, OECD Due Diligence Guidelines and the relevant ILO conventions, as well as other benchmarks and initiatives including ACT, CHRB, Know The Chain, Transparency Pledge and several others. We also collaborate to share research with other benchmarks through our partnership with the open research platform **Wikirate**.

This year, we added an additional 14 indicators compared to last year. We have also updated the wording in some indicators for clarity and to align with best practice. If you download our questionnaire template, those changes are in red text. Where an indicator is entirely in red text, that signals an entirely new indicator. The weighting of the scores is designed to incentivise detailed, granular public disclosure. The intention is to put the greatest emphasis on results, outcomes, impacts and the most actionable data that can be used by external stakeholders to hold brands to account.

METHODOLOGY ADVISORY COMMITTEE

The methodology was designed in 2017 through a four-month consultative process with a variety of industry experts and stakeholders from academia, the trade union movement, civil society organisations, socially responsible investment, business consulting and journalism. This year we have made significant updates to the methodology in consultation with our pro-bono advisory committee, which included more than 20 experts and organisations such as those listed here.

Dr Mark Anner

*Associate Professor & Director
Center for Global Workers' Rights
at Penn State University*

Neil Brown

*Head of Equities
GIB Asset Management*

Gary Cook

*Global Climate Campaigns Director
Stand.earth*

Subindu Garkhel

*Cotton and Textiles Lead
The Fairtrade Foundation*

Fiona Gooch

*Senior Private Sector Policy Advisor
Traidcraft Exchange*

Christina Hajagos-Clausen

*Textile and Garment
Industry Director
IndustriALL Global Union*

Kristian Hardiman

*Head of Ratings
Good On You*

David Hachfeld

*Clean Clothes Campaign
Specialist
Public Eye*

Aruna Kashyap

*Associate Director (Corporate
Accountability) Economic
Justice and Rights Division
Human Rights Watch*

Kate Larsen

*Business & Human Rights
Consultant*

Hester Le Roux

*Senior Economic Advisor,
Policy & Advocacy
CARE International*

Emily MacIntosh

*Policy Officer for Textiles
European Environmental Bureau*

Maya Rommwatt

*Fashion Climate Campaigner
Stand.earth*

Francois Souchet

*Make Fashion Circular Lead
Ellen MacArthur Foundation*

Joe Sutcliffe

*Senior Advisor, Dignified Work
CARE International*

Urksa Trunk

*Campaign advisor
Changing Markets*

Nusa Urbanic

*Campaigns Director
Changing Markets*

George Harding-Rolls

*Campaign Manager
Changing Markets*

Ben Vanpeperstraete

Supply Chain Consultant

Frank Michel

*Executive Director
ZDHC*

Klaas Nuttbohm

*Implementation Director
ZDHC*

Olivia Windham Stewart

*Business and Human Rights
Specialist*

Katie Shaw

*Chief Programme Officer
Open Apparel Registry*

Pauline Op De Beeck

*Head of Sales, Europe –
Apparel Sector Lead*

Laura Balmond

*Lead
Make Fashion Circular,
Ellen MacArthur Foundation*

Anna Bryher

*Director of Advocacy
Labour Behind the Label*

Chloe Rollscane

*Researcher
Canopy Global*

Holly Syrett

Global Fashion Agenda

Alessandra Mezzadri

*Senior Lecturer in Development
Studies
Department of Development
Studies
SOAS*

Rohan Preece

*Business and Human Rights
Manager
Traidcraft India*

Kratika Choubey

*Associate Manager of Business
and Human Rights
Traidcraft India*

Hidden Homeworkers Project**Louise Nicholls**

*Managing Director
Susco Limited*

Kaarina Kolle

*Programme Manager Clean
Energy Demand
Manager
European Climate
Foundation*

Joseph Zacune

Consultant

LIMITATIONS OF THE RESEARCH

- **Data is as current as of 11th April 2023.**
Brands may have disclosed or retracted information or links to evidence may have moved or stopped working after this date.
- Changes to the methodology in 2023 may affect year-on-year comparability of the results. Please make annual comparisons with that in mind.
- Desk-based research relies upon people and that means human errors are possible.
- Verification of brands' claims is beyond the scope of this research, only on-the-ground rights holders and experts can hold brands to account when their practices and impacts do not stand up to their claims.

We are confident that the methodology is comprehensive and robust when it comes to the public disclosure of actionable information by major brands. Our research team has tried our best to be as thorough, meticulous, objective and consistent as possible across all 250 brands. However, we acknowledge that it can always be improved and welcome your concerns or feedback. You can email us at transparency@fashionrevolution.org

HOW WE CALCULATE THE FINDINGS

All scores have been calculated to two decimal places (in the complete data set) and then rounded to the nearest whole percentage point for this report.

To calculate the total score for each brand, we add the score awarded to the brand for the 5 different sections. Each section has a different weight as some sections are worth more points than others:

- Section 1 is worth 33/250
- Section 2 is worth 11/250
- Section 3 is worth 74/250
- Section 4 is worth 42/250
- Section 5 is worth 90/250

All averages in this report represent the mean.

The overall average score across all 250 brands is calculated by taking the average of all brands' individual final scores. Year-on-year differences in scores are described as the change in percentage points rather than the rate of percentage change. This is true unless explicitly stated otherwise. For instance, if a brand scored 30% in one year and 45% in the next, we are usually reporting that the brand increased by 15 percentage points (45-30=15) rather than saying the brand increased by a 50% rate of change (45/30=1.5).

Where a score may have been rounded to the nearest percentage point in previous editions, we are calculating the year-on-year difference according to the rounded figures rather than to the exact decimal points. For example, where the average score in a particular section is 17.74% we have rounded this up to 18%. If in a previous year's report the average score in that section was 12.41% we rounded it down to 12% in the report. Therefore, the year-on-year difference is technically 5.33 percentage points, but if we go by the nearest rounded figures it is 6 percentage points.

BRAND QUESTIONNAIRE TEMPLATE

258 individual indicators
250 brands
64,500 data points.

Visit [this link](#) to download the 2023 Brand Questionnaire Template, full dataset and progress report.

WEIGHTING OF THE SCORES

36%

Spotlight Issues

In 2021, we increased the weighting of Spotlight Issues significantly compared to previous editions (up from 19.6% in 2020). This is part of our efforts to push harder for disclosure on the most urgent and difficult problems facing the industry. For 2023, we increased the weighting of this section again to put greater emphasis on environmental issues. In this section, we look at what brands disclose on a number of issues, including: forced labour, living wages, purchasing practices, unionisation, racial and gender equality, overproduction, waste and circularity, sustainable materials, water and chemicals, climate and deforestation.

16.8%

Know, Show & Fix

In Know, Show & Fix we review what brands disclose about their human rights and environmental due diligence processes, how they assess suppliers against their policies, what are the results of these audits and assessments, what brands do when problems are found, how workers can file complaints and how these are addressed. We separate human rights and environmental due diligence into different subsections in order to illuminate potential gaps in environmental due diligence disclosure. Based on previous Indices, disclosure often focused on human rights due diligence.

13.2%

Policies & Commitments

This section explores brands' social and environmental policies for both their own employees and workers in the supply chain, how these policies are implemented, if it has relevant goals and targets it has in place and if brands are reporting annual progress against these targets. In 2021, available points in this section were halved to place more emphasis on outcomes and impacts. This year, whilst no indicators changed, we developed more stringent guidance on what disclosure is acceptable which may be the reason why some brands score lower in comparison to last year. For example, for equal pay we only accept when disclosure specifically refers to remuneration over general statements on equal opportunities. Further, within Section 1.2 we have not accepted points where brands' policies "encourage" or "suggest" that a supplier does something, it must be a requirement. Language, when ambiguous, can be used as a way to deflect responsibility and our aim was to more closely scrutinise language used.

4.4%

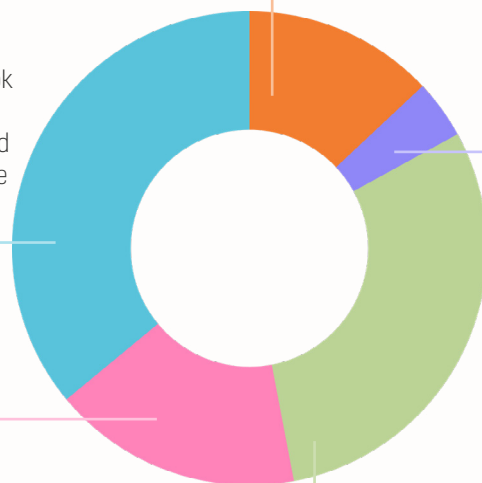
Governance

Here, we look at who on the executive board has responsibility for social and environmental performance, how this is implemented, how social and environmental improvements are linked to employee, CEO and supplier performance, whether the relevant department can be easily contacted by the public and whether there is worker representation on the board. This year, we also looked to see if the brands are publishing a responsible tax strategy and whether there is worker representation on the executive board. In addition, we strengthened our guidance on sustainability incentives for suppliers by providing concrete examples such as a commitment to increased orders from brands or fewer audits.

29.6%

Traceability

In this section we expect brands to publish supplier lists at three levels: manufacturing, processing facilities and mills, and raw materials. We also look for extra details such as supplier address, number of workers, gender breakdown, number of migrant workers, union representation and when the list was last updated. as well as whether the brands' lists are publicly available and in alignment with the Open Data Standard for the Apparel Sector in order to make information easy to use for trade unions and NGOs. We also checked whether or not brands are active contributors to the Open Supply Hub to enable collaboration and efficient access of data for impacted stakeholders. For the first time this year, we included indicators on energy and water consumption at Tier 1 and processing level worth zero points to understand the state of play better.



A GUIDE TO THE FINAL SCORING

There are 250 total possible points. Final scores have been converted into percentages and rounded to the nearest whole number. Please focus on the range in which brands score rather than their individual scores as this gives you a truer reflection of the level of transparency across these large global brands.

Brands scoring between **0–5%** are disclosing nothing at all or a very limited number of policies, which tend to be related to the brand's hiring practices or local community engagement activities. Where there are very low levels of disclosure, the information that is published is often required by law (for example, a modern slavery statement or gender pay gap report). Legislation which mandates transparency can be an effective tool for moving brands that would otherwise not disclose information voluntarily.

0 – 5%

Brands scoring between **6–10%** are likely to be publishing some policies for both their employees and suppliers. Those closer to 10% are more likely to be publishing a basic supplier code of conduct, some information about their procedures and limited information about their supplier assessment process.

6 – 10%

Brands scoring between **11–20%** are likely to be publishing many policies for both employees and suppliers, some procedures and some information about their supplier assessment and remediation processes. These brands will most likely not be publishing supplier lists and won't be sharing much information, if anything, about our Spotlight Issues: Decent work & purchasing practices; gender & racial equality; sustainable sourcing & materials; overconsumption, waste & circularity; water & chemicals and climate change & biodiversity.

11 – 20%

Brands scoring between **21–30%** are likely to be publishing much more detailed information about their policies, procedures, governance, social and environmental goals and supplier assessment and remediation processes. These brands may be publishing a basic list of manufacturers only containing the factory name and address. These brands are unlikely to be sharing information about the outcomes of their supplier assessments or grievance channels. These brands will not be disclosing information on all Spotlight Issues but may touch upon a few.

21 – 30%

Brands scoring between **31–40%** are typically disclosing their first-tier manufacturers as well as detailed information about their policies, procedures, social and environmental goals, governance, supplier assessment and remediation processes. These brands are also more likely to be disclosing partial information on a few of the Spotlight Issues such as carbon emissions, gender equality, sustainable sourcing and materials and energy use.

31 – 40%

Brands scoring **41–50%** are likely to be publishing more detailed supplier lists, many will be publishing processing facilities as well as manufacturers, in addition to detailed information about their policies, procedures, social and environmental goals, governance, supplier assessments, remediation processes and some supplier assessment findings. These brands are also more likely to be addressing some Spotlight Issues, such as carbon emissions; gender equality; sustainable sourcing and materials; energy use, waste and circularity; decarbonisation; water and chemicals.

41 – 50%

HOW TO UNDERSTAND THE DATA

Throughout the report, the data is compared across years and in relation to other indicators. As an example, in 2023, 37% of brands reviewed disclose that they offer a permanent, year-round take-back scheme whereas less, just 28% of brands, disclose what happens to clothes received through the take-back scheme. What this means is that less brands tell us what happens to clothes collected through the take-back scheme than those who disclose that they have a take-back scheme. It does not mean that of the 37% of brands who have a take-back scheme, 28% of them disclose what happens to the collected clothes. All percentages shared in relation to the findings, unless otherwise specified, are meant to be perceived out of 250 brands reviewed.

Score range

51 – 60%

61 – 70%

71 – 80%

81 – 90%

91 – 100%

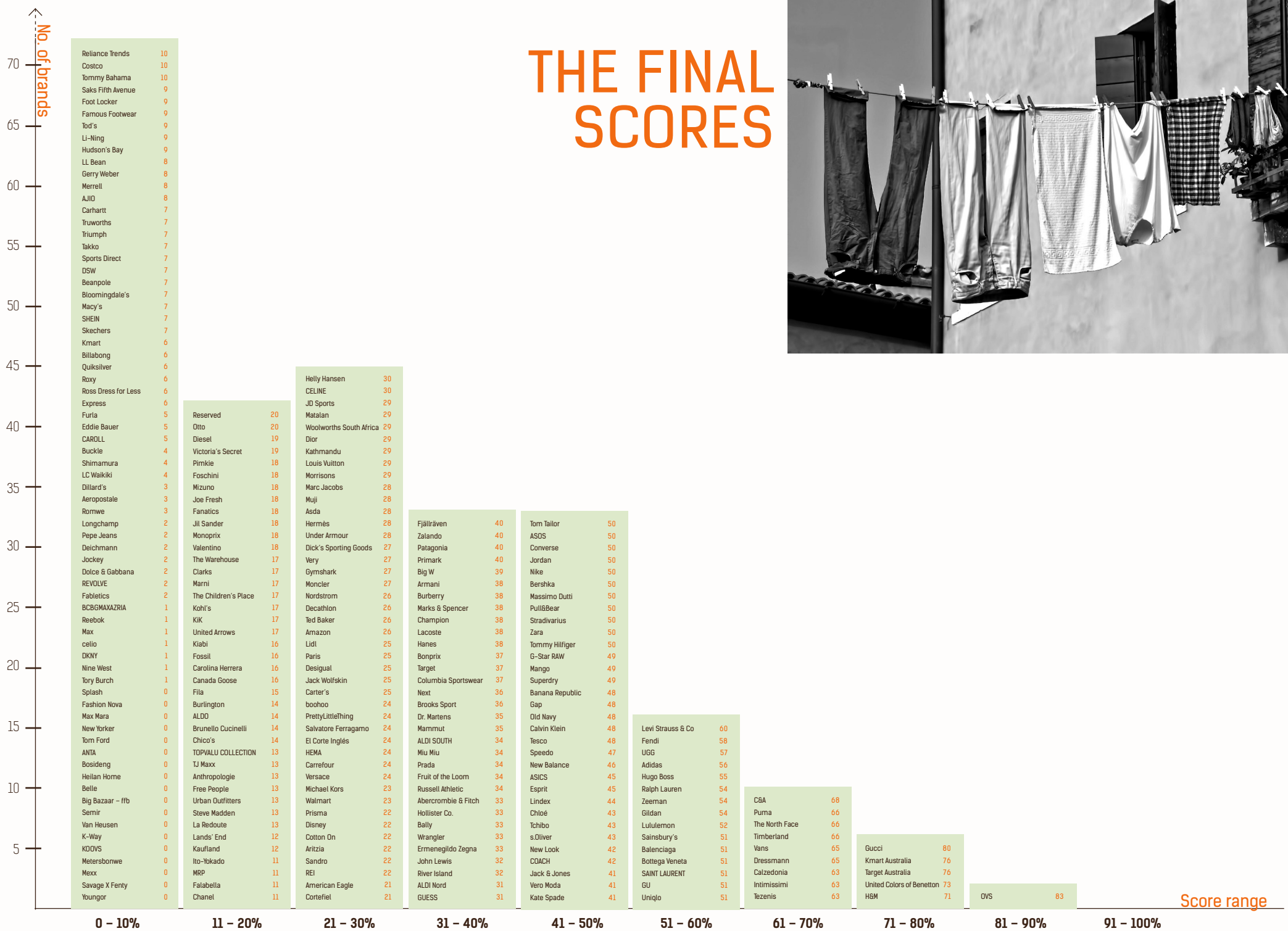
Brands scoring **51–60%** are disclosing all of the information already described in the other ranges and will likely be publishing detailed supplier lists. These brands will be disclosing most human rights and environmental policies, procedures, social and environmental goals and information about their governance and due diligence processes. They will likely be publishing some detailed information about the findings of their supplier assessments. These brands will be addressing many of the Spotlight Issues such as carbon emissions; gender equality; sustainable sourcing and materials; energy use, waste and circularity; decarbonisation; water and chemicals; living wages; waste and circularity.

Brands scoring **61–70%** are disclosing all of the information already described in the other ranges and will be publishing detailed supplier lists, which include manufacturers, processing facilities and some suppliers of raw materials such as cotton, wool or viscose. These brands will also be addressing most of the Spotlight Issues explained in previous ranges as well as racial equality; forced labour; overconsumption; deforestation and regeneration; purchasing practices; unionisation and collective bargaining.

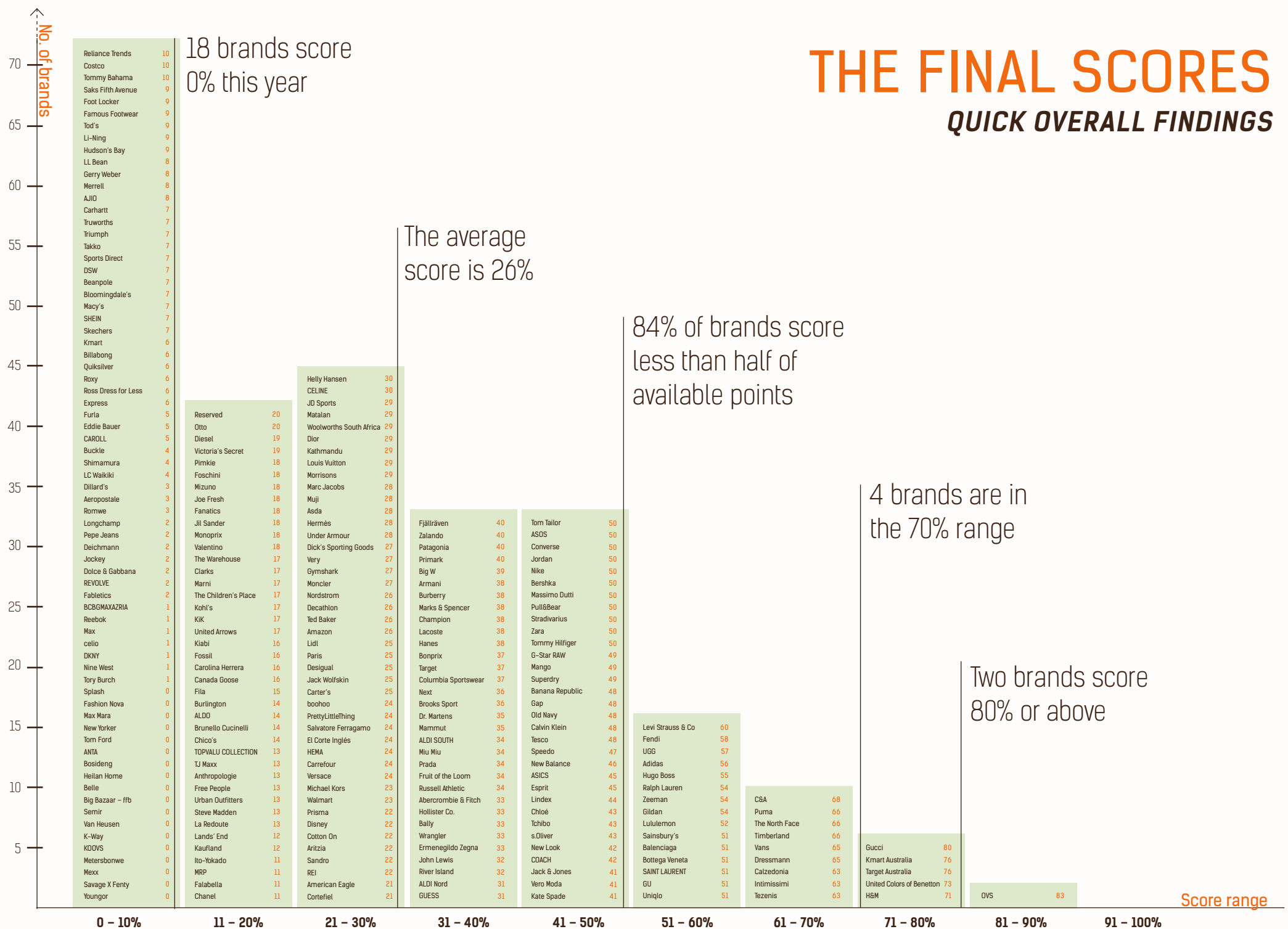
Brands scoring **71–80%** are disclosing all of the information already described in the other ranges and will be publishing detailed supplier lists for manufacturers, processing facilities and suppliers of raw materials such as cotton, wool or viscose. These brands will be publishing detailed information about their due diligence processes and outcomes, supplier assessments and remediation findings. These brands will be sharing comparatively more comprehensive and detailed information and data than other brands in the Index on the Spotlight Issues but still missing significant disclosures on outcomes and impacts.

Brands scoring **81–100%** disclose all of the information already described as well as publishing detailed information about supplier assessment and remediation findings for specific facilities. They share detailed supplier lists for at least 95% of all suppliers at manufacturing and processing level facilities, and extensive raw material supplier lists. These brands are transparent about their social and environmental impacts and disclose comprehensive data on their use of sustainable materials. They provide the gender breakdown of job roles within their own operations and in the supply chain. Detailed information is disclosed about the company's purchasing practices, the company's approach and progress towards living wages for workers in their supply chain. Brands scoring over 80% disclose their carbon emissions, use of renewable energy and water footprint from their own operations and across their supply chains. For more information on what a score of 100% means, see question 11 in our Q&As [here](#).

*FULL RESULTS
& DETAILED
ANALYSIS*



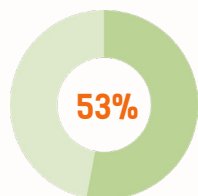
* Brands ranked in numerical order by score out of 250, but shown as rounded-up percentage.



* Brands ranked in numerical order by score out of 250, but shown as rounded-up percentage.

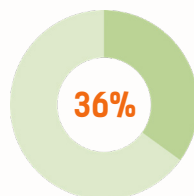
AVERAGE SCORE IN EACH SECTION

POLICIES & COMMITMENTS



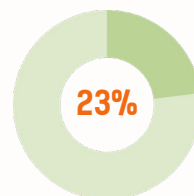
Major brands are once again most transparent about their policies & commitments. Balenciaga, Bottega Veneta, Gucci and Saint Laurent scored the highest in this section at 98%. 19/250 brands score in the 90% range, 38/250 in the 80% range and 25/250 in the 70% range. This means they are publishing all or most of the social and environmental policies reviewed in their own operations and suppliers, as well as generally disclosing how policies are put into action and goals or targets on human rights and environmental impacts for the future. 30/250 brands score in the 0-10% range, meaning they are disclosing very few relevant policies. On a methodological note, in 2021, we halved the available points in this section to shift the overall weighting towards results, outcomes and impacts and yet this continues to be the section in which brands score highest on average.

GOVERNANCE



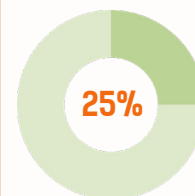
Balenciaga, Bottega Veneta, H&M, Puma, Hugo Boss and Adidas score highest in this section at 100%. The majority of brands disclose contact details for their sustainability departments and publish information about board accountability for human rights and environmental issues. Very few brands disclose that employees are represented on the board of directors or publish details about their financial investments into sustainability efforts. Notably, 41/250 brands score 0%, meaning they are disclosing no information about their governance.

TRACEABILITY



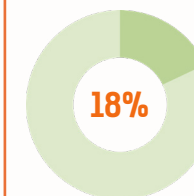
More brands than ever (52%) are disclosing their first-tier manufacturers. Six brands score above 90% in this section, with Gucci scoring highest this year (96%) followed by Calzedonia Group (Calzedonia, Intimissimi, Tezenis), OVS and United Colors of Benetton (93%). These brands publish detailed first-tier factory lists as well as some of their processing facilities and raw materials suppliers further down the chain. Notably, almost half of major brands (113/250) score in the 0-1% range which means they're not disclosing any suppliers. We hope that incoming legislation will push continual non-movers in this section to be transparent.

KNOW, SHOW & FIX



This section reflects how brands assess whether their policies (those from section 1) are upheld in their supply chains. It also looks at what evidence they disclose to verify that their codes of conduct are being upheld, and resulting in improved working conditions and responsible environmental practices. Notably, the highest-scoring brand in this section this year is Kmart Australia and Target Australia with 88%. Meanwhile, 85 brands (34%) score in the 0-10% range, meaning they are disclosing nothing or very little about supply chain due diligence, and their efforts to fix issues in factories when discovered or reported by workers themselves. Overall, 86% of brands are still receiving fewer than half of the available points in this section.

SPOTLIGHT ISSUES



This year, OVS is the highest-scoring brand in this section with 74%, up from 67% last year. Notably, no brand is scoring above 75% this year. Gucci is second highest at 68%, followed by H&M (64%) and United Colors of Benetton (60%). Results show that 233 brands (93%) score fewer than 50% in the Spotlight Issues section, meaning there is a widespread lack of transparency among the majority of major brands across a range of critically important and increasingly urgent issues such as: decent work, purchasing practices, living wages, unionisation, gender and racial equality, use of sustainable materials, waste and circularity, water and chemicals, climate change and deforestation.

*POLICIES &
COMMITMENTS*

APPROACH

WHAT HUMAN RIGHTS AND ENVIRONMENTAL POLICIES & PROCEDURES DO MAJOR BRANDS AND RETAILERS PUBLICLY DISCLOSE?

In this section, we reviewed what policies and procedures brands disclose both at company level (as related to the company's own operations in head offices, stores, warehouses, and owned production facilities) and at supplier level (Code of Conduct or supplier guidance document for their supply chain).

Guidance notes provide contextual information to brands filling out the questionnaire, which help them understand what information we will and will not accept. This year, we updated the guidance for Equal Pay, Harassment & Violence and Manufacturing Restricted Substances List (MRSL) to ensure that points were only awarded when brands disclosed in an explicit and clear way. For example, for Equal Pay, we updated our guidance to explain that we only accept disclosure that states "compensation/remuneration/ payment" or equivalent. We will not accept disclosure which shares a general statement about equal opportunity employment decisions or conditions to all genders.

We also measure disclosure of management procedures – what a brand is doing to ensure their human rights and environmental policies are upheld and put into action. We do not consider social auditing alone a management system, so brands must disclose going beyond social auditing to receive the points.

Human rights and environmental goals

We looked to see whether brands are publishing their goals or a strategic roadmap for improving human rights and environmental impacts across the value chain. We only counted these goals if they were time-bound, measurable and set for 2024 or later. We also awarded points if brands report on annual progress towards achieving these goals.

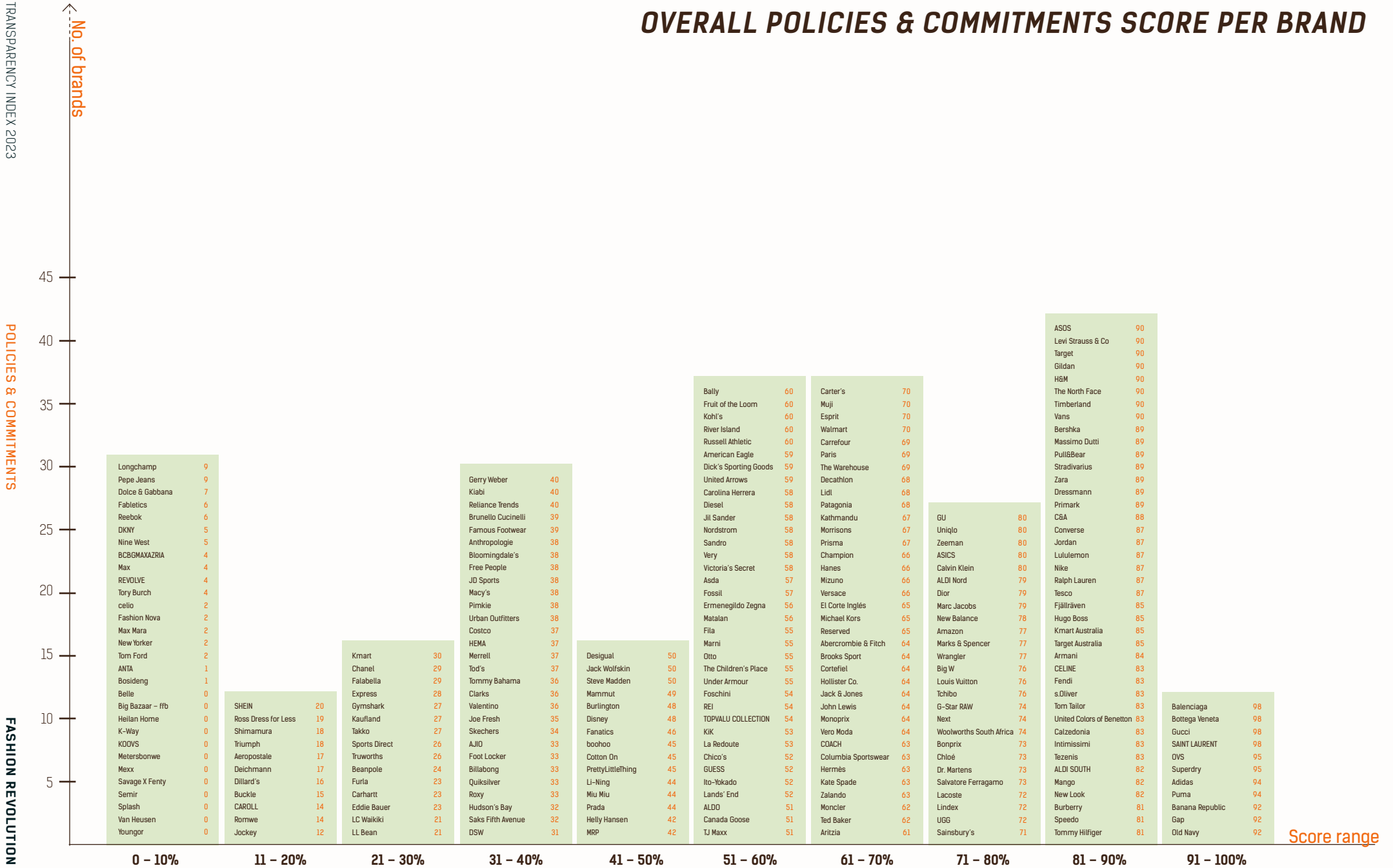
And finally, we checked to see if brands' annual sustainability report (or relevant data within the annual report) was audited or verified by an independent third party.

We looked at the following issues:

- Animal Welfare
- Annual leave & Public Holidays
- Anti-bribery, Corruption & Presentation of False Information
- Biodiversity & Conservation
- Child Labour
- Community Engagement
- Contracts & Terms of Employment
- Discrimination
- Diversity & Inclusion
- Energy & Greenhouse Gas Emissions
- Equal Pay
- Forced & Bonded Labour
- Foreign & Migrant Labour
- Freedom of Association, Right to Organise & Collective Bargaining
- Harassment & Violence
- Health & Safety
- Homeworking
- Living Conditions / Dormitories
- Manufacturing Restricted Substances List (MRSL)
- Maternity Rights / Parental Leave
- Mental Health & Wellbeing
- Overtime Pay
- Restricted Substances List (RSL)
- Subcontracting
- Wages & Financial Benefits (including social security, insurance, pension, bonus)
- Waste & Recycling (Packaging/ Office/Retail)
- Waste & Recycling (Product/Textiles)
- Water Effluents & Treatment
- Water Consumption
- Working Hours & Rest Breaks

RESULTS

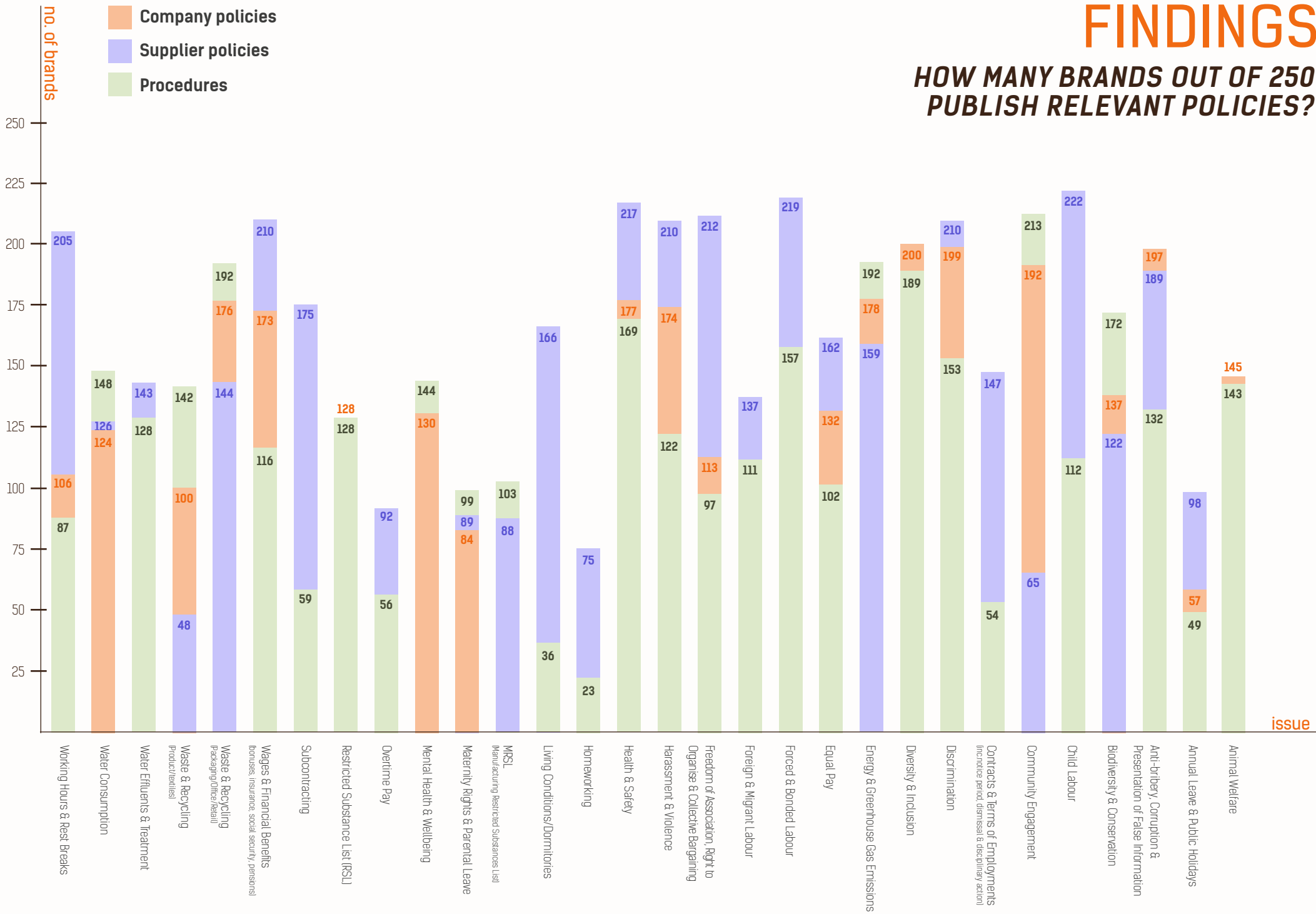
OVERALL POLICIES & COMMITMENTS SCORE PER BRAND



* Brands ranked in numerical order by score out of 33 possible points in this section, but shown as rounded-up percentage.

FINDINGS

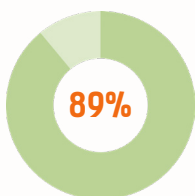
HOW MANY BRANDS OUT OF 250 PUBLISH RELEVANT POLICIES?



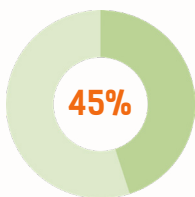
FINDINGS

IMPLEMENTATION OF POLICIES

CHILD LABOUR

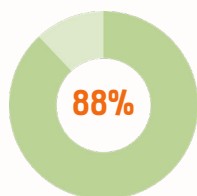


Publish supplier policy

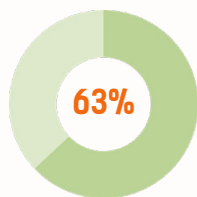


Disclose how policy is implemented

FORCED AND BONDED LABOUR

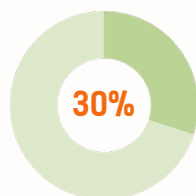


Publish supplier policy

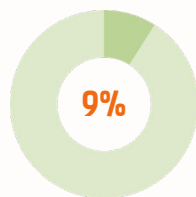


Disclose how policy is implemented

HOMWORKING

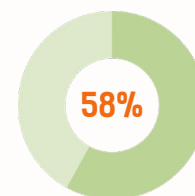


Publish supplier policy

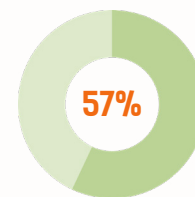


Disclose how policy is implemented

ANIMAL WELFARE

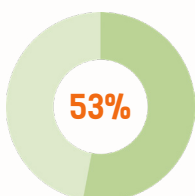


Publish company policies

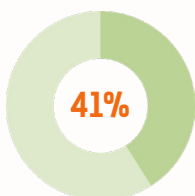


Disclose how policies are implemented

EQUAL PAY

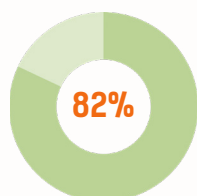


Publish company policy

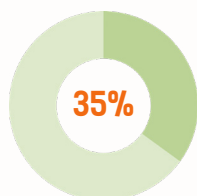


Disclose how policy is implemented

WORKING HOURS & REST BREAKS

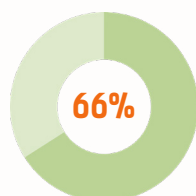


Publish supplier policy

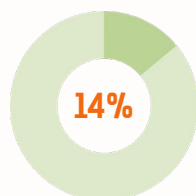


Disclose how policy is implemented

LIVING CONDITIONS & DORMITORIES

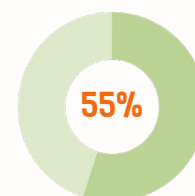


Publish supplier policy

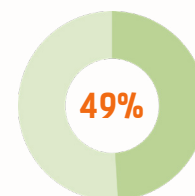


Disclose how policy is implemented

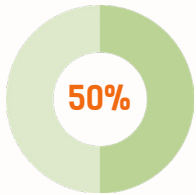
BIODIVERSITY & CONSERVATION



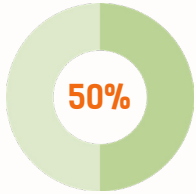
Publish company policies



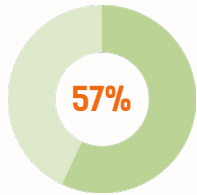
Include this topic in supplier policies

WATER CONSUMPTION**50%**

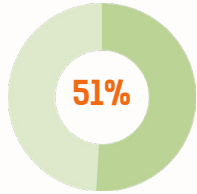
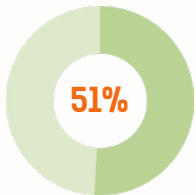
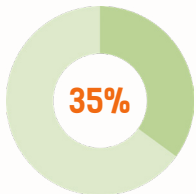
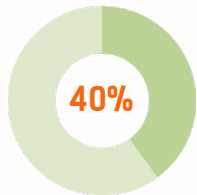
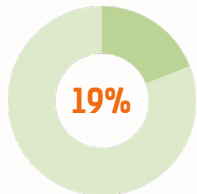
Publish company policies

**50%**

Publish supplier policies

WATER EFFLUENTS AND TREATMENT**57%**

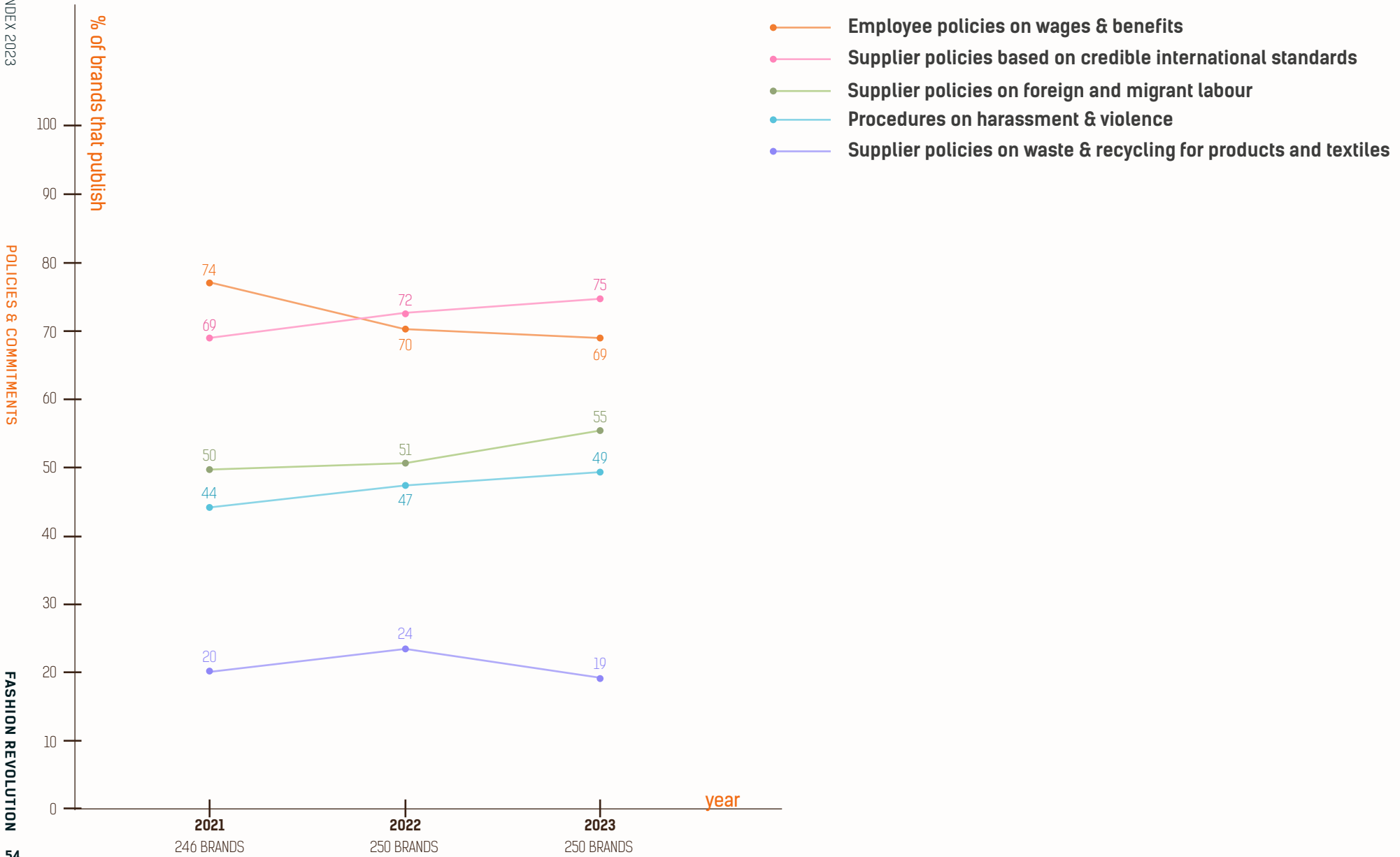
Publish supplier policies

**51%**Disclose how policies
are implemented**RESTRICTED SUBSTANCES****51%**Publish Restricted
Substances List**35%**Publish Manufacturing
Restricted Substances List**PRODUCT/TEXTILE WASTE****40%**Publish company
policies**19%**

Publish supplier policies

FINDINGS

ANNUAL PROGRESS



Major brands continue to be more transparent about their policies and commitments than their results and impacts.

This year, the overall average score for Section 1 (53%) is marginally higher than last year (51%). Section 1, Policies & Commitments, remains the highest-scoring section of the Index. Brands remain more transparent about their policies and commitments compared to governance information, supply chain traceability and outcome and impact data. Transparency of policies and commitments is foundational – but it is vital that brands embrace meaningful transparency about their impacts and outcomes too.

The majority of big brands disclose company policies – those that apply to their own employees – on the following topics: discrimination (80%), diversity and inclusion (80%) and anti-bribery and corruption (79%). In their supply chains, most brands publish their policies on child labour (89%), health and safety

(87%) and forced and bonded labour (88%). The majority of brands state that their supply chain policies are based on credible international standards (75%) and that these policies are binding in their purchase agreements with suppliers (71%). Over one-third of brands (38%) publish translations of the supplier policies in local languages of production countries.

We observe the least transparency on the following company policies: annual leave & public holidays (23%), maternity rights & parental leave (34%), waste & recycling of products and textiles (40%). Despite updated, more stringent guidance on equal pay policies this year, more brands (53%) disclose equal pay policies compared to last year (51%). In the supply chain, the least transparency is on policies of: waste & recycling of products and textiles (19%), community engagement (26%) and homeworking (30%).

Brands disclose policies and commitments more than they disclose the management procedures they use to ensure that human rights and environmental policies are put into action. We see the most transparency on management procedures for community engagement (85%), waste and recycling in packaging

or their own operations (77%) and energy & greenhouse gas emissions (77%). The least transparency is on management of supply chain homeworking (9%), living conditions and dormitories (14%) and annual leave (20%).

We also observe a drop-off between policies and management procedures. For example, 89% publish their child labour policy at supply chain level but just 45% of brands share how they are actively upholding the policy. Like last year, we measured less disparity in forced and bonded labour, with 88% of brands publishing a supplier policy and 63% disclosing how the policy is implemented. It stands to reason that we see the greatest level of disclosure on topics which are required to be addressed by law (such as the UK and Australian Modern Slavery Acts and the California Transparency in Supply Chains Act), as well as topics likely to be captured by **upcoming legislation**, like energy & greenhouse gas emissions.

More brands disclose environmental targets than human rights targets

This year, 72% of brands publish measurable, time-bound and long-term targets towards improving environmental impacts and 47% do so for human rights. Both are steady increases from last year. The number of brands disclosing progress against those targets has also steadily increased compared to last year. 40% of brands disclose annual, up-to-date progress towards achieving the company's human rights targets, and 61% do so for environmental targets.

The drop-off between brands publishing goals on environmental and human rights impacts but not telling stakeholders whether they are on track towards achieving them should be scrutinised. Disclosure of targets and progress towards them underpin accountability, particularly in instances where brands fall short of achieving targets.

Over one third of major brands disclose third-party verification for their sustainability claims

Over one-third of brands (38%) disclose that their sustainability information, for example their carbon emissions, are audited or verified by an independent third party, up from 31% last year. For the remaining 62% of brands, it is unclear whether their sustainability claims go unchecked as they do not disclose whether or not they have not been verified, meaning misleading claims may go unchallenged.

GOVERNANCE

APPROACH

WHO IN THE COMPANY IS RESPONSIBLE FOR SOCIAL AND ENVIRONMENTAL IMPACTS?

In this section, we try to understand who in the company is accountable for social and environmental performance and impacts. First, we looked to see if brands publish direct contact details for a relevant department, such as the sustainability or corporate responsibility team.

We also looked for the name or contact details of a board member who is responsible for social and environmental issues and how this oversight is implemented. Last year, we also added an indicator on worker (employee) representation on the corporate board of directors. Last year we added two new indicators looking at disclosure on:

- The publication of a responsible tax strategy
- The percentage of executive pay linked to environmental and social targets

We looked to see if brands are disclosing how their employees, beyond the sustainability team, (e.g. designers, buyers, sourcing managers and so on) are incentivised (via performance reviews or bonuses) to achieve improvements on social and environmental impacts. We looked for the same information to be shared linking CEO and executive-level pay and incentives to social and environmental impacts.

Finally, we also looked to see if suppliers' incentives are linked to improvements in human rights impacts and environmental management. The types of incentives we were looking for included brands committing to long-term contracts, increased order size, price premiums and reducing the number of audits.

Transparency



Fair trade



Well-being



Empowerment



Good working conditions



Business accountability



Gender Equality



Sustainable livelihoods

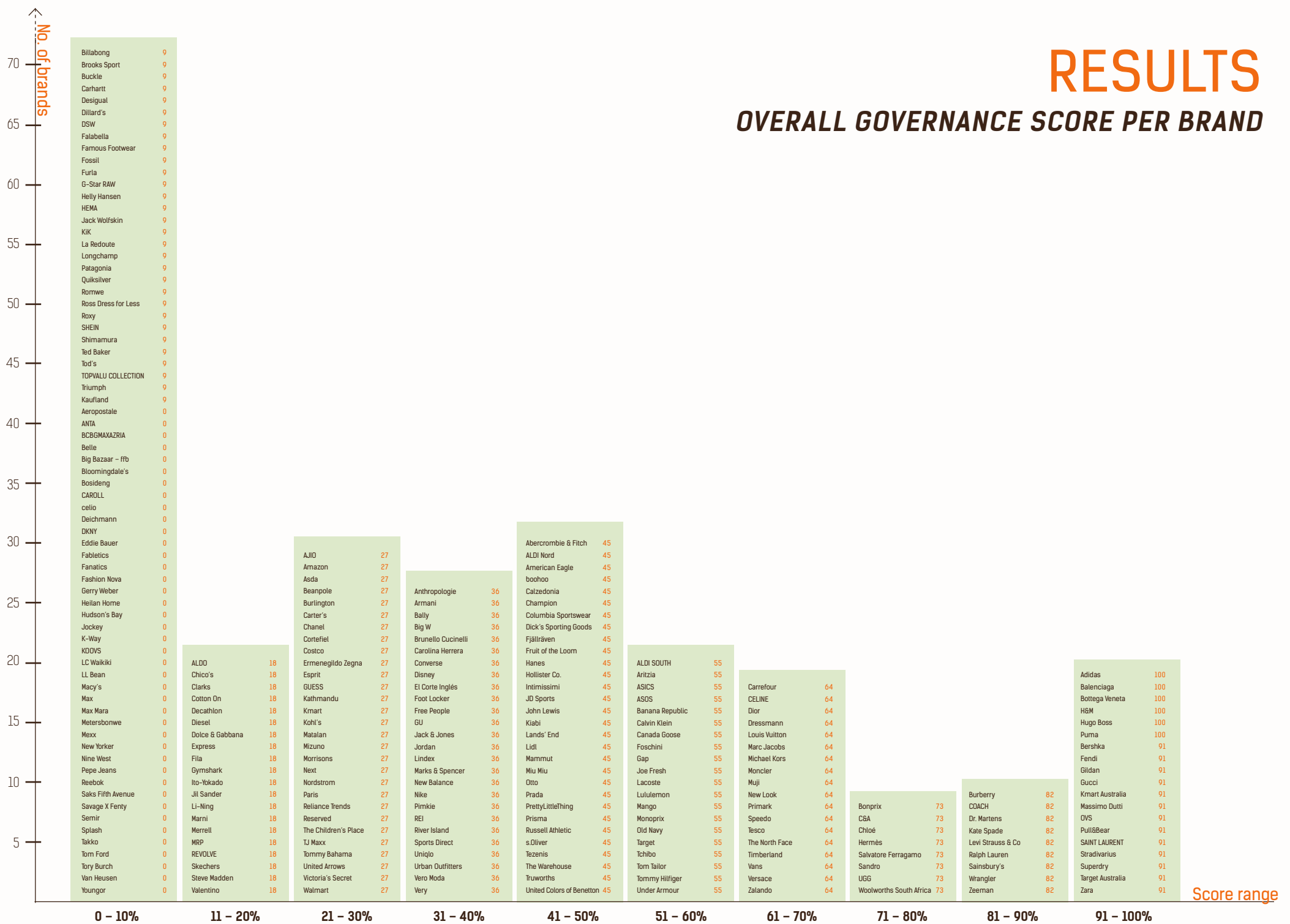


Environmental sustainability



Living wages

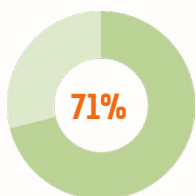
A clean, safe & fair fashion industry



* Brands ranked in numerical order by score out of 11 possible points in this section, but shown as rounded-up percentage.

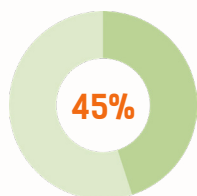
FINDINGS

HOW EASY IS IT TO CONTACT A BRAND ON SUSTAINABILITY ISSUES?



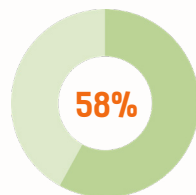
Publish direct contact details for sustainability department

HOW DO THEY MANAGE THEIR TAXES?

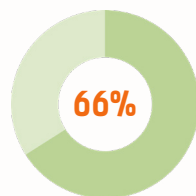


Publish a responsible tax strategy

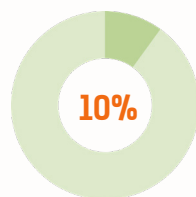
BOARD LEVEL ACCOUNTABILITY



Publish board member responsible for human rights and environmental issues

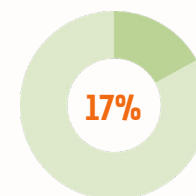


Publish how board accountability is implemented

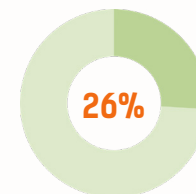


Worker representation on the corporate board of directors

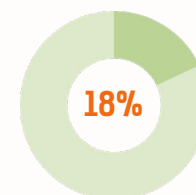
ARE INCENTIVES TIED TO ENVIRONMENTAL AND HUMAN RIGHTS PROGRESS?



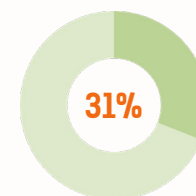
Disclose employee incentives linked to human rights and environmental impacts



Disclose executive pay/bonuses linked to human rights and environmental impacts



Disclose % of executive bonus or pay linked to environmental and social targets



Disclose suppliers' incentives linked to working conditions and environmental impacts

ANALYSIS

Despite upcoming legislation to ensure business accountability on human rights and environmental issues, there is little progress on board-level accountability disclosure

Overall we observe very little progress in the Governance section. This is despite multiple stakeholders, including investors, trade unions and consumers, demanding greater transparency and accountability at board level from major fashion brands regarding their human rights and environmental impacts.

For instance, 58% of brands disclose the name or contact details of a board member responsible for human rights and environmental issues, compared to 53% last year. It is encouraging that 66% of brands now describe how the responsible board member is held accountable

within the company compared to 61% last year. 71% of major fashion brands publish a direct contact of their sustainability teams, same as last year, despite incoming legislation which will require teams to report on their human rights and environmental due diligence.

Board-level accountability is crucial to ensure that human rights and environmental risks are addressed at the highest decision-making level. Public disclosure of direct contact details for relevant departments helps consumers and stakeholders push for more information from major brands and retailers to keep them accountable and demand they publish evidence to back up their claims.

"Ensuring all of the world's largest fashion brands do not dodge tax, and pay their fair share is essential. We applaud those brands who have published their responsible tax strategy as a critical first step. We call on all brands that have not done so, to do so rapidly. Civil society is keenly aware of the problem of companies dodging tax. It means no money for their communities, including schools and hospitals, so it is vital they know that the brands they use are paying tax, not dodging it."

Max Lawson
Head of Inequality Policy
 Oxfam International

Major fashion brands put greater emphasis on disclosing supplier incentives than employee incentives, which may indicate a passing of responsibility from fashion brands onto suppliers

Employee-level sustainability incentives, including financial incentives, are key to ensuring that the company's overarching human rights and environmental targets are being taken seriously. However, our findings demonstrate that many brands hold their suppliers to higher standards on this front than they do their own operations. While 31% of brands disclose how suppliers' incentives – such as long-term commitments to purchase, longer contracts or fewer audits – are tied to improvements in working conditions and environmental impacts, only 17% of major brands disclose they have employee

incentives aimed at improving company performance on the same issues. The heavier focus on supplier incentives may indicate that brands are 'passing the buck' to suppliers on key issues – while their own accountability systems remain weak and opaque.

In parallel, only 10% of major brands disclose that they have employee representation on the corporate boards of directors. This may represent a missed opportunity for major brands to capture and act on employee voice at board level, which is crucial to ensure that an organisation's employees are listened to at all levels of the company. **At EU level, 18 out of the 28 EU countries have a right to workers' participation in supervisory or administrative board. In the UK however, only six out of the 585 companies listed on the FTSE All-Share have an employee representative.**

Major fashion brands continue to shirk responsibilities like tax and purchasing practices driving inequalities within the industry and beyond

Consumers and citizens around the world are facing a cost of living crisis. Meanwhile, major brands and retailers are using **tax loopholes** and **tax havens** to push for more profits while the people who make our clothes struggle to provide for themselves and their families. For instance, we are seeing trends where brands are adopting on-demand models in the way they order their clothes. These direct-to-consumer (D2C) on-demand models mean that brands order very small order quantities upfront, and if they are selling well, orders are ramped up. D2C models also make the customer the importer, not the retailer. Shipping directly to consumers from China helps major brands and retailers reap tax advantages where, in the US, de minimis customs rule allow **Chinese producers to ship products below \$800 directly**

to consumers to avoid U.S. tariffs, taxes, and oversight. Less than half (45%) of brands publish their responsible tax strategy, yet it is crucial for governments to implement a tax system to address current loopholes and ensure that multinational companies pay their share in the countries where they operate to address the growing inequalities between and within countries.

Fashion executives are some of the richest individuals on the planet and should be held accountable for the human rights and environmental impacts of the brands

Parallel to this, **CEO pay is skyrocketing and the wage gap between fashion CEOs and the people who make our clothes is reaching stratospheric heights.** Fashion executives are some of the **richest individuals on the planet** and should be held accountable for the human rights and environmental impacts of the brands. Despite

this, while 26% of brands disclose if executive pay is tied to human rights and environmental targets, only 18% of brands disclose the percentage of executive bonus or pay tied to these targets. This information is key as sustainability targets tend to represent a small proportion of executive bonuses. This begs the question, are executives truly incentivised to meet sustainability targets when their base pay is already so significant?

*SUPPLY CHAIN
TRACEABILITY*

APPROACH

ARE MAJOR BRANDS AND RETAILERS DISCLOSING THEIR SUPPLY CHAINS AND HOW DETAILED IS THIS INFORMATION?

This section focuses on whether brands are publishing supplier lists from manufacturing facilities to raw material level, and what level of detail brands are disclosing about these suppliers.



Disclosing factories, processing facilities and raw material suppliers

We looked for supplier lists at three different levels:

1. Are brands disclosing the factories where their clothes are made, often referred to as the first-tier or tier 1 manufacturers — in other words, the facilities with which brands have a direct relationship and typically do the cutting, sewing and final trims of products?
2. Are brands disclosing processing facilities further down the supply chain — knitting, weaving and spinning mills, wet processing, embroidery, printing and finishing, dye-houses, tanneries and laundries?
3. Are brands disclosing their suppliers of raw materials — primary materials such as fibres, hides, rubber, chemical and metals?

We also checked whether brands disclose information about tracing at least one raw material supply chain such as viscose, cotton, wool or leather.

What level of detail is provided? Are brands sharing information such as:

- Name of parent company
- Address of the facility
- Products/services
- Approximate number of workers
- Gender breakdown of workers
- % of migrant or contract workers
- If the facility has a trade union, and the name of the trade union
- If the facility has an independent worker committee
- Certifications the facility holds, if any
- If the list includes at least 95% of its supply chain
- If the list is in machine-readable format (csv, json, xls)
- If the list was updated within the past six months

- Weekly take-home wage for entry-level workers based on a standard work week of no more than 48 weekly working hours, excluding overtime.
- Discloses length of time worked with suppliers
- Discloses energy consumption at facility level
- Discloses water consumption at facility level

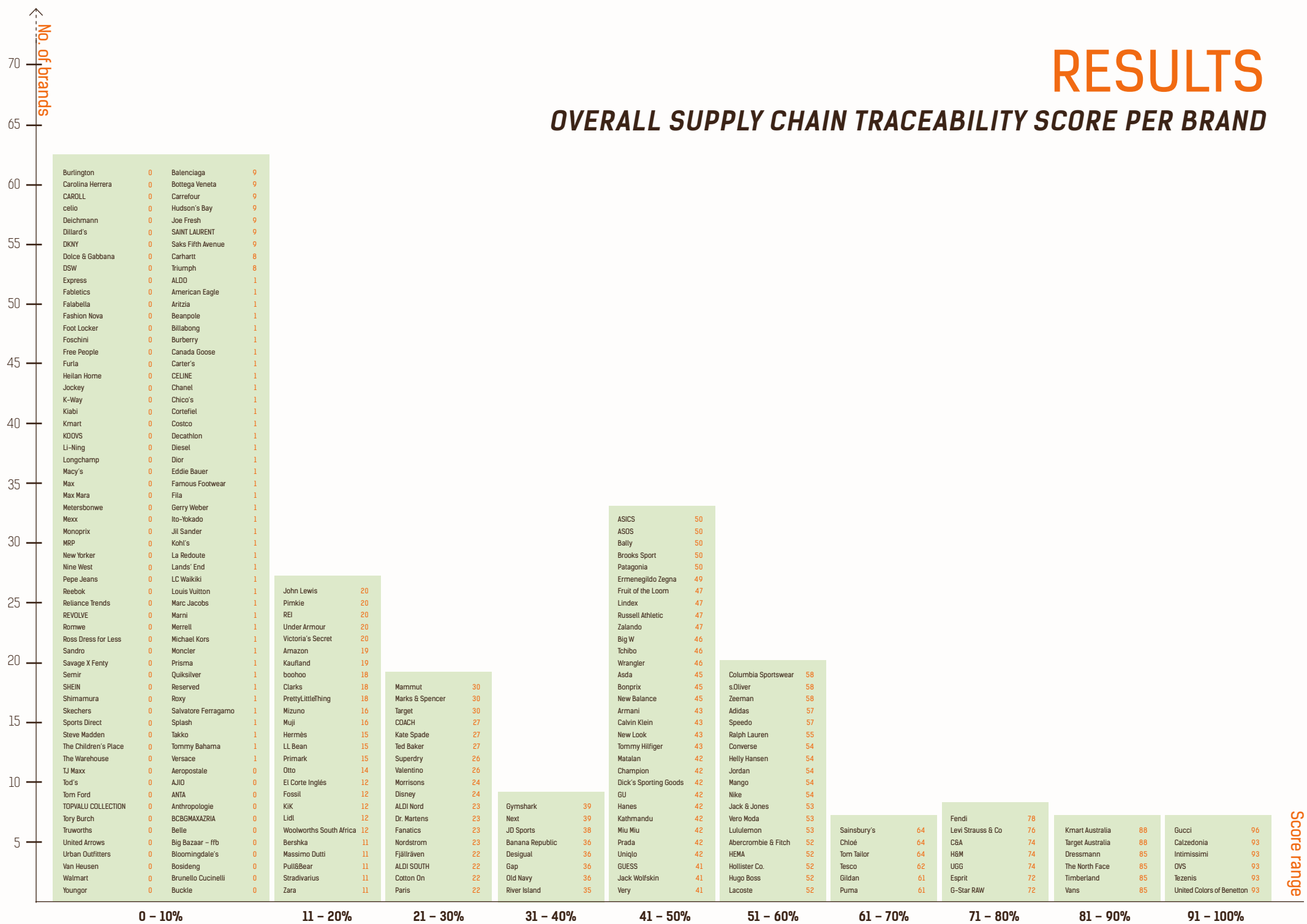
This year, we included three new indicators and updated the wording of one (we now ask for a trade union name, not just if they are present at production facilities). Given our **Good Clothes, Fair Pay campaign** for mandatory living wages due diligence at EU level, we included an indicator on whether or not brands disclose the weekly take-home wage for entry workers as it was included in our legal proposal. Ultimately, a lack of transparency on data like this impedes progress on living wages. We also wanted to see if brands are disclosing or could be pushed to disclose information on energy and water consumption by facility, understanding that again, a lack of transparency of this data at facility level obscures the true impact of garment manufacturing and delays informed and robust action intended to reduce brands' environmental

impacts (e.g. carbon emissions) across their global supply chains. We asked for the above at Tier 1 and processing facility levels. We added no new indicators to the raw materials sub-section.

We also looked to see if the brands' supplier list was provided to the **Open Supply Hub (OS Hub)** a neutral and freely available tool which assigns a unique identification number to garment facilities around the world to standardise facility names and addresses. Think of it this way: there are likely thousands of people with the name John Smith in the world, but a social security number or national insurance number helps the government differentiate between them.

OS Hub, for another year in a row, has noticed an increase in the number of brands disclosing their supplier lists on the platform in line with the deadline for brands to return their questionnaires to us for this Index, suggesting the continued influence our methodology has in helping drive disclosure on the OS Hub. Importantly, brands can only receive points for this indicator if they are an active contributor to the OS Hub (meaning that they manage the list themselves rather than OS Hub uploading public lists) and if the brand discloses a link to the OS Hub from their website.

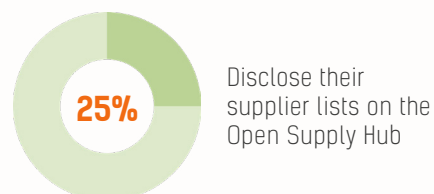
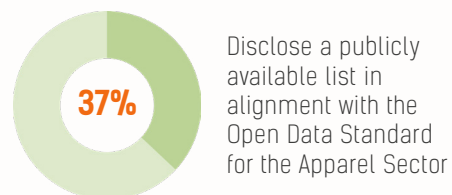
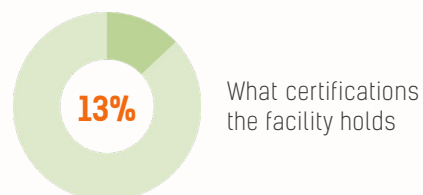
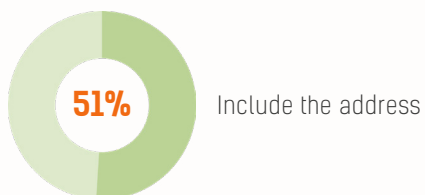
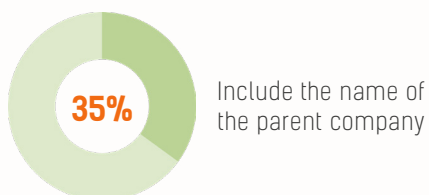
In 2022, we first updated the wording for the indicators which asks whether brands disclose their data in csv, json or xls format to explicitly state that we are looking for alignment with the Open Data Standard for the Apparel Sector (applicable for both Tier 1 and beyond Tier 1), which again helps information be more useable and actionable. In 2022, 31% of brands disclosed information in alignment with the ODSAS but 2023 saw a healthy increase to 37% with 16 more brands disclosing this year. This uptick in disclosure is likely due to increasing transparency requirements.



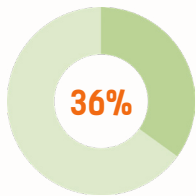
* Brands ranked in numerical order by score out of 74 possible points in this section, but shown as rounded-up percentage.

FINDINGS

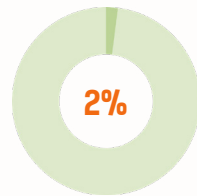
DISCLOSING FIRST-TIER MANUFACTURERS



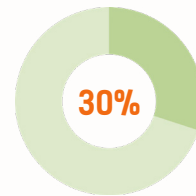
PROCESSING FACILITIES



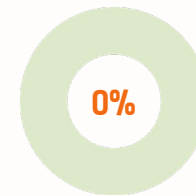
Publish processing facilities beyond the first-tier



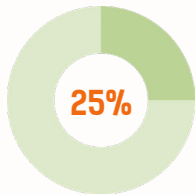
Include whether the factory has a trade union and the name of the union



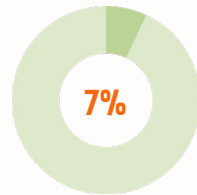
Disclose a publicly available list in alignment with the Open Data Standard for the Apparel Sector



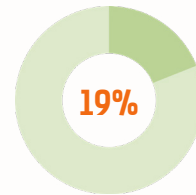
Discloses energy consumption at facility level



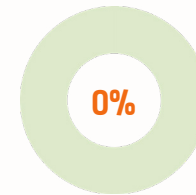
Include the name of the parent company



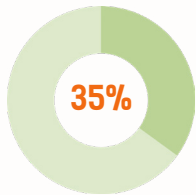
Include if the facility has an independent worker committee



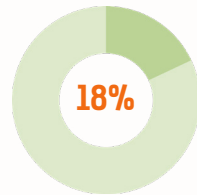
Disclose their supplier lists on the Open Supply Hub



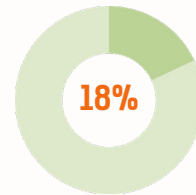
Discloses water consumption at facility level



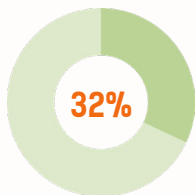
Include the address



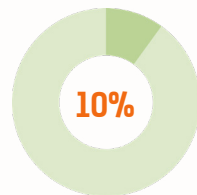
Include the gender breakdown of workers



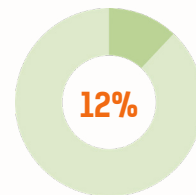
Discloses aggregate volume of business that is captured by the disclosure and the percentage of total supplier factories published



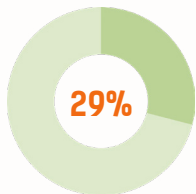
Include the type of product/service provided



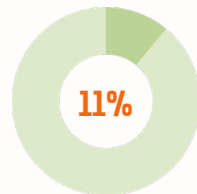
Include the number of migrant/contract workers



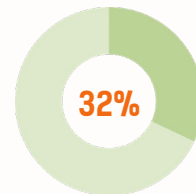
Publish at least 95% of their manufacturers



Include the approximate number of workers

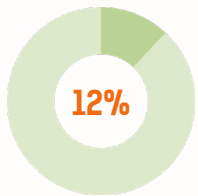


What certification the facility holds

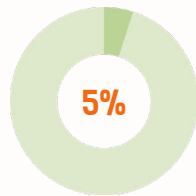


Disclose that the list has been updated within the past 6 months

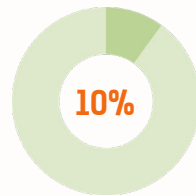
RAW MATERIAL SUPPLIERS



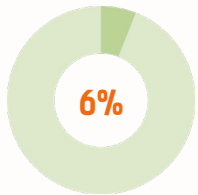
Publish selected raw material suppliers



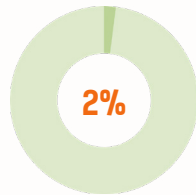
Include the gender breakdown of workers



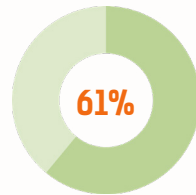
Disclose that the list has been updated within the past 12 months



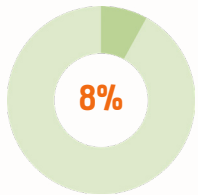
Disclose the name of specific facility or farm



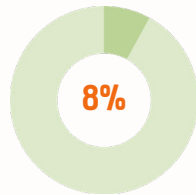
Include the number of migrant/contract workers



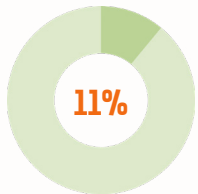
Disclose whether the company is tracing one or more specific raw materials



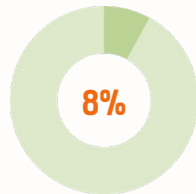
Include the address



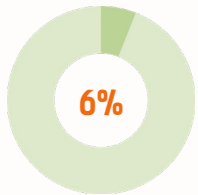
Disclose a publicly available list in alignment with the Open Data Standard for the Apparel Sector



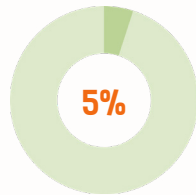
Disclose specific raw material fibre, products or services



Disclose what percentage of raw materials suppliers is published



Include the approximate number of workers



Disclose a list that covers more than one raw material type

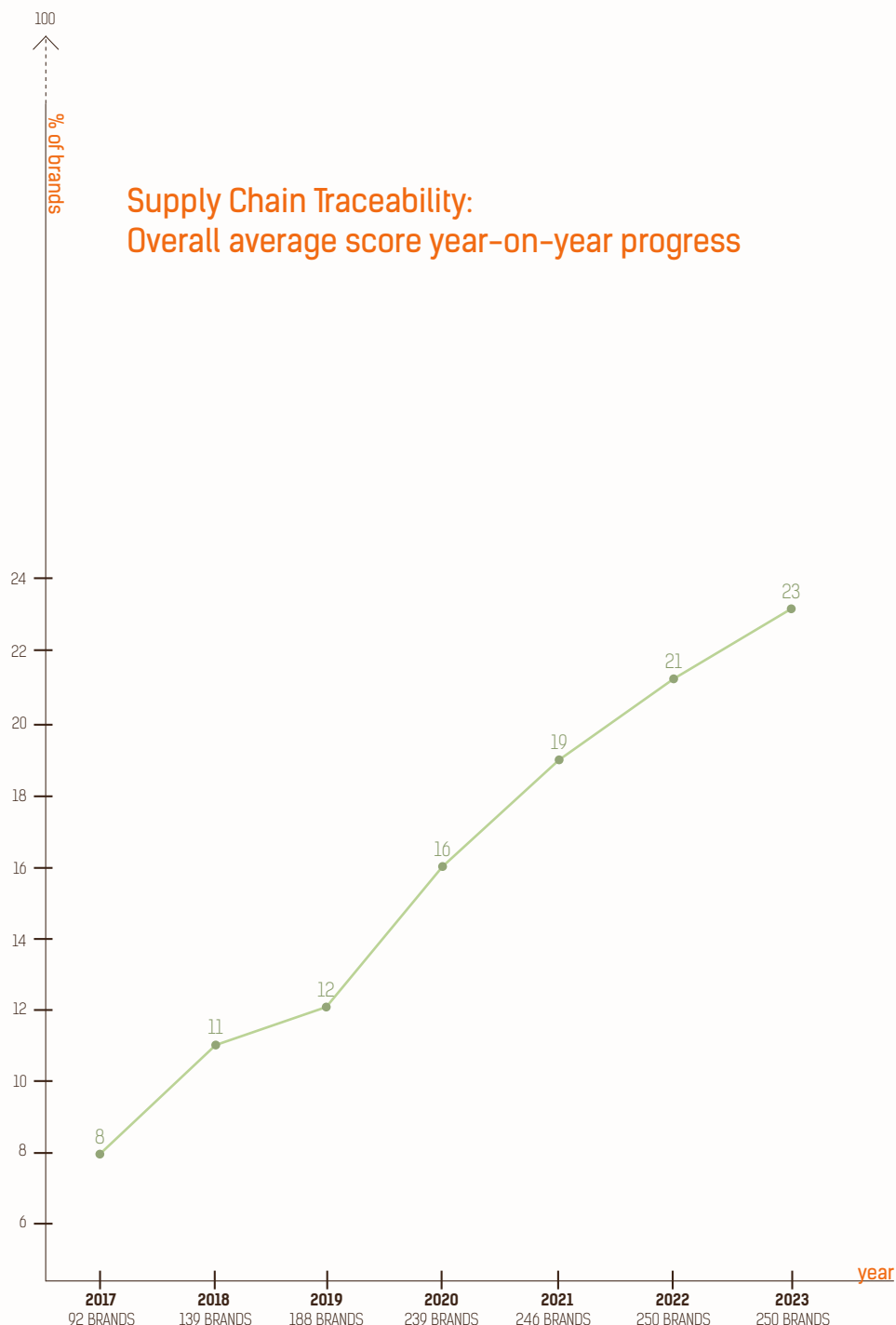
ANALYSIS

As Jenny Holdcroft, the former Assistant General Secretary of IndustriALL Global Union, explained for a previous edition of this report:

“Knowing the names of major buyers from factories gives workers and their unions a stronger leverage, crucial for a timely solution when resolving conflicts, whether it be refusal to recognise the union, or unlawful sackings for demanding their rights. It also provides the possibility to create a link from the worker back to the customer and possibly media to bring attention to their issues.”

Publicly disclosed supplier lists are useful to labour and environmental activists, trade unions and worker representatives as they provide evidence of where responsibility lies when human rights and environmental abuses are discovered within the supply chains of major brands and retailers. See case studies on pages **31–32** for examples of how groups are using transparent information in this way.

Publishing supplier lists also brings significant benefits to brands. Supply chain transparency enables brands to receive timely and credible information from worker representatives and environmental groups which can help mitigate labour, human rights and environmental risks, such as unauthorised subcontracting. Supply chain transparency also enables collaboration with other companies sourcing in the same facilities to work together to solve problems more quickly as they can exchange knowledge and club together resources. It can also enhance investor and consumer trust in a brand, showing stakeholders that brands are willing to be open about where their products are being made and to be held to account for what happens in their supply chains.





DISCLOSING FIRST-TIER MANUFACTURERS

We have been campaigning for supply chain transparency since 2014, with the first edition of the Index being published in 2017. For almost a decade, we have been at the forefront of driving greater traceability and transparency. It is a hard-fought achievement that finally, more than half (52%) of the world's largest brands and retailers are disclosing the names of their first-tier manufacturers, with 51% disclosing their addresses. This is an increase of four percentage points compared to 2022, after glacial progress year-on-year for the last few editions of the Index.

By first-tier manufacturers, we mean the suppliers that do the cutting, sewing and finishing of garments in the final stage of production. These are the suppliers that will then ship products to warehouses ready for shop floors and our wardrobes.

Publishing the factory address is important because suppliers will often have similar company names or there may be multiple supplier companies operating in the same facility, which leads to confusion and incomplete or inaccurate supplier information.

35% of brands publish the name of the factory's parent company and 43% disclose the types of products or services provided. 44% of brands disclose the approximate number of

workers at each site, up from 40% last year. These pieces of information are useful because they help stakeholders to better understand the supply chain in question and prioritise the best course of action to address labour, human rights and environmental risks where required.

We believe that the progress seen in the traceability section is an outcome of the increase in legislation (proposed and incoming)

Whereas opacity was once the norm in fashion, it is encouraging to see that transparency is enshrined in a swathe of existing, incoming and proposed legislation globally such as within the EU's **Corporate Sustainable Reporting Directive**, **The French Corporate Duty of Vigilance Law**, the **Dutch Child Labour Due Diligence Law**, **Lieferkettengesetz** in Germany (also known as the Supply Chain Act), **The proposed Fashion Act Bill** in New York, and as part of new corporate guidelines for doing business in **Japan**.

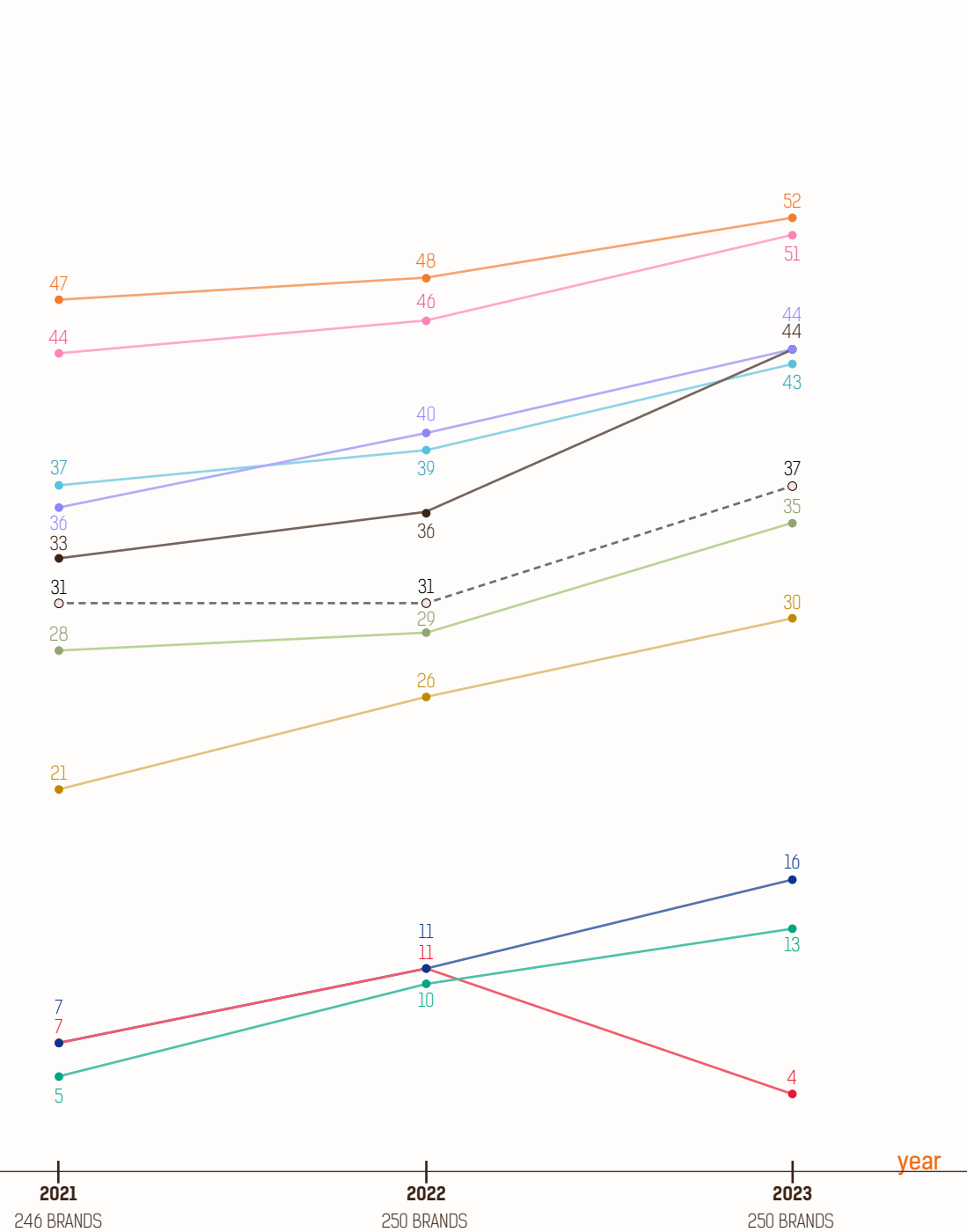
More recently in June 2023, the **European Parliament made a landslide vote in favour of the Corporate Sustainability Due Diligence Directive (CSDDD)**, making a strong statement in favour of corporate accountability. This will mean companies of a certain size will be legally obliged to investigate their supply chains and identify risks to people and the planet. Local communities and trade unions will be consulted as part of this process. The law will hold companies accountable for abuses they cause globally.

We believe that the progress seen in the traceability section is an outcome of the increase in legislation (proposed and incoming), proving that voluntary mechanisms alone are not enough to drive the change required and that legislation is the most effective way to drive progress. Though the CSDDD is not yet implemented, the increase in brands' disclosure across the traceability section signals brands' anticipation of these incoming and proposed legislations.

"As the wave of supply chain due diligence and reporting legislation being enacted globally continues to grow, the resulting increase in the volume of apparel brands and retailers choosing to share their supplier data on Open Supply Hub is notable – and encouraging. If this legislation is going to achieve what it was designed to (improving conditions in global supply chains), rather than being merely a tick box exercise, supply chain data must be shared openly, and in a format that enables organizations to work with it practically and efficiently – machine readable, and available for download as an Excel or CSV file. In turn, this will accelerate opportunities for collaboration, as organizations are quickly able to identify shared connections at global production sites. We applaud the brands who have moved ahead of the curve to do just that."

Natalie Grillon
Executive Director
Open Supply Hub

Disclosing first-tier manufacturers



- Supplier Name
- Facility Address
- Name of the facility parent company
- Types of products or services produced on site
- Approximate no. of workers at each site
- If the facility has a trade union and the union name*
- Gender breakdown of workers
- No. of migrant workers or contract workers
- Certifications facility holds
- If the list has been updated in the last 6 months
- List available as a csv, json or excel file

*Note: This year, we updated the indicator on **'If the facility has a trade union'** to include the **'union name'**. We only accepted disclosure that included union names which accounts for the dip in disclosure.

4% of brands disclose whether or not the facility has a trade union, down from 11% last year due to the update in criteria whereby the brand must disclose the name of the trade union. 11% disclose if the facility has an independent worker committee. Although most brands do not disclose this information, it cannot be understated how important worker committees and trade unions are, as they are the main channels available for workers to achieve better working conditions. Public disclosure of this information helps worker representatives and brands themselves to identify how best to engage with a supplier when concerns arise. Transparency here also helps trade unions understand where they can prioritise their organising efforts.

30% of brands disclose the gender breakdown of workers at each site and 16% disclose the number of migrant or contract workers, up from 11% last year. Visibility generally decreases further down the supply chain so it is discouraging that at the first-tier there is already such low disclosure on key information concerning the people who make our clothes. **For example**, knowing the percentage of women workers in a facility allows for gender-responsive due diligence based on the realities and needs of women workers, e.g. enabling women to practise good **menstrual hygiene** and permitting toilet and rest breaks during their periods.

Last year, we published a new indicator asking brands what certifications facilities have. In 2022, only 10% of brands disclosed this information but this year, slightly more (13%) are disclosing this information. Publicly disclosing certifications at facility level helps unions and civil society to understand the nature and robustness of due diligence at that facility.

We are also pleased to see a growing number of brands disclose their supplier lists including the OS Hub ID, which helps grow trust and confidence in the data shared

In 2019, just 10% of 250 brands disclosed their supplier lists in a machine-readable format, in line with the **Open Data Standard for the Apparel Sector** which is fundamental to the methodology of the **Open Supply Hub (OS Hub)**. Now 37% of 250 do, showing increasing convergence with best practice. Our data also reveals that although 52% of major brands publish their tier one factory lists,

only 25% of big brands contribute these lists to the OS Hub and actively manage their data. During the FTI research process, after reviewing hundreds of brands' disclosure, it is encouraging to see more brands than ever disclosing their supplier lists in alignment with our methodology, which is based on the **Transparency Pledge**, the common minimum standard for supply chain disclosure. In addition, we are also pleased to see a growing number of brands (Kmart Australia and Target Australia) disclose their supplier lists including the OS Hub ID, which helps grow trust and confidence in the data shared. See case study on page 31 to see examples of how stakeholders use supplier details from the OS HUB in their work.

Notably, Calzedonia Group (Calzedonia, Tezenis, Intimissimi) was one of the only brands to disclose against our new indicator which is looking for disclosure of energy and water consumption by facility. We applaud **Calzedonia Group for disclosing this information on their supplier list**, pushing the needle in terms of industry best practice. We hope to see other brands follow their example.

34% of brands disclose at least 95% of the first-tier factories in their supply chains (up from 31% last year) with 44% of brands disclosing if their supplier list has been updated in the past six months. Major brands often start and stop working with suppliers on a frequent basis, which means their supplier lists become out-of-date quickly and ongoing supply chain visibility can be lost. This is why regular updates, at least twice a year, are essential to ensure stakeholders have access to the most current information needed to access remediation and justice, so it is discouraging that more than half of brands (56%) do not regularly update their lists. Whilst we appreciate brands disclosing their supplier lists, unless it is regularly updated and publicly disclosed, the lists are not as effective for civil society organisations who rely on them when seeking justice and remedy.

Nine out of 250 brands that were reviewed in last year's Index have since disclosed their first-tier manufacturers for the first time: Armani, COACH, Kate Spade, KiK, Muji, Superdry, Triumph and Valentino. Gymshark, a new brand reviewed in 2023, is also disclosing this information. It is encouraging to see progress across different market segments including luxury, sportswear, footwear and accessories and across different geographies.

DISCLOSING PROCESSING FACILITIES

Processing facilities is a category capturing a wide range of activities, such as ginning, spinning yarn, knitting and weaving fabrics, dyeing and wet processing, leather tanneries, embroidering and embellishing, fabric finishing, dyeing and printing and laundering. This year, 36% of brands publish the names of some of their processing facilities, marking a welcome increase of 4 percentage points. In 2021 only 27% of major brands and retailers were publishing some of their processing facilities, up only slightly from 24% in 2020. However, we continue to push for more progress from brands, including through publishing our updated **Out of Sight report** in 2021 in tandem with our **#WhoMadeMyFabric? campaign**. Persistent reluctance to publish this information begs the question, what's being hidden?

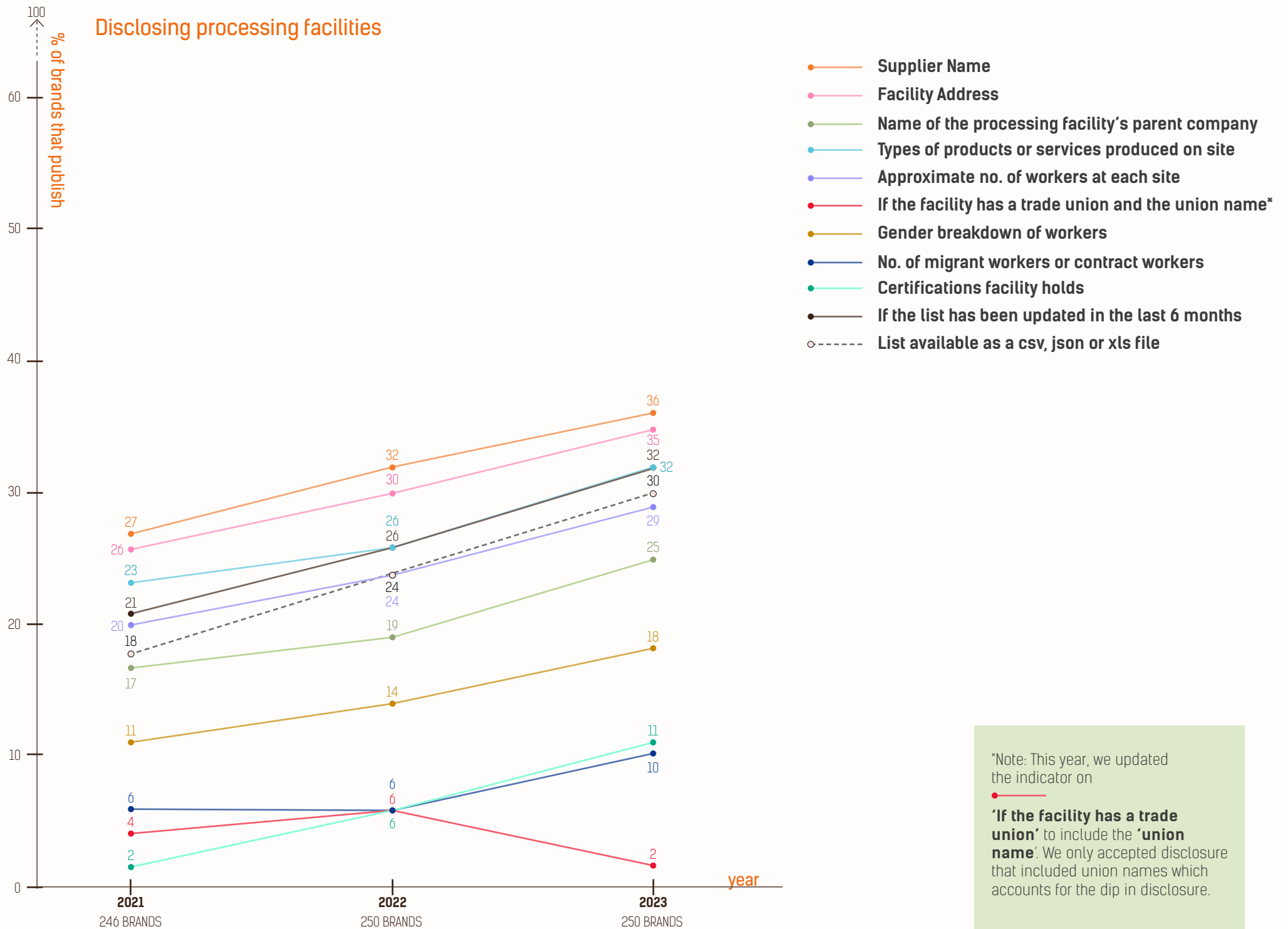
Additionally, our findings show slight increases in the level of detail disclosed by brands about their supplier facilities. See graph on the next page.

We would like to highlight that 13 major brands reviewed in last year's Index have since disclosed some of their processing facilities for the first time, including: Abercrombie & Fitch, Armani, Brooks Sport, Chloé, Desigual, Gucci, Hollister Co. Kathmandu, Miu Miu, Prada, River Island, s.Oliver and Very. Gymshark, a new brand included in the Index this year, is also disclosing this information.

SHARIFA FROM FASHION REVOLUTION BELGIUM



Disclosing processing facilities



DISCLOSING RAW MATERIAL SUPPLIERS

Raw material suppliers are those that provide brands and their manufacturers with materials such as fibres (cotton, wool, viscose, polyester, nylon and more), hides, rubber, dyes, chemicals, metals and so on. The raw material level of the supply chain is where brands typically have the least visibility and hence where many human rights and environmental abuses often thrive, yet go unseen.

Supply chain traceability is more important than ever considering the toll the pandemic has had on supply chain workers across the world, the global ongoing issues of forced labour, including the well-documented cases within the Chinese cotton and Tamil Nadu textile sectors, as well as the intensifying climate crisis. See case studies on pages **31–32** as to why greater transparency is needed in order to tackle the climate crisis and its impact on local communities. Moreover, as governments and society prepare for COP28, we are at yet another critical moment in the climate crisis. **Research shows deforestation** continues to be linked to the production of several raw materials used in our clothes and shoes, damaging vital sources of carbon sequestration.

While it is encouraging that 12% of 250 of the brands included in this Index disclose at least a small selection of their raw material suppliers, this increased by only 1% since 2021 and remains unchanged from 2022. Moreover, only 8% of brands publish the percentage of raw materials suppliers they are disclosing (up two percentage points from last year). In other words, the vast majority of brands do not disclose their raw material suppliers, suggesting there is very little visibility of raw material supply chains among major brands. This is further evidenced by the fact that just 6% of brands disclose the name of a specific facility or farm where the raw material is produced and just 5% disclose whether the list covers more than one material type. For 2022, we updated the wording slightly for brands' disclosure on the type of raw material, products or services to "disclose specific raw material fibre" and 11% now, up from 9% in 2022.

The majority of brands (61%) are now disclosing evidence of tracing the supply chain of at least one specific raw material, such as cotton or leather, up from 50% in 2020. Tools that major brands use to do this tracing and mapping may include certification systems (excluding those that use a mass balance system such as **Better Cotton Initiative**), blockchain, DNA tracing and other similar technologies.

7 out of 250 major brands that were reviewed in last year's Index have disclosed some of their raw materials suppliers for the first time: Inditex (Bershka, Massimo Dutti, Pull&Bear, Stradivarius, Zara) and Mango. However, there are some brands that did not receive points this year because they are either no longer disclosing their raw material suppliers or the list they shared was more than six months out of date. Importantly, we have noticed a pattern of brands including componentary parts (e.g. buttons, zippers and metals for accessories) as part of their raw materials suppliers list. When we review brands' raw material list and whether or not they disclose the name of a specific facility or farm, by facility, we mean individual factories, farms or locations in which the raw materials originate.

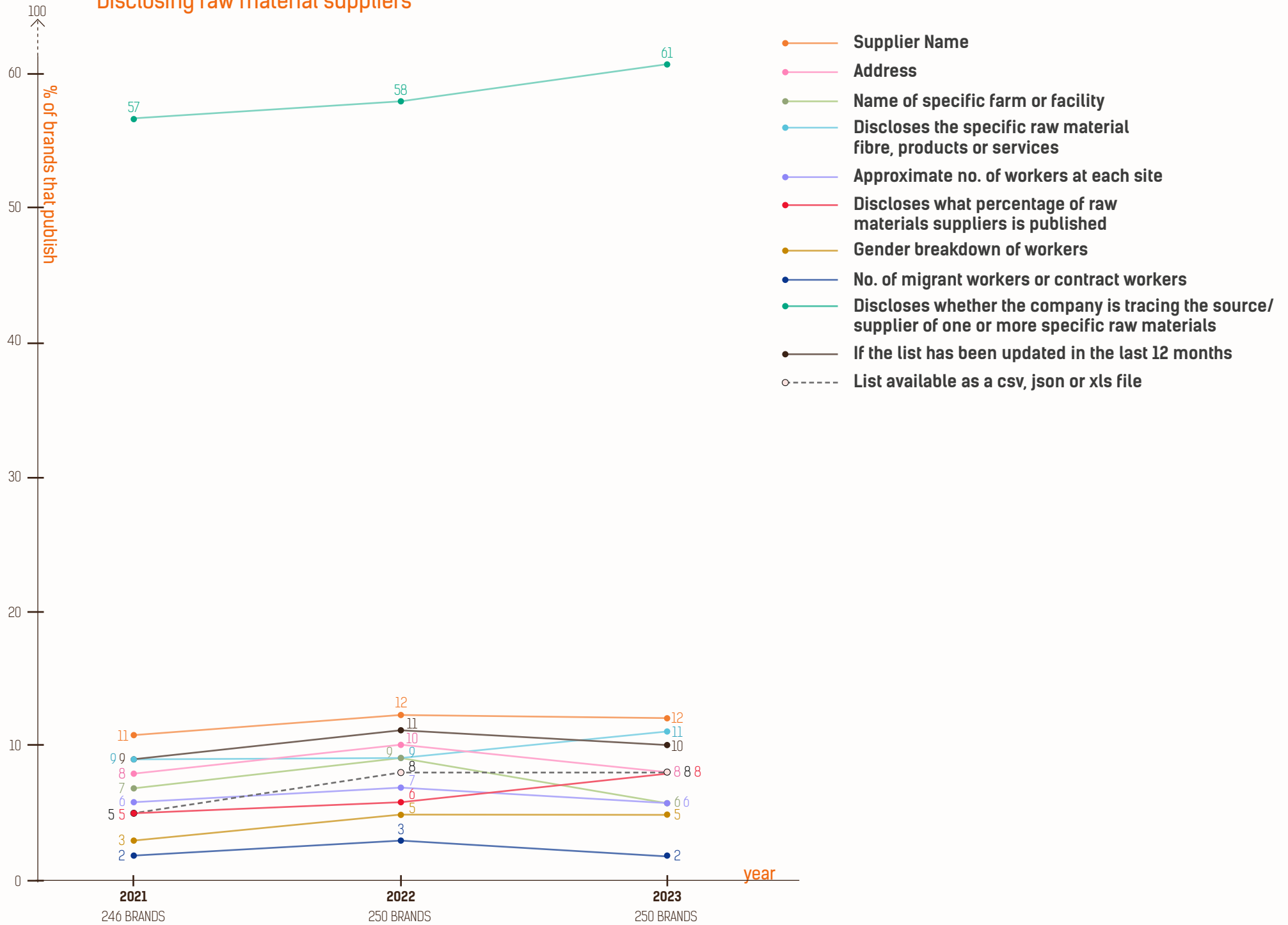
With regard to polyester, for virgin polyester, we are looking for the name of the oil rig (where oil/petroleum is extracted) and/or the supplier of refined oil. For recycled polyester, we are looking for the recycling facility where the polyester is made (i.e. facility where existing plastic is melted and re-spun into new polyester fibre). The observed variation in brands' disclosure signals the need for standardisation and alignment across the fashion industry.

Although it has been encouraging to see supply chain traceability steadily improving among the major brands and retailers reviewed in this Index, progress is still too slow. This evidences why government regulation that requires companies to map and publicly disclose their supply chains is so sorely needed. This will benefit workers and their representatives, investors, regulators, consumers, as well as the brands themselves. In a world increasingly impacted by the climate crisis, traceability of brands' supply chains and accountability of brands' impact on the communities they operate in is more important than ever.

Supply chain traceability is more important than ever considering the toll the pandemic has had on supply chain workers across the world

Brands are now facing increasing pressure to comply with a range of overlapping new laws in different regions. Thankfully, these legislative proposals require more robust traceability. We hope that by 2024, more than 55% of brands will be disclosing their first-tier manufacturing lists and significant progress will be made across the 45% of brands who continually disclose no information about their supply chains, scoring just 0-1% overall in the traceability section. We are in a climate crisis that has sweeping human rights and environmental implications, and we cannot afford to spend time determining chains of responsibility.

Disclosing raw material suppliers



KNOW,

SHOW & FIX

APPROACH

WHAT DO MAJOR BRANDS AND RETAILERS COMMUNICATE ABOUT THEIR HUMAN RIGHTS AND ENVIRONMENTAL DUE DILIGENCE?

Our methodology aligns to the UN Guiding Principle 17 on Business and Human Rights, which calls for companies to identify, prevent, mitigate and remedy their actual and potential adverse impacts. We only accept disclosure that goes beyond social auditing, as auditing alone does not represent a robust human rights due diligence process.

KNOW

We look for due diligence processes on both human rights risks and environmental risks. We measure disclosure on human rights and environmental due diligence to understand what steps brands are taking to identify human rights and environmental risks, impacts and violations in their supply chains.

We also looked for information on how affected stakeholders (such as workers, trade unions and women's rights organisations) are involved in the brand's due diligence process.

This section also captures disclosure on the criteria for taking on new facilities before production commences. This section also measures transparency of the scope, process and accreditation of environmental audits – looking for disclosure on how brands assess whether suppliers are meeting their environmental standards.

SHOW

We looked at whether brands disclose the findings of their facility-level assessments, either as a summary of issues found or at a more granular level (e.g. disclosing findings by individual factories, processing facilities and farms).

FIX

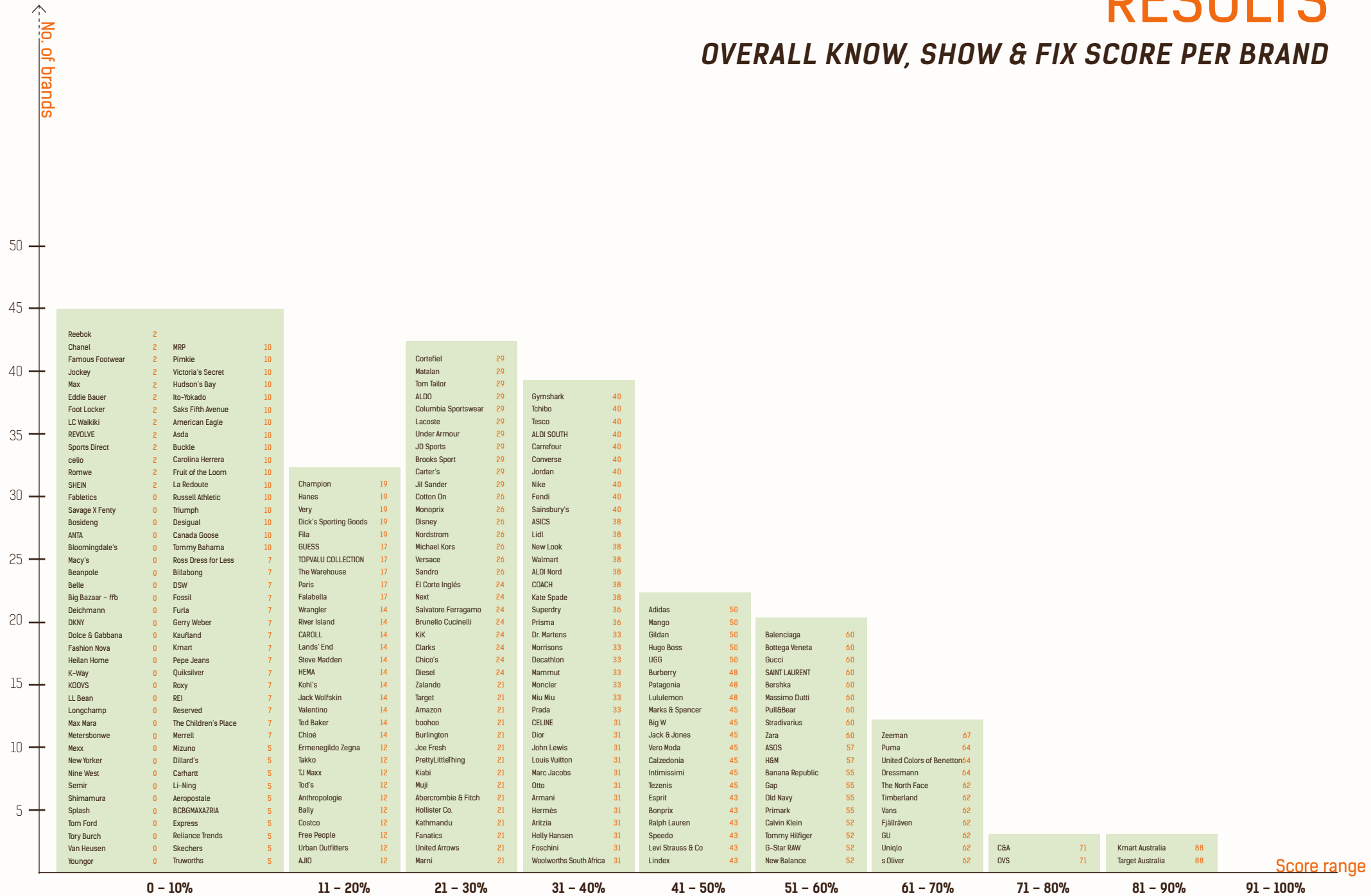
We looked at what brands publish about how they remediate human rights and environmental violations occurring within their supply chain. We also measured whether brands publish a confidential grievance mechanism for both direct employees and workers in the supply chain, including how the company responds to reported violations and grievances, how workers are informed of the grievance mechanism and whether brands disclose outcome data on reported violations.

In the Know, Show & Fix section, we awarded points if brands disclose information such as:

- How the brand works to identify and address both human rights and environmental risks, impacts and violations in its supply chain
- How affected stakeholders (including workers, unions and women's rights organisations) are involved in the due diligence process
- How suppliers are assessed against the brand's policies
- The process for taking on new suppliers
- The process for exiting a supplier responsibly
- Whether brands conduct supplier assessments beyond the first-tier, and if so, whether this is disclosed by named facility
- If supplier assessments involve trade union representatives and include off-site worker interviews
- Findings from its facility-level assessments (e.g. at factories, processing facilities, and farms)

RESULTS

OVERALL KNOW, SHOW & FIX SCORE PER BRAND



* Brands ranked in numerical order by score out of 42 possible points in this section, but shown as rounded-up percentage.

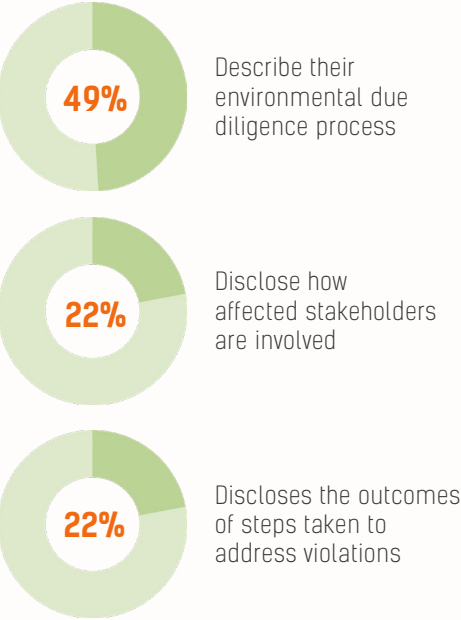
FINDINGS

KNOW

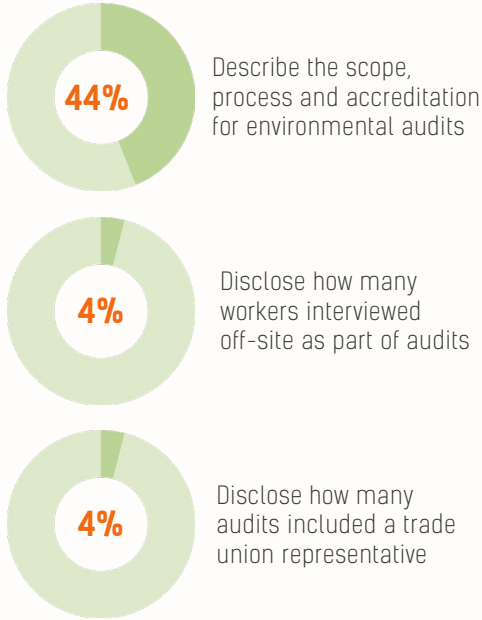
HUMAN RIGHTS DUE DILIGENCE



ENVIRONMENTAL DUE DILIGENCE

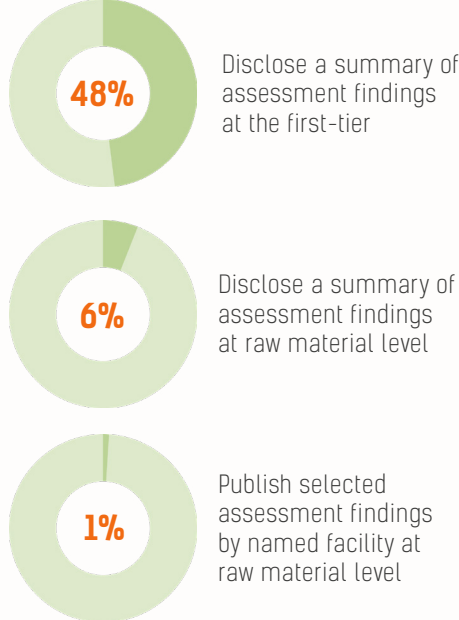


SUPPLIER ASSESSMENTS



SHOW

PUBLISHING FACILITY ASSESSMENT FINDINGS



FIX

REMEDIATING ISSUES



ANALYSIS

KNOW

Environmental and human rights risks are intrinsically linked. The climate crisis is a humanitarian crisis. It is therefore vital that brands conduct robust due diligence to identify both their human rights and environmental risks across their supply chain, which is what we measure in this section.

With due diligence legislation on the horizon, led by the EU, fashion brands have increased disclosure on their social and environmental due diligence.

Performance on every indicator in human rights and environmental due diligence has increased compared to last year. More brands than ever are disclosing their approach to due diligence; how affected stakeholders are consulted; salient risks identified; steps taken to address these risks and the outcomes, in both their human rights and environmental due diligence processes. Upcoming legislation on

due diligence within the EU, which is the largest importer of clothes in the world, has likely contributed to this uplift, most notably the Corporate Sustainability Due Diligence Directive (CSDDD) and the Corporate Sustainability Reporting Directive (CSRD). In a landmark vote in June, Members of the European Parliament (MEPs) voted in favour of a stringent CSDDD sending a clear message of resounding support for corporate accountability across the political spectrum. It is clear that major fashion brands are preparing for being legally required to disclose their due diligence procedures, and beginning to disclose in a voluntary capacity in anticipation of this. Beyond the EU, efforts to enforce due diligence are also ramping up in **Japan, Germany, the US** and more.

In human rights due diligence, the most significant increases compared to last year have been in disclosing how brands consult affected stakeholders (37% up from 26% in 2022) and the salient human rights risks identified (52% up from 42% in 2022). In environmental due diligence, we observe the biggest jumps in disclosing the salient environmental risks, impacts and violations identified (37%, up from 26% in 2022) as well as disclosing the approach to conducting environmental due diligence (49%, up from 39% in 2022).

Comparing human rights and environmental due diligence

Brands remain far stronger at describing their due diligence process and identified risks than they are at disclosing the outcomes and impacts of due diligence – and this is true across both human rights and environmental due diligence. With the exception of outcomes, transparency of human rights due diligence is stronger than environmental due diligence.

Human rights violations are not gender-blind; so due diligence should not be gender-blind either

Human rights impacts and outcomes can be harder to measure and disclose than environmental impacts, which likely contributes to this disparity. It's important to point out that in human rights outcomes, we only allow impact data, such as an observed 10% decrease in instances of gender-based violence, or 10% workers self-report feeling more confident

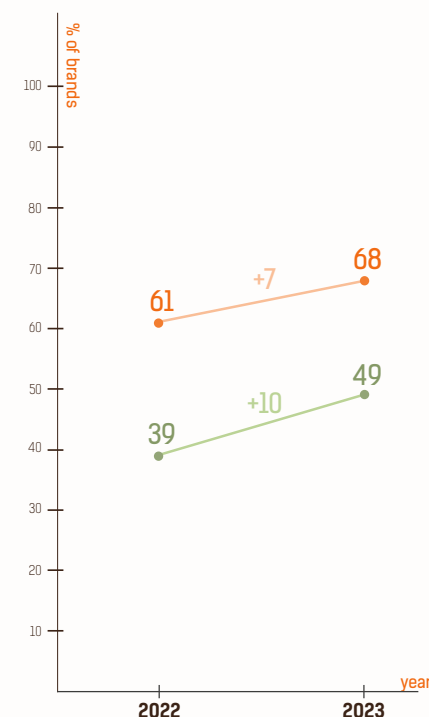
in reporting gender-based violence. Output data, such as 100 workers received a training session on gender-based violence or 10 posters about gender-based violence were displayed at the factory, is credited in the indicator about steps taken, but not for outcomes of human rights due diligence. This contributes to the disparity between brands' transparency on environmental outcomes (22%) and human rights outcomes (20%).

While a gender lens should be deeply embedded and applied to every stage of a meaningful due diligence process, just 14% of brands (up from 12% in 2022) currently disclose that they consult women (including women's organisations and gender experts) in their human rights due diligence process. Human rights violations are not gender-blind; so due diligence should not be gender-blind either.

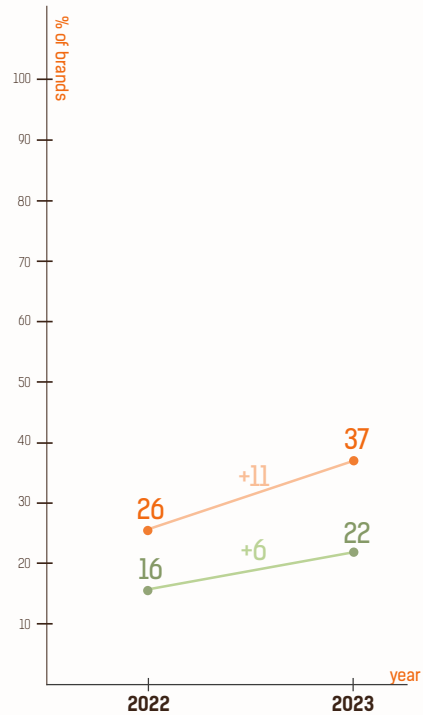
44% of brands disclose their scope, process and accreditation for environmental audits (up from 38% in 2022). It is important that this information is publicly disclosed for scrutiny to determine whether the environmental auditing methodology is stringent, and ensure that the data collected across supply chains is reliable and cannot be used to greenwash.

● Human rights
● Environmental rights

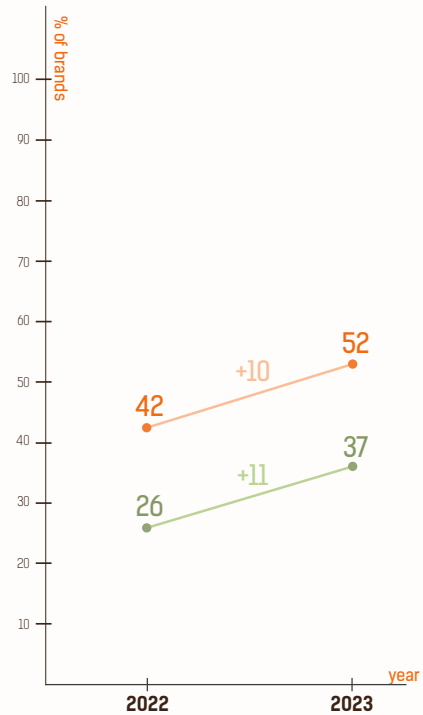
Approach to conducting due diligence



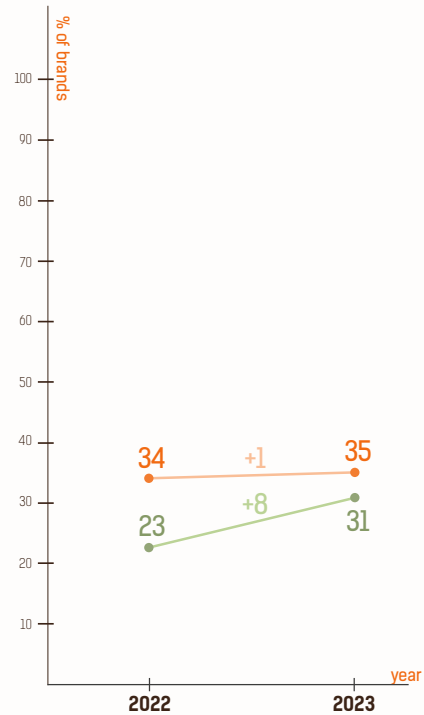
How affected stakeholders are involved in due diligence



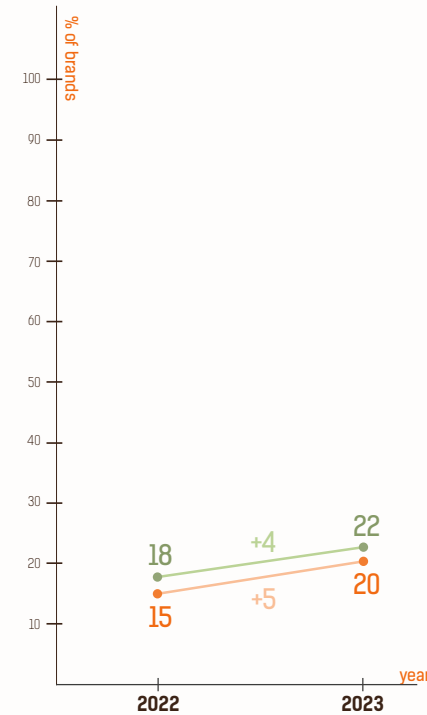
Salient risks, impacts and violations identified



Steps taken to address identified risks



Outcomes of steps taken to address identified risks



ANALYSIS

SHOW

Once again, the results this year illustrate a widespread lack of transparency on the working conditions beyond the first-tier of the supply chain – where workers tend to be less visible, in more precarious and informal employment and at higher risk of exploitation. This includes homeworkers in the supply chain. Disclosure of assessment findings decrease significantly when you look beyond the first-tier, where brands have less visibility and are less likely to be conducting facility assessments like social audits.

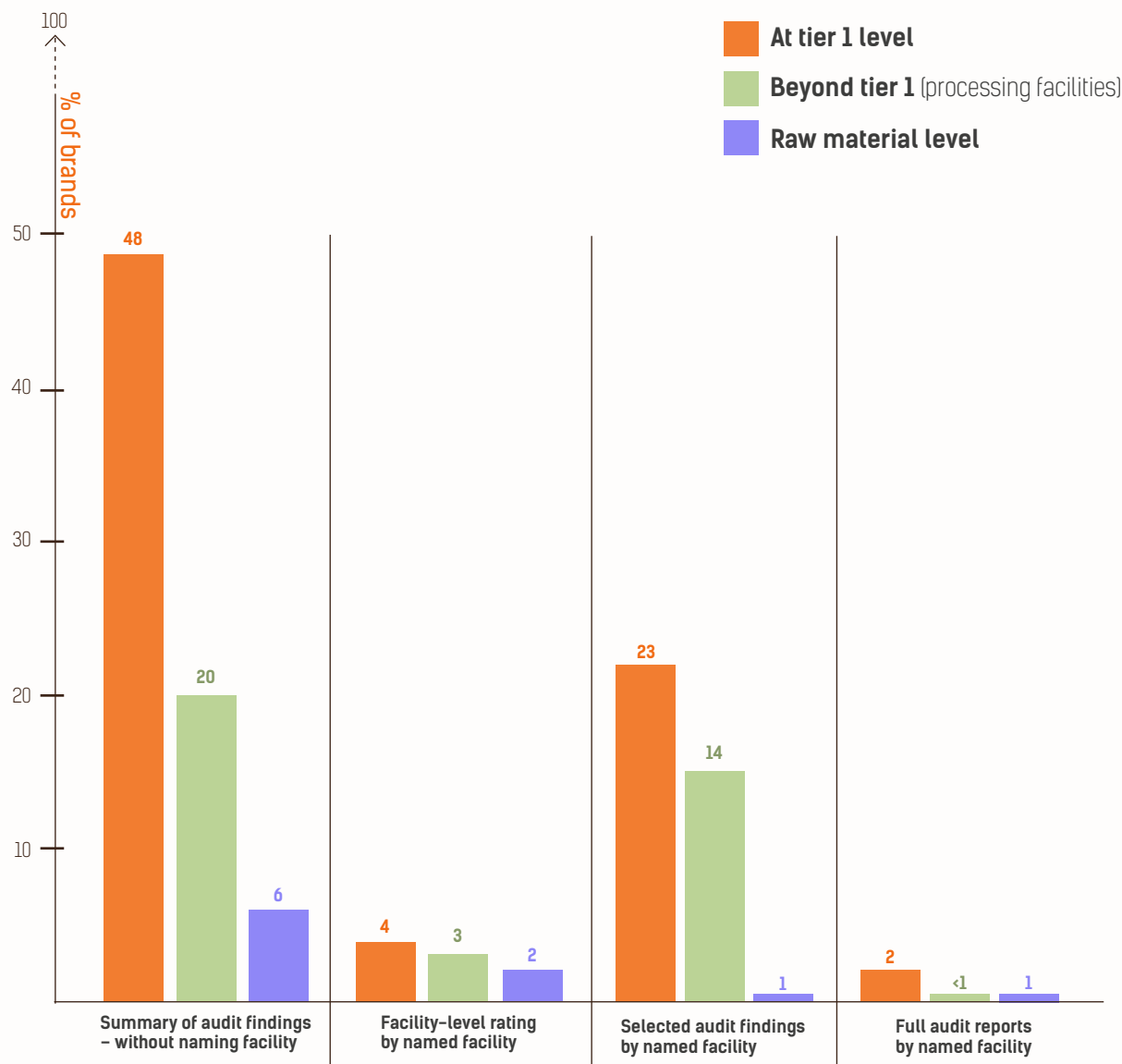
The results this year illustrate a widespread lack of transparency on the working conditions beyond the first-tier of the supply chain – where workers tend to be less visible

As the table shows, 48% of major brands share summarised assessment findings without naming individual facilities (up from 44% in 2022). Many brands cite health and safety non-compliances, which social audits are well-placed to detect.

These ratings do not always paint the full picture as other pressing and endemic issues (like those related to freedom of association and gender-based violence) are harder to detect in traditional social audits. This is also true of the worst forms of modern slavery, including state-imposed forced labour in Turkmenistan and the Uyghur region, which social audits fail to surface. Read more about how traceability can unlock meaningful due diligence in cases of state-imposed forced labour on page **93**

Summarised findings that are not linked to a specific facility are less actionable for affected stakeholders, like trade unions who represent garment workers. If findings are not named by facility, it is harder for them to use the information to hold brands to account including remediating the issues in appropriate timescales.

Major brand disclosure of facility-level assessments results



ANALYSIS

FIX

Identifying social and environmental risks is only valuable if brands then take tangible action to cease, prevent and mitigate these risks, in line with **UN Guiding Principle 17** as well as the **OECD Due Diligence Guidance on Responsible Business Conduct**. This is exactly what the Corporate Sustainability Due Diligence Directive (CSDDD) is proposing to bring into EU law – corporate accountability to ensure that businesses address adverse impacts of their actions, **including in their value chains inside and outside Europe**.

Major fashion brands are significantly more transparent about their approach to due diligence, but disclosure of the outcomes of due diligence lags behind. Currently, 20% of brands disclose the outcomes of their human rights due diligence, yet 68% describe their human rights due diligence process. Similarly, only 22% of brands disclose the outcomes of their environmental due diligence, in contrast with the 49% describing their process.

Brands must be held accountable for remediating non-compliances identified in the facilities where their clothes are made. Appropriate remediation depends on the issue found and its severity. Over half of major fashion brands (56%) describe the remediation process

that is put in place when issues are found in their supplier facilities. This usually includes corrective action plans or stop-work notices, or less commonly supplementary training or policy revision. Unfortunately, only 22% of brands disclose how affected stakeholders (including workers, producers, farmers and their trade unions etc) are involved in the remediation process. This is too low. Consulting affected stakeholders is always relevant in remediation; workers are uniquely placed with valuable lived experience which would enrich and improve remediation.

Fashion Revolution believes brands have a moral responsibility to stay and remediate problems, rather than walk away, in line with **established industry best practice**. We extend these responsibilities to short-term and informal partners, including informal and semi-formal workers (like homeworkers and workers in unauthorised subcontracted sites). Only 24% of brands disclose their responsible exit strategy when leaving a supplier. We only credit policies that ensure brands do not 'cut-and-run' when facing issues in the supply chain. This includes giving reasonable notice of intent to terminate the relationship to suppliers, and conducting assessments on potential adverse human rights impacts.



SOURCE: FAIR WEAR FOUNDATION

Transparency on confidential whistleblowing mechanisms continues to steadily increase. Independent, confidential grievance mechanisms are a critical lever of an effective due diligence process. Workers must feel empowered to speak up without fear of retaliation, including on issues with their supervisors – who may be part of the problem. 67% of brands publish confidential grievance mechanisms for their employees, and 61% do so for workers in the supply chain (up from 64% and 56% respectively last year). 30% of brands describe how workers are informed about the grievance mechanism, and 38% publish their grievance mechanism within their supplier code of conduct.

Disclosing outcomes of grievances can provide valuable learning for the sector as a whole, yet only 26% of brands disclose data about worker grievances filed, addressed and resolved. This aligns to the general trend we find across the Index that brands are more guarded about their outcome and impact data.

“The fashion industry is facing growing scrutiny to ‘do no harm.’ As a top global emitter, the fashion industry has a responsibility to take proportionate, proactive steps to prevent, identify and address harmful human, environmental and climate impacts originating from its factories and supply chain.

Despite this outsized responsibility, according to this year’s Index findings, just 22% of brands disclose the outcomes of steps taken to address environmental issues identified as part of their environmental due diligence and even less (20%) disclose the outcomes of their human rights due diligence.

It’s no coincidence that the places where many fashion brands are offshoring the vast majority of their manufacturing are under-resourced areas in the Global South – where human rights and environmental

protections are often poorly enforced, and companies can cheaply export the products and profits back to western countries. As fashion brands demand more goods and faster deliveries, their failure to address human rights and labour abuses, the increased pollution, consumption, and waste that they are causing is itself a harmful act.

Legal action, coupled with emerging regulations in Europe and North America, shows the importance of industry actors being able to prove that they have acted responsibly at all levels of production. The Fashion Revolution’s Transparency Index is an invaluable industry benchmark, which companies can use to show that they have taken the right steps and complied with relevant laws and international standards. This, in return, could protect them against accusations of poor behaviour.”

Seema Joshi
Fashion and IT Campaigns Director
STAND.EARTH



SPOTLIGHT

ISSUES

APPROACH

Each year, we explore some key pressing issues in deeper detail. For 2023, our focus covers six strategic areas to align with and support the Sustainable Development Goals (SDGs), an urgent call for action to build a better world for people and our planet by 2030. Every year, we select Spotlight Issue topics and formulate the indicators in consultation with industry experts and stakeholders

Decent work & Purchasing Practices

What are major brands and retailers doing to improve conditions for workers within the company and their supply chains?

Specifically, we looked at:

- Forced labour
- Living wages and wage data in the supply chain
- Brands' purchasing practices
- Unionisation and collective bargaining

Gender & Racial Equality

What are the major brands and retailers doing about gender and racial equality?

We looked at:

- Gender inequality in the company and the supply chain
- Gender pay gap
- Racial equality data and what brands are doing to address it

Sustainable Sourcing & Materials

What are major brands and retailers doing to increase the use of sustainable materials and reduce the use of virgin plastics and microfibre shedding?

We looked at:

- Tools and processes to define 'sustainable' materials
- Strategies and progress on the switch to more sustainable materials
- The brand's overall fibre mix
- Strategies and progress on the reduction of the use of virgin plastics in packaging and clothes
- What the brand is doing to minimise the impact of microfibres

Overconsumption, Waste & Circularity

What are major brands and retailers doing to address overproduction minimise waste and move towards circularity?

Here we looked specifically at:

- How many items were produced in the reporting period
- Commitments to degrowth
- How much textile waste was generated and how much was destroyed or recycled
- Strategies and progress on reducing pre-consumer waste and recycling post-consumer waste
- Strategies for take-back schemes and clothes longevity
- Investments in textile-to-textile circular recycling
- Investment in upskilling the workforce for a Just Transition

Water & Chemicals

What are major brands and retailers doing to reduce the use of hazardous chemicals and minimise their water footprint?

Here we looked at:

- Strategies and progress on reducing the use of hazardous chemicals
- Water footprint in direct operations and in the supply chain
- Water risk assessments

Climate Change & Biodiversity

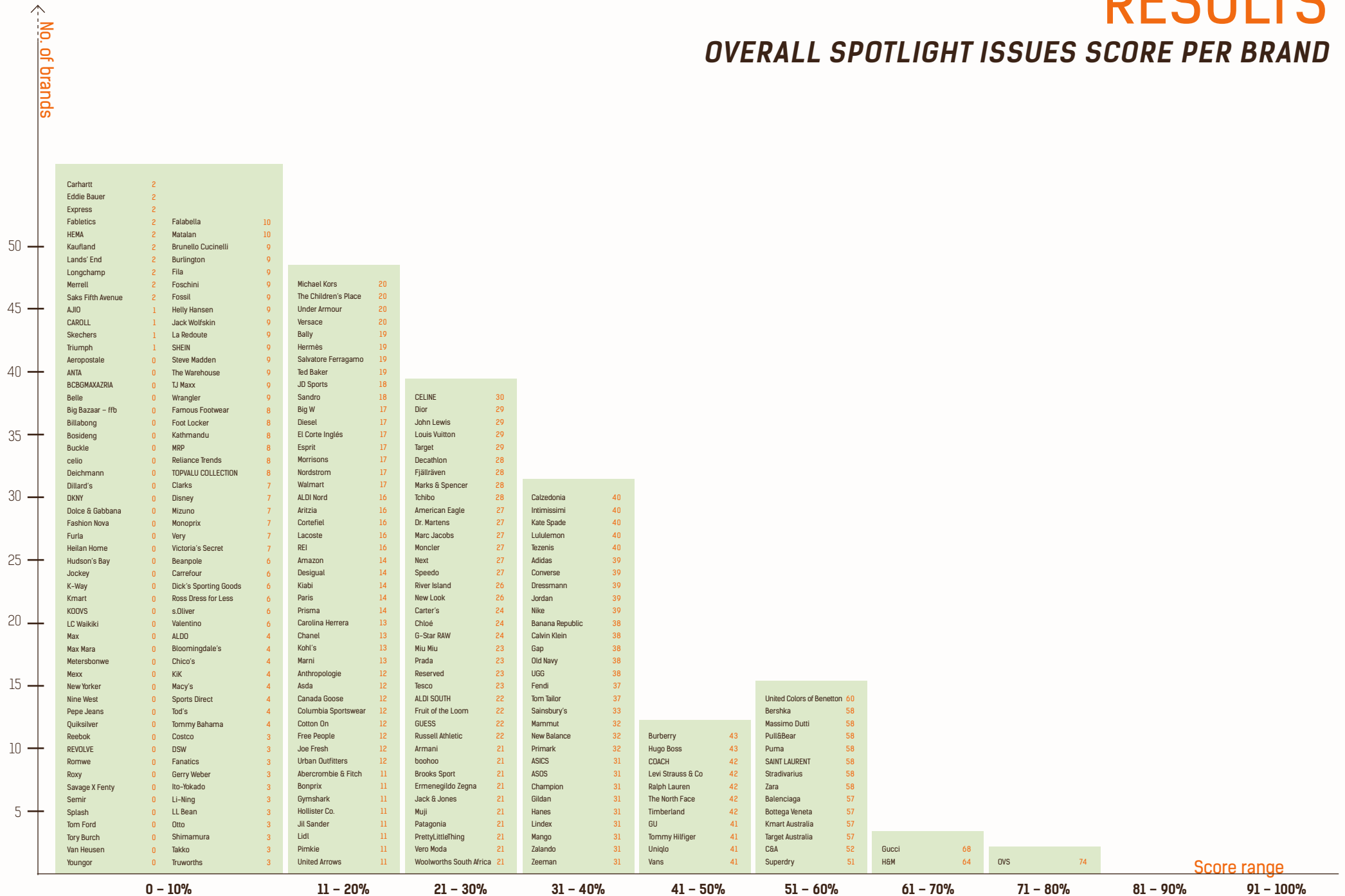
What are major fashion brands doing to combat the climate crisis and mitigate their environmental impacts?

Here we looked at whether brands publish:

- Decarbonisation progress against time-bound and measurable Science Based Targets
- Commitments and progress towards zero deforestation
- Carbon footprint in owned facilities and in the supply chain
- Absolute energy reduction
- Renewable energy use in owned facilities and in the supply chain
- Reliance on coal in supply chains

RESULTS

OVERALL SPOTLIGHT ISSUES SCORE PER BRAND

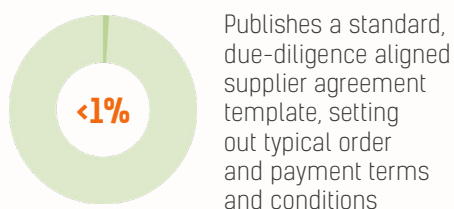
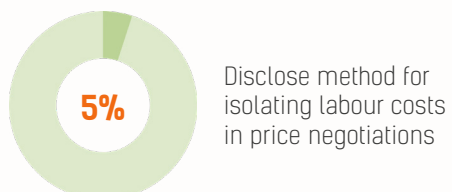


* Brands ranked in numerical order by score out of 90 possible points in this section, but shown as rounded-up percentage.

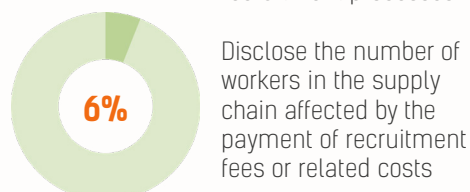
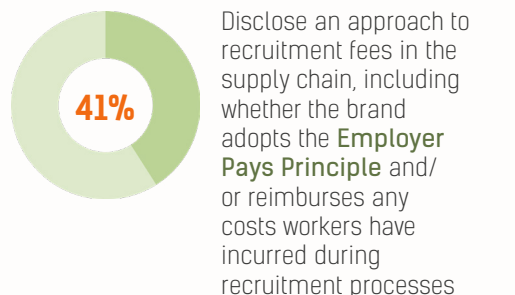
DECENT WORK & PURCHASING PRACTICES

FINDINGS

PURCHASING PRACTICES



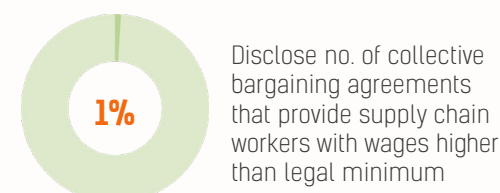
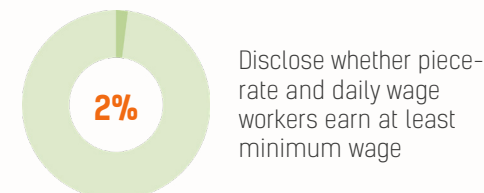
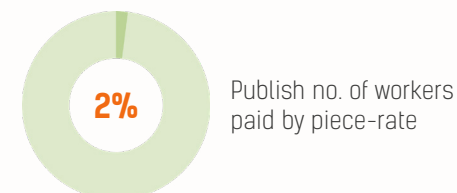
FORCED LABOUR



UNIONISATION



LIVING WAGES



ANALYSIS

MODERN SLAVERY

This year, 88% of brands disclose a forced labour policy and 63% disclose procedures to identify and eliminate forced labour. This performance is slightly worse than in 2022, when 86% of brands disclosed a policy on forced labour and 62% published information about partnerships or programmes to identify and eliminate forced and bonded labour; in other words, the procedural information which may be included in the **UK Modern Slavery Act** or **California Transparency in Supply Chains Act** statement.

Brands' supply chains must be able to stand up to public scrutiny

In June 2022, the **Uyghur Forced Labor Prevention Act (UFLPA)** came into force in the United States, banning all goods from the Xinjiang Uyghur Autonomous Region (XUAR), also known as East Turkestan. The law came in response to China's systemic oppression of over a million Uyghur people who are being forcibly detained and found to be producing for global brands and retailers. 20% of the

world's cotton comes from XUAR – meaning that one in five products made from cotton contains XUAR cotton. The UFLPA is a positive move forward to prevent goods made under conditions of forced labour from entering US markets, and has inspired the proposal of the **Forced Labour Regulation at EU level**.

Within the UFLPA, brands are required to provide evidence of end-to-end due diligence and assurance that their goods do not contain any element that may have been made under conditions of forced labour. The **End Uyghur Forced Labour Coalition** is also calling for a single global cotton standard across their entire global supply chain, for all retail markets, consistent with the requirements of the UFLPA. You can access the coalition's **open letter here**. They are asking global brands and retailers to refrain from re-exporting detained goods to sell into other markets. This is to prevent against the risk of bifurcated supply chains (where brands would divide their supply chains into two, and use other markets as dumping grounds for goods made with Uyghur forced labour). Greater transparency and traceability are key to enable robust due diligence processes to surface risks of forced labour and brands' supply chains must be able to stand up to public scrutiny.

So far, the UFLPA has led to the **detainment of \$1.4 billion USD of goods** at US Customs and over 4000 shipments. It is a great start, but still a **minority of the global trade of goods** made off the backs of persecuted Uyghurs and other Turkic and Muslim-majority peoples. There are growing concerns that the UFLPA is undermined by the de minimis tax in the United States (and elsewhere, as this mechanism is not regionally exclusive). De minimis tax is a limit on how much a person is able to import to avoid customs duties and inspections. In the context of the United States, the threshold for the de minimis tax is USD\$800 (**up from USD\$200 in 2015**). As a comparison, the United Kingdom's de minimis tax is also USD\$800 (GBP£625) whereas China's is USD\$8. This tax policy was never intended to be used as a tool to facilitate commerce; it was originally introduced as a time-saving mechanism to ensure that customs officers were not spending time investigating '**trivial items**'. However, major fashion brands and retailers are using this to their advantage. United States Senator Marco Rubio has **called out the usage of de minimis tax** as a mechanism to evade import taxes – citing that de minimis's direct-to-consumer (D2C) approach "prevents scrutiny under

UFLPA, cheats taxpayers of customs revenue, and undercuts American competitors that play by the rules." The de minimis tax ultimately subverts the UFLPA, as there is no robust way to prove that the imported items are free of forced labour, meaning that the major fashion brands and retailers benefiting from this loophole are not held accountable for perpetuating the trade of goods possibly made with forced labour. **Related campaigns have been launched**, with support from European parliamentarians. Attempts have been made in the past to help curb this loophole, with **calls as early as 2022 to lower the de minimis threshold to USD\$10**, led by United States House and Senate leaders. Governments must act now to prevent this exploitative practice. Fashion must not exploit loopholes which lower the bar and weaken policy advances meant to protect the people who make and consume our clothes.

Brands' payments to suppliers should cover costs of the Employer Pays Principle

A company's typical approach is to set a policy where no fees or related costs are paid by workers in the supply chain as part of their recruitment process. However, according to **Transparentem**, the proliferation of "no fees" supply chain policies among the world's largest brands and retailers has created an incentive for recruitment agencies and employers to conceal cases when workers have illegally paid fees to gain employment.

The **increasing recruitment of migrant garment workers** cannot be separated from a more general trend in the industry, namely a concentrated shift from the use of permanent, regular employment to temporary, contract and seasonal labour. As brands and retailers continue to develop buying policies based on lower prices, shorter lead times and those generally more favourable to the brand themselves, their **relationships with suppliers are becoming increasingly unstable and temporary**. This translates into an **increase in job insecurity and worsening working conditions**.

Best practice disclosure is when a brand discloses that they follow the **Employer Pays Principle**, which requires that no worker pays for a job and the costs of recruitment are covered by the employer. Meeting the costs must be incorporated into supplier payments (e.g. visa costs, medical checks, travel expenses). Brands' **back-paying workers for recruitment fees is crucial to eradicating debt bondage**. Major brands and retailers should also ensure freedom of association and worker organising in their sourcing facilities to enable workplace improvements and implement higher standards of ethical recruitment. In addition, the onus should be on fashion brands (and their suppliers) to prove that appropriate due diligence has been conducted, including back-pay where necessary, rather than on the victim to seek justice. Relatedly, investment in long-term, meaningful supplier relationships is needed to ensure better working conditions. Finally, power brokers e.g. investors and banks, should leverage relationships with buyers and suppliers to incentivise and support ethical recruitment practices and require mandatory progress reporting on implementation.

Little transparency on recruitment fees: an unclear picture of the risks of forced labour

In 2022, little more than one-third (35%) of brands disclosed their approach to recruitment fees. For 2023, that number has increased, with 41% of brands now disclosing this. For another year, the majority (94%) do not disclose the number of workers in their supply chain affected by the payment of these fees. This is key in screening for risks of forced labour, such as **debt bondage**; a term for when workers are forced to work until they pay off debt incurred. In short, more brands disclose information on their approaches to recruitment fees than on the number of workers actually impacted by them.

To understand how this happens, third-party recruitment agencies help suppliers of major brands and retailers meet recruitment needs across their global supply chains. These recruitment agencies often **operate in the informal economy**, and do not provide workers with legally enforceable contracts or agreements regarding wages, benefits and provisions of work. Recruitment fees can be imposed covertly, like hiding exploitative

clauses within contracts written in languages unfamiliar to workers, which may require them to pay recruitment fees, trapping them in debt bondage. Despite this practice being illegal in many countries, it is commonplace that workers are forced to repay their debts by those exploiting them. With garment worker wages low and debts high, repaying fees often takes a very long time – sometimes decades. In 2021, **Transparentem** revealed that 45 migrant workers from Bangladesh, Nepal and Indonesia had paid as much as \$5,294 each in fees to gain employment in a Malaysian garment factory – the equivalent of 20 months of minimum wage pay.

Importantly, **indebted workers are far less likely to bargain for better pay** or working conditions to assert their rights, which perpetuates exploitation. Even when workers challenge the repayment of recruitment fees, it is difficult to prove as they mostly pay fees in cash and therefore do not have receipts. The burden of proof is on the victim to show that they paid recruitment fees, rather than on the

employer (supplier) and brand to prove they ensured that recruitment fees were not charged, and if they were, that they were back-paid to the worker. This is a clear example of why reversal of burden of proof is critical in a just corporate accountability landscape, which is why **civil society organisations are continuing to campaign for reversal of burden of proof in the CSDDD**.

Indebted workers are far less likely to bargain for better pay or working conditions to assert their rights, which perpetuates exploitation

As it currently stands, in the absence of a reversed burden of proof, the worker who has already been harmed and exploited has to fight for repayment. This is logistically difficult on many levels (language barriers, restricted freedom of association, barriers in understanding the legal system, workers being time-poor and money-poor, as well as away from home family and networks for support). Justice could take years

– if it ever comes – leading to increased risk of debt bondage as workers attempt to cover shortfalls in earnings. However, there have been some hard-won successes like in Thailand where **migrant workers from Myanmar won their case**.

Millions of workers have been reimbursed through efforts of the **#PayUp campaign** since the pandemic marked **record numbers of workers dismissed and left unpaid**. However, the initial lack of visibility on the scope of workers impacted by the non-payment of wages was compounded by the fact that even when laid off or dismissed from work, many **garment workers are still expected to pay back crippling recruitment fees**, meaning workers become vulnerable to forced labour and further debt as they try to overcome shortfalls in wages. **According to the International Labour Organization (ILO)**, checking for recruitment fees is necessary to screen for risks of forced labour but the majority of brands appear to be tracking this information and choosing not to disclose it. Or, it may be their due diligence approaches are not robust enough to surface this.

Prevalence of Modern Slavery Risk Factors

Robust due diligence on global fashion supply chains is more important than ever. This includes supply chain traceability and transparency, which are fundamental to surfacing modern slavery business risks, including risks of state-imposed forced labour. **According to a new study by the Walk Free Foundation**, globally, 50 million people are trapped in conditions of modern slavery (tragically, this represents an increase of 10 million people since 2018). The increase could be attributed in part to the devastating impact of Covid-19, which continues to reverberate across global fashion supply chains – combined with intersecting crises of climate and the cost of living.

Collectively, the **G20** imports USD\$468 billion of goods at risk of modern slavery, with garment imports valued at USD\$147.9 billion – meaning that the fashion industry is responsible for almost a third (32%) of all goods at risk of modern slavery, showing **the industry continues to be a driver of modern slavery**. Despite this, our research shows that just 23% of brands disclose the prevalence of modern slavery-related violations and risk factors in

their supply chains (e.g. excessive and forced overtime, restricted freedom of movement, retaining workers' passports and so on.) Importantly, each forced labour indicator should be monitored individually. So, whilst nearly a quarter of brands (23%) disclose the prevalence of modern slavery violations, it is unclear which violations are reported more frequently and which risks may go undetected, unreported and unaddressed. This suggests that the majority of brands fail to address the modern slavery risks prevalent in the garment sector and if they are, they are choosing not to disclose this information.

After decades of progress toward the elimination of child labour, **UNICEF estimates that more than 100 million children** are impacted by the garment and footwear supply chain globally. While child labour remains a critical concern, children are also affected by being the children of workers (who are often single parent families with weak maternity and childcare supports) as well as by being farm and factory community members impacted by associated social and environmental challenges. Addressing poverty is absolutely crucial to address the root causes of modern slavery. In the instance of child labour, paying parents living wages is the most effective solution.

“Many global fashion brands continue to fall short in their efforts, both at a policy level and in actual implementation of such policy pledges when they exist, to effectively address the serious and prevalent risks of modern slavery throughout global fashion supply chains. The fashion industry employs millions of people globally to make our clothes. The vast majority are overworked and underpaid. Compounding this, many workers face intersecting risks related to their gender, race, caste and so on which make them more vulnerable to labour abuses. In addition, many are migrant workers which places them at higher risk of modern slavery and forced labour, particularly through debt bondage resulting from unethical recruitment and the payment of exorbitant recruitment related fees and costs to secure their jobs. The continued lack of serious attention to these important issues and commitment to take the significant efforts required to prevent and remediate forced labour amongst this workforce of at risk migrant workers, continues to be an issue of concern.”

Andy Hall

An independent migrant worker rights and forced labour specialist

VIEWPOINT

STATE-IMPOSED FORCED LABOUR IN TURKMENISTAN'S COTTON HARVEST: THE NEED FOR SUPPLY CHAIN TRANSPARENCY



RUSLAN MYATIEV

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ROCÍO DOMINGO RAMOS

Business and Human Rights
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Turkmenistan's cotton industry is underpinned by a state-sponsored forced labour system.

Every year, the government forces hundreds of thousands of public sector workers, like teachers and doctors, to pick cotton, pay a bribe, hire a replacement worker, or face threats of lost wages and termination of employment. In many cases, children pick cotton alongside their parents. Farmers are forced to meet official production quotas under threat of penalties. Private businesses are also forced to contribute workers or services, for example, vehicles to transport forced labourers. The Turkmen government is resisting reforms to the industry and has taken harsh actions against those who report on abuses in the sector.

Given the government's total control of cotton production, for any company sourcing cotton or cotton products directly from Turkmenistan, it is a fact that their product is tainted with forced labour. But there is also risk for those who source from countries that produce textiles using Turkmen cotton, yarn and fabric. For companies in the United States, due to a Customs and Border Protection Withhold Release Order on Turkmen cotton, they are illegally importing such products. To assess and mitigate that risk, full mapping of supply chains and transparency is integral.

Turkmenistan is the 10th-largest cotton producer in the world and has a vertically integrated cotton industry. Turkmen cotton from any stage of production can find its way into supply chains. According to UN Comtrade data, in 2022 Turkmenistan exported cotton and cotton products valued at almost

US\$300 million to several countries across the world. **Research by Cotton Campaign members** on commercial trade and value chain databases shows that Turkmen cotton enters the global markets through two main streams:

1. As finished goods produced in Turkmenistan and exported through direct trade routes or transhipped to, for example, Kazakhstan, Russia, Belarus, Italy, the U.S., and Canada; and
2. Through suppliers in countries that produce textiles using Turkmen cotton, yarn and fabric, **in particular Turkey**, but also China, Pakistan, and Portugal, among others. For example, Turkmenistan is the largest source of fabric imports to Turkey, and the second largest source of yarn, **after Uzbekistan**.

The repressive system of state-imposed forced labour in Turkmenistan makes it impossible for brands and retailers to conduct any credible due diligence on the ground to prevent or remedy forced labour. For this reason, companies must map out their entire textile supply chains, down to the raw material level, and eliminate all cotton, yarn and fabric originating in Turkmenistan, with a focus on identifying the intermediary routes by which it reaches supply chains. It is disappointing that transparency is low across fashion's supply chains, especially at raw material level where just 12% of major fashion brands publish their raw material suppliers, like cotton farms. Transparency helps a company's own knowledge and due diligence and supports civil society working to bring all companies to the same level. Yet, as we see with this year's Fashion Transparency Index, this level of transparency is minimal.

BRANDS' PURCHASING PRACTICES

Unfair purchasing practices are the backbone of exploitation in the fashion industry.

Traditional fashion brand compliance efforts consisted of offloading the direct responsibility for human rights and the environment onto their suppliers, who absorbed this burden as a cost of securing the brand's business. Major fashion brands engage in purchasing practices with suppliers which are volatile and abusive. These practices, sometimes known as unfair trading practices, include: cancelling and delaying orders; refusing to pay for orders; demanding retrospective discounts; sudden changes in order volumes; paying for orders very late. Sometimes, customers are wearing clothes before big brands pay the factories that made them.

Since the Covid-19 pandemic, when exploitative brand purchasing practices (such as cancelling and refusing to pay for orders and demanding retrospective discounts, among others) resulted in unprecedented levels of worker hardship, there has been a greater spotlight on brands to take responsibility for the impacts they are driving.

However, as evidence continues to mount that major fashion brands engage in practices which are volatile and abusive toward their suppliers, our findings similarly show that few major fashion brands disclose evidence of working with their suppliers under fair terms. Brand commitments to sustainability ring hollow when they continue to perpetrate these unfair purchasing practices that drive labour abuses for the people who make our clothes. Garment workers face job losses, earn poverty pay and work excessive and even forced overtime. Due to brand volatility in planning and forecasting orders, factories are unable to plan regular and overtime work hours, and are forced to hire 'flexibly'. This results in insecure and informal work arrangements for the people who make our clothes.

Purchasing practices which include order placement, payment terms, planning, forecasting and costing are proven to impact vital areas such as workers' wages and safety conditions. See table.

Brands' purchasing practices that may impact working conditions

The below table is compiled with reference to data from the Fashion Transparency Index 2023. Trade and this research paper, jointly authored by Fashion Revolution and the University of Cambridge.

PLANNING & FORECASTING	COST & COST NEGOTIATION	PAYMENT & TERMS
<p>Brand purchasing practices</p> <p>Sudden changes in order volumes</p> <p>Delays in providing order specifications or approvals; last-minute changes</p> <p>Short lead times</p> <p>Volatile and unpredictable purchase orders, ordering 'on-demand'</p> <p>↓</p> <p>Supplier response</p> <p>Suppliers' inability to plan regular and overtime for workers</p> <p>Abusive, humiliating verbal abuse and forcing workers to work more quickly</p> <p>Restrict toilet, water and meal breaks</p> <p>Hiring 'flexible workers' to respond to unstable orders, including day workers</p> <p>↓</p> <p>Impacts on workers</p> <p>Excessive overtime, reduction in productivity, potential to make more mistakes that lead to accidents and injury; disruption of family life; isolation and increased vulnerability to illness</p> <p>Stress, anxiety, productivity reduction</p> <p>Fatigue and other health issues; gendered impact for women workers who need additional rest breaks during menstruation</p> <p>Insecure and informal work arrangements without social protections like sick pay and holiday pay</p>	<p>Brand purchasing practices</p> <p>Negotiate lower prices or ask for discounts</p> <p>↓</p> <p>Supplier response</p> <p>Outsource/subcontract to smaller, low-cost units</p> <p>↓</p> <p>Impacts on workers</p> <p>Exploitative working conditions could thrive in hidden facilities, where workers may be left with little recourse to access remediation or compensation as difficult to establish links to lead firm</p> <p>Workers could receive piece-rate wages</p>	<p>Brand purchasing practices</p> <p>Negotiate lower prices or ask for discounts</p> <p>↓</p> <p>Supplier response</p> <p>Suppliers unable to invest in fire and building safety improvements due to price pressures</p> <p>↓</p> <p>Impacts on workers</p> <p>Unsafe working conditions making them vulnerable to injuries and even death</p>

Data from Better Buying, Human Rights Watch, Transform
by The University of Aberdeen and Transform Trade.

MANAGING THE PURCHASING PROCESS

Brand purchasing practices

Order cancellation

Unwarranted penalties issued to suppliers to cut costs (i.e. asking for discounts)



Supplier response

Unable to pay workers' wages, having already fronted production costs like raw materials and labour through bank loans and lines of credit (debt)



Impacts on workers

Stress, anxiety, hunger, taking on debt to afford basic needs like food, housing, education medical care and so on

Deeply unequal power relations between major fashion brands and their suppliers and workers uphold these unfair practices.



It is brands that dictate the purchasing terms and pricing, often to the detriment of suppliers and workers. In a cut-throat market of fierce competition, suppliers fear losing orders if they push back. In this race-to-the-bottom environment, when brands pay such low prices (sometimes **below the cost of production**), suppliers are incentivised to cut corners, including through unauthorised subcontracting to underground factories with even worse working conditions.

Transparency of brand purchasing practices is abysmal. This lack of transparency reinforces the power imbalance between buyer and supplier relations and what actions, if any, brands are taking to stabilise their commercial relationships. Our data finds that just 3% of major brands are transparent about the feedback they receive from suppliers. Disclosure on some of the most pressing areas linked to purchasing practices is even more elusive. Just 4% of brands share the number of orders that have retrospective changes to their previously agreed

payment terms and just two brands in total (0.8%) disclose a policy on what percentage of the purchase order the brand typically pays to the supplier upfront before production begins. Suppliers are routinely expected to 'front' the costs of production by purchasing the raw materials, fabrics and inputs needed on credit. When orders are then cancelled, suppliers are left with these debts.

The precarity that suppliers operate within, particularly around lengthy waits for payments after delivery, is a major driver of exploitation in fashion. Just 8% of major brands disclose the average number of days in which purchase orders are paid in full to suppliers after delivery. While **suppliers advocate** that payment terms should not exceed 60 days, our data shows just 11% of brands disclose a policy to meet this.

Another trend we are seeing is that brands, especially ultra-fast fashion brands and sportswear brands are adopting on-demand models in the way they order their clothes. These direct-to-consumer (D2C) eCommerce models mean that brands order very small order quantities upfront, and if they are selling well, orders are ramped up. Purchasing in this way may

reduce unsold goods, but it places suppliers under risk and workers under immense pressure. These sudden and unpredictable surges in order volumes, needed fast, makes it impossible for suppliers to plan. They drive up excessive overtime, as well as stress and anxiety for workers to meet production targets. Accidents and injuries increase under these pressures, as does risk of verbal and physical abuse – especially for women who face gendered risks of violence and harassment at work.

D2C models also make the customer the importer, not the retailer. This means that brands operating with D2C models can avoid tax (by using de minimis importer loopholes) and can fly under the radar of forced labour regulations, including the US Uyghur Forced Labor Prevention Act (UFLPA). Read more about that on page 90.

This year, 12% of brands publish a responsible purchasing code of conduct and only one out of 250 brands, Zeeman, publishes a standard, **due-diligence aligned supplier agreement template**, setting out typical order and payment terms and conditions. Zeeman's commitments to their suppliers span responsible purchasing practices, supporting

suppliers with human rights due diligence, responsible exit, and more. There is a clear need for more brands to commit to and publicly disclose their responsible purchasing practices agreements.

Fashion Revolution continues to advocate that governments outlaw unfair brand purchasing practices which drive labour abuses for the people who make our clothes. At EU level, our **Good Clothes, Fair Pay legal proposal** includes a minimum list of eight prohibited unfair trading practices in Article 4. If passed, fashion brands that engage in unfair practices risk receiving criminal sanctions and/or a fine, the sum of which will be calculated in relation to their annual turnover. This plugs a gap we currently see in the CSDDD, which as it stands does not list any prohibited unfair trading practices. At UK level, we stand with Transform Trade in calling for a UK **Fashion Watchdog** as proposed in the **Fashion Supply Chain Adjudicator Bill**. Read more about that in the following viewpoint by Hilary Marsh from Transform Trade.



VIEWPOINT

FASHION HAS A PURCHASING PRACTICE PROBLEM: INDUSTRY WATCHDOG NEEDED

HILARY MARSH

*Garment Policy Advisor
Transform Trade*

Fashion has a purchasing practice problem. Whilst the data from this year's report demonstrates an upward shift by brands in their transparency of human rights due diligence processes (68% in 2023 compared to 34% in 2020), there has been no movement on publicly committing to paying suppliers within even 60-day time frames. Late payments are part of a bundle of purchasing practices which directly impact a supplier's operations, potentially creating the very issues due diligence tries to mitigate. Voluntary initiatives to improve purchasing practices have proven ineffective; regulation is desperately needed to embed stability and consistency in fashion supply chains and level the playing field.

It is concerning that the simple act of disclosing policies to pay suppliers within a maximum of 60 days is proving a struggle for major fashion brands, with only 11% publishing a policy to pay suppliers

within 60 days, stagnant since last year. Much of the disclosure made by brands and retailers, for instance in HRDD reporting, is based on information provided by suppliers, about the workers employed by suppliers or environmental impacts incurred within supply chains. The lack of information provided about the actions of the retailers themselves is a vital missing piece of information. Particularly given the role that brands' purchasing practices can play in enabling or undermining improved labour rights. For example, the **ILO's 2017 report** pointed to a correlation between companies committing to pay at least the cost of production and a 20% uplift in wages. When brands pay their suppliers months late, then it is suppliers, and ultimately garment workers (experiencing poor labour rights including incorrect overtime payments, delayed and inaccurate wages), who are effectively subsidising

fashion brands' operations, and as it stands only 4% of fashion brands share the number of orders that have retrospective changes to their previously agreed payment terms.

But it isn't just late payments which impacts suppliers' operations. In a survey from the **University of Aberdeen** released this year of 1000 Bangladeshi manufacturers producing clothing for global brands and retailers, more than 50% reported at least one of the following four unfair practices by brands and retailers: cancellation of orders, price reduction, refusal to pay for goods dispatched or in production, and delaying payment of invoices of more than three months. These methods used when fashion brands buy clothing dump inappropriate, unexpected, and excessive risks and costs onto their supplier factories and undermine the market for brands treating manufacturers fairly. Practices like this were once widespread in the food retail

sector but were banned with the establishment of a **Supermarket Watchdog** enforcing a **Code of Practice**. Its introduction has seen a huge reduction in these practices with 79% of suppliers surveyed reporting experiences of code breaches in 2014, falling to 29% by 2021.

We urgently need legislation for the fashion sector. Luckily, there is growing support to follow suit. The proposed 'Fashion Watchdog' (or **Fashion Supply Chain Code Adjudicator, as set out in a UK Private Member's bill**) would oversee fashion brands' buying practices and be able to reverse unfair decisions in line with a code of practice for the industry.

If you are in the UK and in support of fair purchasing practices by fashion retailers and brands selling in the UK market, head to our **Fashion Watchdog MP Pledge page**, and contact your MP today to ask them to support this vital proposal.



"The fast fashion model that exploits both people and the planet's finite resources must come to an end. The welfare of people and the planet takes precedence over the textile industry's pursuit of profits. Textile supply chains show that human rights and environmental consequences cross borders and our responsibility is global. Many voluntary measures and commitments by companies have taken an important step in the right direction, but the reality shows that these are far from enough. We as the EU must lead by example and ensure that the textiles sold in our shops guarantee high environmental and human rights standards. To achieve this we need binding legislation. That's why I call for European legislation that guarantees that fashion is not produced at the cost of environmental destruction and human lives. As rapporteur in the Environment Committee for sustainable textiles, I am fighting for this!"

Delara Burkhardt

Member of European Parliament

The Progressive Alliance of Socialists and Democrats

LIVING WAGES

Fashion is one of the most unequal industries on the planet. Some of the richest people in the world have amassed their billionaire fortunes in fashion retail, spanning fast fashion to luxury. And yet, millions of people who make those clothes – mainly young women of colour – are not paid enough to meet their basic needs.



Poverty wages in the fashion industry are not inevitable – the industry turns over an eye-watering **\$1.7 trillion US dollars annually**. Rather, poverty wages in fashion are an outcome of immense greed and exploitation. According to a paper published by **Oxfam**, in just four days, a top fashion CEO earns what a garment worker in Bangladesh will earn in their entire lifetime.

Large fashion brands, including brands captured in this Index, profit from the undervalued work of garment workers. These people who make our clothes deserve to live decently and be able to provide for themselves and their families. With inflation rising globally, driven by soaring costs of food and energy, this is more pressing than ever.

In just four days, a top fashion CEO earns what a garment worker in Bangladesh will earn in their entire lifetime

In spite of this urgency, we once again see glacial progress on living wage transparency. Woeful progress is being made by most brands towards ensuring that the workers in their supply chain are paid living wages – enough to cover their basic needs and put aside some discretionary income. Just 28% of brands disclose their approach to achieving living wages for supply chain workers – stagnant for the past three years. Only 2% of brands publish their annual progress towards a living wage and just 1% publish the number of workers in their supply chain paid a living wage. Clearly, voluntary measures are half-hearted and unacceptably slow. In fact, **a study of 25 Australian brands estimates** that at its current pace, it will take 75 years for them to pay a living wage. We need binding legislation to close the gap between current wages and living wages.

While brands continue to hide behind legal minimum wages to profit from cheap labour while in compliance with legislation, we cannot rely solely on voluntary measures from values-driven companies to pay marginally over the minimum wage to ensure that the people who make our clothes are paid fairly. Brands often greenwash by disclosing that they pay “competitively” or “above the minimum wage”. However “competitive” wage rates which exceed minimum wages are almost always poverty wages that do not constitute a living wage. To learn more, explore our **interactive living wage map** here, which illustrates the gap between minimum and living wages. Legislation will also drive action among all companies, not just those that are reputation-sensitive or values-driven.

The level of opacity around making living wages a reality indicates a lack of commitment to transparency on this issue. It crystallises the fact that isolated, voluntary efforts from brands to implement living wages in their supply chains are insufficient in addressing this seismic injustice.

In addition, restrictions on freedom of association in many garment-producing countries make it difficult for workers to push back for better working conditions through collective bargaining.

Hundreds of thousands of EU citizens have signed their name to support the campaign. Are you with us?

At the time this research is published, we will be in the final sprint of our European Citizens’ Initiative campaign, Good Clothes, Fair Pay. Ending on 19th July 2023, Good Clothes, Fair Pay demands groundbreaking living wage legislation across the garment, textile and footwear sector. Our **proposal** requires brands to identify, prevent and mitigate adverse impacts on living wage, freedom of association and collective bargaining rights. It prohibits unfair trading practices and mandates transparency of time-bound and target-bound plans to close the gap between actual and living wages.

Hundreds of thousands of EU citizens have signed their name to support the campaign. Are you with us? We need one million signatures from EU citizens (EU passport holders, regardless of residency). Head to **goodclothesfairpay.eu** to sign your name before 19th July 2023. If you’re not an EU citizen, help us spread the word by sending to a friend who is, and by sharing our posts on social media.



ANNE BIENIAS

Living Wage Coordinator
Clean Clothes Campaign

VIEWPOINT

**WE CAN'T LET ANOTHER GENERATION OF
GARMENT MAKERS DEPEND ON POVERTY WAGES.**

The Fashion Transparency Index and the Transparency Pledge have been at the forefront of pushing for the enormous increase in the amount of brands publishing their suppliers list over the past few years, with more or less detail, which has been immensely important for the work of the Clean Clothes Campaign network and other labour rights groups.

It's impossible to hold brands accountable for violations in their supply chain if there is no oversight of which brands are producing where. However, transparency at this level is not enough. A list of factories on a brand's website or on the Open Supply Hub does not tell a consumer under what conditions their item of clothing was made or how much the maker was paid to make it.

This is tricky, as more and more brands make bold claims or promising commitments about paying living wages to workers in their supply chain, roughly 28% of the brands covered in this research. We can clearly see that this is the first step towards a living wage and with the lowest threshold. The more specific it gets (so moving from a commitment to an action plan and then to implementing that action plan) the fewer brands are able to provide any evidence or details.

Only three brands in this research can provide evidence of paying some of their workers a living wage, despite decades of corporate social responsibility and voluntary multi-stakeholder initiatives. This unfortunately means that most workers in these brands' supply chains are still paid poverty wages; a minimum wage – where there is a statutory minimum wage – or per piece. Statutory minimum wages are far below living wages in garment production countries.

The minimum wage in Bangladesh has not been revised for five years, which essentially means that workers' purchasing power has decreased over the past five years because of inflation and rising cost of living. The situation in other countries is similar: workers' wages don't rise as quickly as inflation. The gap between wages earned and what constitutes a living wage is growing, despite all good intentions by some fashion brands. It's clear that workers can't wait for brands to figure it out by themselves, but that immediate action in the form of legislation or other binding mechanisms to stop this crisis is required.

That is why **Clean Clothes Campaign** is a key partner in the **Good Clothes Fair Pay** campaign, calling on the European Union to adopt specific legislation that requires companies to conduct living wage due diligence in their supply chains. We can't let another generation of garment makers depend on poverty wages.



FAROOQ TARIQ

Pakistan Kissan Rabita Committee



TESS WOOLFENDEN

Debt Justice, UK

VIEWPOINT

DEBT AND THE GARMENT INDUSTRY: DEBT AS A VEHICLE FOR GARMENT WORKER EXPLOITATION IN THE GLOBAL SOUTH

Throughout the Global South, many countries and workers depend on the garment industry for their income. Yet, conditions are often deeply exploitative and dangerous for workers, while profits are typically enjoyed by big multinational companies. Many of these inequalities link directly to debt.

For centuries debt has been weaponised against Global South countries and communities to the benefit of Global North elites.

Not only do Global North governments, institutions and corporations use debt to extract vast wealth through interest payments (\$2.5 trillion since 1970) shrinking the resources that countries have to meet citizens' needs, they also use debt to tell countries what to do, forcing them to implement harsh austerity-based reforms as conditions of their loans.

Global North governments and dominated institutions (like the World Bank and IMF) argue that these reforms – including cutting public spending, deregulating labour markets and liberalising economies – will achieve economic growth and allow countries to repay their debt and fund their development. But after decades, these outcomes have not materialised. Instead, Global South economies have stagnated and poverty and inequality rates soared while foreign investors have enjoyed new access to Global South markets on favourable terms.

For garment workers throughout the Global South, these reforms have created the perfect conditions for wage theft, poor and unsafe working conditions and restricted opportunities to unionise while multinational corporations make mass profits. Making up a majority of the workforce, women have been especially impacted whilst also bearing the brunt of public spending cuts which have forced

vital services like healthcare into the home. These impacts are well documented, yet only 14% of major fashion brands involve gender experts in their human rights due diligence processes.

While there has been debt cancellation in the past, debt burdens and thus the ability of Global North powers to enforce economic reforms, remain high as the root causes – irresponsible lending and the Global South's colonially rooted dependence on borrowing – remain unaddressed.

There are currently 54 countries in debt crisis. Many of these countries also rely on their garment industries, like Pakistan and Sri Lanka.

In Pakistan for example, soaring inflation as a result of the debt crisis is causing the cost of essentials like food to skyrocket, which alongside poor and unpredictable wages in the textile sector means many workers can't afford to eat full meals or pay for necessities.

The high debt burden in Pakistan also means that governments do not have the resources to meet citizens' needs, like funding healthcare or addressing the climate crisis.

In 2022, Pakistan was hit by devastating floods caused by the climate crisis. Recovery and reconstruction is estimated to cost at least \$40bn but the country is expected to pay over \$18bn in debt repayments this year.¹ The floods have hit the textile industry hard. Yet because of a lack of national resources due to the debt, the industry has not been able to fully recover, putting many jobs and livelihoods at risk.

But all across the world, impacted communities are resisting the impacts of unjust debt and forced austerity. In Pakistan, the Kissan Rabita Committee and APMDD Pakistan are demanding an end to

the unjust debt plaguing the country, calling on the government to stop repaying its loans, for Global North lenders to cancel the debt, and for living wages for all workers.

Global South countries urgently need debt cancellation, free from economic conditions, so they have the resources and policy space to uphold the rights and wellbeing of all workers and citizens.

Addressing a lack of transparency is also key. How can we adequately hold corporations, governments and institutions accountable if we don't know the true scale of what is happening? In the fashion industry, this means big brands publicly disclosing information on their operations. For debt, it means creditors and borrowing governments sharing accessible information on their loans so citizens can hold their governments and lenders accountable.

¹ Calculated by Debt Justice from the World Bank International Debt Statistics database

UNIONISATION & COLLECTIVE BARGAINING

Freedom of association, including the right of everyone to form and join trade unions for the protection of his or her interests is a cornerstone of democracy enshrined in a number of international agreements and national laws.



Workers are their own best advocates and joining together to speak out and negotiate with their employers remains the main channel available to them if they are to achieve better working conditions. Independent trade unions can address the issues that concern workers most, such as pay, social security benefits, overtime hours, maternity rights, discrimination at work and are even associated with **less accidents** in the workplace. There is an absence of data on unionisation rates in the fashion sector globally, but indications are that it remains low with estimates from Bangladesh that just **3.5 – 4%** of garment factories in the country have a union presence. History has shown that it is not the exception but the rule that high volumes of fashion continue to be sourced from **regions of the world with the most stringent restrictions** on workers' organising, where severe and frequent labour abuses are commonplace.

The role of major brands in ensuring an enabling environment for true worker representation continues to be more passive than it should be. This is evidenced by the distinction between publicly-stated brand policies and disclosure of actual actions taken and outcomes at worker level. While 85% of major brands publish a policy outlining their commitment to freedom of association, the right to organise and collective bargaining at supply chain level, just 39% of brands disclose how they are putting these policies into action. Furthermore, just 15% of brands disclose the number or percentage of their supplier facilities that have independent, democratically elected trade unions – a slight increase from 2022.

Although the **World Health Organisation announced the end of Covid-19 as a global health emergency** in May 2023, the impacts of this crisis are still acutely felt. Covid-19 has been used as the standard reason for dismissing organising workers in many garment-producing countries and union leaders say that the pandemic has made negotiating with employers and recruiting new members more difficult.

The role of major brands in ensuring an enabling environment for true worker representation continues to be more passive than it should be

In a **2022 report**, the Business & Human Rights Resource Centre interviewed 24 trade union leaders and surveyed 124 union activists and labour advocates in Bangladesh, Cambodia, India, Indonesia and Sri Lanka, with nearly two-thirds (61%) of survey respondents reporting the situation for freedom of association and collective bargaining for garment workers has 'gotten worse' since the pandemic. Almost half (48%) of respondents revealed an increase in discrimination, intimidation, threats and harassment of trade union members. **A 2023 report by Labour Behind the Label** shares stories at the intersection of LGBTQI+ rights and labour rights. A female Indonesian garment worker shared, "Actually, I want to rebel but I need to work because I have a daughter that I need to take care of" showing that workers risk unlawful dismissal and

threat of lost wages when advocating for themselves. This illustrates how poverty wages and restrictions on freedom of association come together to repress worker voice.

Alongside the pandemic, governments of garment-exporting countries facilitated a wider crackdown and suppression of democracy and genuine worker representation in some production contexts. Notably, in Myanmar, where there was a military coup in February 2021, **state-sponsored repression at garment factories**, particularly of union leaders, continues to be rife. In the two years since the military coup began, more than 300 union members and activists have been arrested in a sweeping move to suppress the right of freedom of association – **though many bravely continue to operate underground**. Several brands have stopped sourcing from Myanmar, so as to not be complicit in these egregious violations. To counter the negative public perception of Myanmar's government, the **military junta has registered some labour organisations as trade unions**. This move has been supported by the **MADE in Myanmar programme** despite being widely condemned from local, independent labour organisations who view

this as legitimising the creation of false worker organisations where workers are in reality unable to freely choose their own representatives. Despite calls from many labour rights organisations to responsibly exit from Myanmar, **some major fashion brands included in this Index continue to source there**, where one union leader was arrested for calling for a wage increase by USD\$00.38 per day in June 2023.

Against this backdrop, collective bargaining agreements that result in greater conditions and pay for fashion sector workers than what is established by national labour laws are increasingly rare and difficult to achieve. Once again, a distinction between brand commitment on collective bargaining and disclosure of actual outcomes is evident. Just 12% of brands disclose the number of workers in their supply chain that are covered by collective bargaining agreements (a meagre increase from 2022) and only 1% of brands (just three out of 250 brands) disclose the number of collective bargaining agreements that provide wages that are higher than required by local law for workers in their supply chain – representing no change from 2022.

There is **evidence** that supplier factories engage in symbolic rather than substantive compliance to satisfy the basics of brands' codes of conduct while actually undercutting the ability of workers to organise and bargain. This is particularly relevant because many big brands cite supporting garment workers' efforts to collectively bargain as the only tool for achieving living wages despite the fact that good purchasing practices by brands is one of the key enablers to living wages: brands must pay prices that enable this.

Increased transparency on the number of workers covered by collective bargaining agreements is a key starting point for workers to better access their core enabling rights and ensure brands are accountable including for the locations in which they choose to source.

As Jason Judd and Sarosh C. Kuruvilla from **Cornell University's New Conversations Project** have stated:

"How many sourcing strategies include a filter for, or assign significant value to, independent unions and meaningful collective bargaining? Very, very few. Without this, there will be no change and violations of core labour standards will continue."

"Brands need to go beyond policy commitments when it comes to freedom of association and lay out exactly how they plan to actively engage with trade unions and worker representatives along their supply chain to ensure genuine worker engagement. Importantly, this should include how they will work with suppliers to ensure a conducive environment for freedom of association and the development of representative trade unions at factory level. This is all the more important with the roll-back of trade union rights in multiple garment supplying countries and the continued rise of alternative 'worker voice' mechanisms; from the more traditional worker committee structures that often undermine trade union rights to collective bargaining, to the increasing use by brands of 'worker voice' tools that can simply never do the job of genuine dialogue and negotiation. As the sector continues to be impacted by economic turbulence, it is more important than ever that workers are able to collectively bargain for safer workplaces and decent livelihoods to ensure that it is not the lowest paid in the supply chain paying the cost for ongoing instability. And as more apparel brands become subject to due diligence legislation, now is the time for buyers to undertake stakeholder mapping along their supply chains to ensure that they are supporting workers, and importantly rightsholder groups such as women and migrant workers, to join and form trade unions to engage in participatory due diligence processes."

Natalie Swan
Labour Rights Programme Manager
Business and Human Rights
Resource Centre



VIEWPOINT

LOOKING AT UNIONISATION IN THE SRI LANKAN GARMENT SECTOR



AYOMI JAYANTHY WICKREMASEKARA

FTZ UNION

Free Trade Zones & General Services Employees Union (FTZ&GSEU) was founded in 1982, which aims to protect the labour rights of workers within the Free Trade Zones and throughout Sri Lanka, especially women within the garment industry.

FTZ&GSEU leverages its vast network of garment workers, among both formal and informal union members, as well as their expertise in Sri Lankan labour rights and incorporates their lessons learnt when operating with garment factories' management and owners.

The apparel industry in Sri Lanka plays a key role in developing the economy. For decades the industry has provided rural communities, particularly women, with access to economic opportunities. Subsequently, over 85% of employees within the industry are women, the majority of whom come from lower economic backgrounds and whose labour is undervalued. Despite the economic strength of this industry, many female workers are subject to widespread violations of the labour law and are highly vulnerable to gender-based violence (GBV) from their employers, supervisors, boarding house owners and other men living and working around the garment factories. This includes, but is not limited to, sexual, physical, and verbal harassment, exchange of sexual bribes for promotions and restrictions on utilising washroom facilities during work hours. Located far from their hometowns and separated from their

families, workers are often reluctant to voice their concerns in fear of retribution from their employers.

Increasingly, violations of labour laws have also been observed with factories appearing to **target and dismiss unionised workers**.

Even before the pandemic, trade union membership was low with a unionisation rate of only 15% across all sectors, and just 5% in the apparel sector. Sadly, even at a critical time, workers in the industry have faced resistance when exercising even their most fundamental rights.

FTZ&GSEU, alongside other trade unions, suggested to the EU GSP Monitoring mission the below findings:

The ILO has found the Sri Lanka Board of Investment (BOI) at high risk of violating international legal standards on freedom of association. The workers' situation is the most arduous in the EPZs where freedom of association remains an illusion

and employer-labour relations are usually managed by employee councils. These often undermine freedom of association and collective bargaining. Workers in Sri Lanka do not have access to remedy in case of anti-union retaliation as only the Department of Labour can bring cases concerning anti-union discrimination before the courts.

1. Adapt the BOI Labour Standards and Employment Relations Manual to bring into an agreement with the international legal standards on freedom of association.
2. The 40% union membership threshold should not be compulsory for recognition as a bargaining agent. This provision has no justifiable basis as stated by the ILO Committee of Experts on the Application of Conventions and Recommendations (CEACR).
3. Change the Labour Law to bring into an agreement with ILO

Convention 98, in particular regarding the limitation that only the Department of Labour can bring cases concerning anti-union discrimination to the courts.

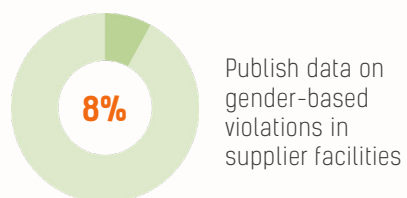
4. The CEARC also found entry into EPZs for trade union representatives are restricted. This is not justifiable and the right to access should be granted.
5. Adapt policies on EPZs in particular discontinue the promotion of Employee Councils, and allow trade unions to take their place.

In Sri Lanka there are approximately about 400 Garment factories. While some are being closed down, there is only one Collective Bargaining Agreement at present (NEXT Manufacturing and FTZ & GSEU) and One Memorandum of Understanding (MoU) signed by FTZ and two other Unions (NUSS and SLNSS) with Joint Apparel Association Forum (JAAF).

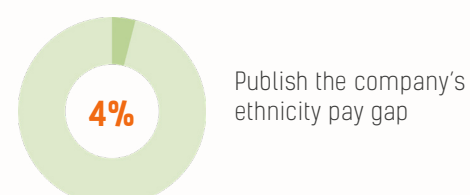
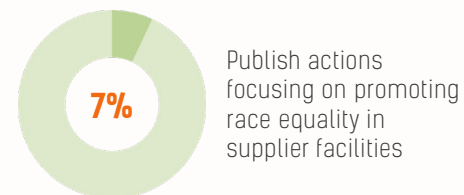
GENDER & RACIAL EQUALITY

FINDINGS

GENDER EQUALITY



RACIAL EQUALITY



GENDER AND RACIAL EQUALITY

Our findings are only 4% of brands voluntarily disclose the annual ethnicity pay gap in their own operations. The obscuring of this key issue masks real inequalities.

For example, in a survey of 1,000 fashion industry professionals, across 41 companies and three focus groups, 37% of black employees reported having to supplement their income compared with just 23% of their white counterparts. This makes a compelling case, firstly, for the value of legislation in increasing transparency on key social issues, and secondly, for the need for racial equality to be prioritised alongside gender equality in legislation in the UK and beyond.

If you cannot measure racial inequality, you cannot improve it

Laws in France prohibit French companies, including several of the brands reviewed in the Index, from collecting data based on race, ethnicity or religion. Therefore, it was not possible for French brands to receive these points. A lack of

ethnicity and racial data will hold back France, and other countries with similar legislation, from achieving racial and ethnic equality. If you cannot measure racial inequality, you cannot improve it. A 2021 study by the Council of Fashion Designers of America showed that the lack of diversity has made black employees feel as if they "don't belong" to organisations, with two in three black employees (63%) reporting that they are regularly the "only" black person in the room. It is vital to have diverse representation through business, from head operations through the entire value chain.

Turning to the supply chain, just 7% publish their actions on racial and ethnic equality in their supply chains, a decrease from 8% last year. This is particularly striking given that huge volumes of production occur in regions where migrant, caste and ethnicity issues facilitate labour abuse and exploitation.

For example, India, Bangladesh, Pakistan, Nepal, and Sri Lanka are all garment production countries affected by complex caste and ethnicity-based discrimination. The issues become more grave deeper in the supply chain. For example, in India, home-based garment workers consist almost entirely of women and girls from historically oppressed ethnic communities experiencing

high volumes of exploitation and Dalit workers or those who belong to a lower caste community are targeted by recruiters for migrant garment workers.

At production level, men are far more prominent in senior roles meaning that it is mostly male managers and factory owners who set the workplace terms for female workers and determine issues that affect them such as maternity rights and pay

Our research finds that for another year, major brands are significantly more transparent on gender equality issues than on racial issues. While less than a third (30%) of brands disclose actions focusing on the promotion of gender equality in supplier facilities, just 7% do so for racial and ethnic equality. Pay gap reporting at company level tells a similar story. For UK companies employing more than 250 people, gender pay gap reporting is a legal

requirement whereas ethnicity pay gap reporting is not a legal requirement. 36%¹ of brands publish their gender pay gap (up 2 percentage points from last year), but only 4% of brands publish their ethnicity pay gap.

Much is made of the fact that women comprise the vast majority of workers in fashion supply chains globally yet our findings demonstrate that disclosure from major brands on key gender issues is disappointing overall. Only 4% of brands publish sex-disaggregated distribution of job roles in supplier facilities, a decrease from 8% in 2022. At production level, men are far more prominent in senior roles meaning that it is mostly male managers and factory owners who set the workplace terms for female workers and determine issues that affect them such as maternity rights and pay. This male-female power imbalance drives some of the industry's most harmful impacts. Gender-based violence and its link to bullying, abuse, and harassment to speed up the work process is a long-standing issue in many production contexts.

And while a gender lens should be deeply-embedded and applied to every stage of a meaningful due diligence process, just 14% of brands (up from 10% in 2021) currently disclose that they consult women (including women's organisations and gender experts) in their human rights due diligence process. Women not having their views considered and their absence in decision-making roles has significant consequences in an industry that is fuelled by tens of millions of them across multiple regions. Despite the importance of the millions of women behind our clothes, sexual violence and harassment continues to be endemic for the fashion industry. While 84% of brands reviewed include a policy against violence and harassment in their supplier codes of conduct, more brands (92%) do not disclose the prevalence of gender-based violations in their supply chains. Low disclosure in this area signals yet another example of brands' commitments ringing hollow and lacking real ambition. The continued lack of transparency on gender-based violations impedes progress on addressing this issue.

¹ In our sample of 250 of the world's largest fashion brands and retailers globally, not just the UK. For more information about our sample, see our FAQ: 'how are brands and retailers selected?' here: www.fashionrevolution.org/about/transparency

This is particularly notable given **trade unions** and civil society groups, such as **Awaj Foundation in Bangladesh**, have repeatedly raised concerns about the lack of action taken on gender-based violence within the sector. In 2019, the International Labour Organisation (ILO) adopted the **Convention C190 on Violence and Harassment** in an attempt to codify the right of people to work in a workplace free of violence and harassment. Despite violence and harassment being the rule, not the exception, only **31 countries have ratified** the convention. Notably, many major garment-producing countries have yet to sign Convention C190. The Covid-19 pandemic put a greater spotlight on GBV as several reports emerged documenting **increased violence and sexual harassment on production lines in factories** and the devastating economic insecurity leading female workers to tolerate or refrain from reporting abusive behaviours. On top of this, women's decreased earnings meant a consequent loss of bargaining power at home. Indeed, as a study on the impact of Covid-19 across 200 female garment workers over a two-year period in Cambodia reveals the industry is **'Building Forward Worse'**.

Despite the importance of the millions of women behind our clothes, sexual violence and harassment continues to be endemic for the fashion industry

Equality, diversity and representation only becomes more critical as the climate crisis worsens and history has shown that these issues are a persistent challenge that is inadequately addressed. Both gender and racial equality pave the way for a Just Transition, a movement to encompass a range of social interventions needed to secure workers' rights and livelihoods when economies are shifting to sustainable production, primarily combating climate change and protecting biodiversity. The fashion industry as we know it today is an outcome of colonial development, founded on aggressive systems of oppression and discrimination. Therefore, we cannot separate the need to address inequality of all kinds and racial injustice in tandem to achieve a fairer fashion industry and planet.



"Diversity is not just a cosmetic tool to be politically correct. We need to expand the modalities in which diversity can exist, so as to not limit it to a marketing tactic, but a channel to unlock systemic inequality."

Aditi Mayer

Sustainable fashion content creator

Photojournalist

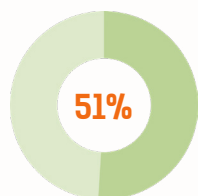
Labour rights activist

Environmental justice speaker

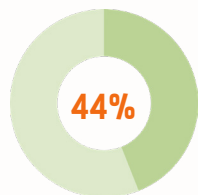
SUSTAINABLE SOURCING & MATERIALS

FINDINGS

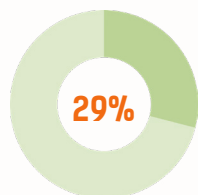
SUSTAINABLE MATERIAL USE



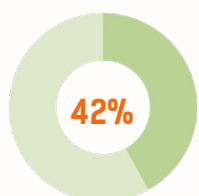
Publish a time-bound, measurable sustainable materials strategy



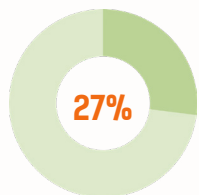
Explain how they define so-called 'sustainable' materials



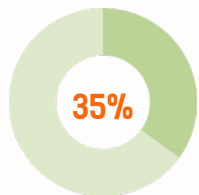
Disclose data on the types of fibres sourced annually



Publishes annual progress on achieving sustainable material targets

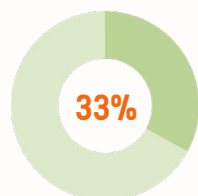


Publishes annual progress on the reduction of textiles deriving from virgin fossil fuels

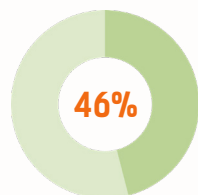


Publishes annual progress on the reduction of virgin plastics for packaging (including accessories, hangers, packaging)

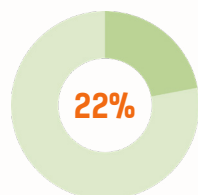
PLASTICS



Publish targets to reduce the use of textiles deriving from virgin fossil fuels



Publish targets to reduce the use of packaging deriving from virgin plastics



Explain what the brand is doing to minimise the shedding of microfibrils

SUSTAINABLE SOURCING & MATERIALS

More than half of major brands (51%) publish targets on sustainable materials yet only 44% provide information on what constitutes a sustainable material



Transparency on what is used to make our clothes is critical given the lack of standardisation in tools to assess environmental claims and the pervasiveness of false marketing claims on 'sustainable fibres'. Currently, brands make a wide range of fibre claims without providing proof of their environmental credentials. Brands may also claim their fibres are 'sustainable' via on-product labelling despite only focusing on one environmental aspect, meaning the claim is actually only applicable to one component part of an end product. However, governments around the world are finally

cracking down on greenwashing. For example, the Norwegian Consumer Authority (NCA) issued warnings of economic sanctions to clothing retailers that are breaking the law over "misleading" environmental claims. Referring to a **specific case**, the NCA ruled **The Higg Materials Sustainability Index (Higg MSI)** unlawful as a tool to support a brand's on-product environmental claims. In the UK, the Competition and Markets Authority (CMA) opened an **investigation into fashion brands** 'green claims' in their marketing, to determine whether consumers are being misled. As a result, fashion brands clambered to **remove** their misleading claims. Similarly, in the Netherlands, the Dutch Advertising Code Committee is **investigating claims of fashion greenwashing on billboards**. It is claimed the billboards broke the Dutch Advertising Code (CDR) rules and breached the Dutch civil code relating to unfair commercial practices. These cases represent something that is long overdue in the fashion industry: claims backed by robust evidence.

Meanwhile, the EU is finally ramping up legislation to regulate the fashion industry and make sure major brands and retailers are held accountable for the social and environmental impacts of their clothes. Given that these various legislations are currently being discussed, there is a lack of visibility and understanding on the requirements major brands and retailers will need to comply with. Nevertheless, it is important to flag that currently, the focus is currently on disclosure at product level rather than company level. This could be extremely counter productive for the fashion industry as many brands share the same factories to make their clothes, so assessing the impact of a product should start with transparent disclosure of supplier lists at company level.

Despite this incoming wave of legislation to regulate the fashion industry, only 51% of brands publish a target on sustainable materials and even less (44%) disclose what constitutes a sustainable material. Just 42% disclose progress against these targets. This is rather concerning as the greatest environmental impacts

of the industry come from energy-intensive raw material production, preparation and processing. Yet, there is a persistent lack of data on the actual environmental impacts of each material, which also varies depending on how and where these materials are made. In addition, only 29% of brands disclose the breakdown of fibres sourced annually, which fails to provide a full picture of the fashion industry's fibre mix and its collective environmental impact.

Disclaimer

This table is an overview of the main legal proposals currently being discussed at EU level which impact the fashion industry. This information is correct as of 30.06.2023, but all proposals are subject to negotiation and change before they are brought into law

EU LEGISLATION BEING DISCUSSED

OVERVIEW

Corporate Sustainability Due Diligence Directive (CSDDD)

Major brands and retailers will have to investigate their supply chains and identify risks to people and the planet. Workers, local communities and trade unions will be consulted as part of this process. The law will hold companies accountable for abuses they cause globally. Critically, affected stakeholders will have better access to justice.

Reporting Directive (CSRD)

This EU legislation will require large companies and listed companies to publicly report their strategies, progress and targets on social and environmental issues. This helps investors, civil society organisations, consumers and other stakeholders to evaluate the sustainability performance of companies, as part of the European green deal.

Green claims directive

The EU is developing new criteria to stop companies from making misleading claims about environmental merits of their products and services and address greenwashing. This will ensure that environmental labels and claims are credible and trustworthy while allowing consumers to make better-informed purchasing decisions. It will also boost the competitiveness of businesses who are striving to increase the environmental sustainability of their products and activities.

Empowering consumer for the green transition directive

This Directive will require companies to 'substantiate claims they make about the environmental footprint of their products and services by using standard methods for quantifying them' thus making claims reliable, comparable and verifiable across the EU.

Waste framework directive

The Waste Framework Directive sets the basic concepts and definitions related to waste management, including definitions of waste, recycling and recovery. The EU is introducing an Extended Producer Responsibility scheme in its EU Strategy for Sustainable and Circular Textiles and Waste Framework directive – this involves setting a fee for brands and retailers for the costs associated with end-of-life management of their products rather than municipalities bearing the costs, and by extension, citizens, as is currently the case. This mechanism is key to implementing the 'polluter pays principle', enshrined in Article 191(2) of the Treaty on the Functioning of the European Union.

Ecodesign for sustainable products directive

The proposal for a new Ecodesign for Sustainable Products Regulation is the cornerstone of the Commission's approach to more environmentally sustainable and circular products. The proposal builds on the existing Ecodesign Directive, which currently only covers energy-related products.

Strategy for sustainable textiles

A policy plan which calls for textile products sold in the EU to be more durable, easier to reuse, repair and recycle.

In June 2023, the European Parliament voted in favour of the CSDDD which is anticipated to be introduced into law next year. For the fashion industry, this legislation will mean major brands will be legally bound to mitigate harmful impacts such as child labour, environmental pollution and unsafe working conditions throughout their global supply chains. (As above, this European Parliament position is subject to negotiation. There are three different versions currently, with further upcoming trilogue negotiations before this proposal enters law.)

The landslide EU parliament vote in support of the CSDDD coupled with a majority of MEPs voting in favour of the EU Strategy for Sustainable and Circular Textiles is indicative of a strong political appetite in Europe to regulate the fashion and textile industries in order to achieve greater respect for human rights and the environment. This includes an end to unsubstantiated and misleading green claims, and all other forms of greenwashing. Hear directly from MEP Delara Burkhardt as she reflects on this landmark victory and our findings on page 97.

Despite global calls to cut ties with fossil fuels in light of the climate crisis, only a third (33%) of major brands disclose targets for reducing textiles made with virgin fossil fuels

The fashion industry's reliance on fossil fuels is exemplified by the fact that synthetic fibres account for 1.35% of global oil consumption, which exceeds the annual oil consumption of Spain. If the fashion industry continues on this trajectory, by 2030 almost three-quarters (73%) of our textiles will be produced from fossil fuels. Fashion brands' favoured fibre – polyester – will account for 85% of this. And yet, only 29% of brands disclose their fibre mix breakdown.

This correlates with an exponential ramping up of production and driving down of costs; making more but for less. The skyrocketing production of polyester fashion has been instrumental in the growth of

disposable fashion, which would not exist without an abundance of cheap plastic fibres. While we know the need to move away from fossil fuels is crucial to mitigate the climate crisis, brands continue to make bold claims about the environmental credentials of fossil fuel-based fibres. **Research by Changing Markets** found that many brands are opaque about their polyester and other synthetics suppliers yet they make up a majority of their collections and have significant climate and waste impacts. In spite of this, only 33% of major brands and retailers disclose a target to reduce textiles from virgin fossil fuels and even fewer (27%) disclose their progress against this target. While there is greater awareness of plastic pollution from plastic packaging, fewer consumers recognise polyester clothing as plastic. Therefore, they fail to realise that clothes made with fossil fuel-based fibres pose serious threats to the environment, are practically unrecyclable, contribute to the fashion waste crisis as well as contaminate our bodies and natural environments with plastic microfibres. This may explain why more major brands and retailers (46%) disclose targets to reduce virgin plastics in packaging and 35% publish their progress against their targets.

Textiles are the largest source of microplastics in the ocean and yet 78% of brands do not disclose how they minimise the impacts of microfibres

Whenever we wear, wash and dispose of our clothes, we shed microfibres. While a microfibre is a textile fibre made from any material, a microplastic fibre is a textile fibre made from a plastic polymer. In fact, synthetic textiles such as polyester and acrylic are estimated to be the largest source of primary and secondary microplastics (tiny plastic pieces that are <5 mm in length) in the ocean, **accounting for 34.8%** of the global total. The amount of clothes made from synthetic fibres continues to grow at an alarming rate, with **nearly 75% of clothing projected to be made from them by 2030**. Microplastic fibres can be ingested by marine animals, with catastrophic effects on species and the entire marine ecosystem. Microplastic fibres can also

absorb chemicals present in the **water or in sewage sludge**, and may already contain chemicals added during the manufacturing phase of the materials.

Even microfibres from natural fibres do not simply disappear into the waterways and oceans

Fashion brands are also using fibres derived from natural materials. However, these fibres may also go through intensive manufacturing processes involving toxic chemicals, meaning that whilst the fibre itself may be 'natural', the processes are not, and the fibres may end up with a cell structure not found in nature which means it will never biodegrade. As part of the manufacturing process, both natural and synthetic fibres go through chemical treatments such as bleaching, dyeing, and the application of repellents, flame retardants, softeners, and antimicrobials. All of this means even microfibres from natural fibres do not simply disappear into the waterways and oceans. In fact, natural fibres

account for over 70%, and in some cases **over 80%**, of the total fibres found in samples collected from freshwater, marine waters, animals and the atmosphere.

Only 35% of brands publish their Manufacturing Restricted Substance Lists (MRSL), which inform suppliers what substances are prohibited in their raw material and product manufacturing processes. Publicly disclosing an MRSL signals brands' commitment to restricting the use of toxic chemicals, irrespective of whether the end product is made with natural or synthetic fibres, or whether those chemicals end up in the final garment. Ultimately, they still end somewhere. While microfibre and microplastic pollution needs to be addressed at the root by reducing the amount of products made from synthetic fibres and dyed using hazardous chemicals, studies have shown that the release of microfibres can be reduced **by up to 80%** by using a washing machine filter. **France is leading the way on addressing microfibre pollution. The country introduced a new law requiring that all washing machines be equipped with a microfibre filter by January 2025.**

VIEWPOINT

SLOW PROGRESS AND THE TICKING CLOCK OF CHANGE



URSKA TRUNK

Campaign Manager
Changing Markets Foundation

In the realm of fashion, governments around the world are promising to finally regulate an industry long plagued by unsustainable practices. A wave of approaching legislation should serve as a wake-up call for the fashion industry that prioritizing genuine sustainability is no longer optional but necessary.

However, according to this year's Fashion Transparency Index data, it is as if the fashion industry missed the memo. The progress on transparency and sustainable practices is frustratingly slow, suggesting that many brands might be just paying lip service to green practices and will eventually find themselves left behind in the aftermath of the regulatory storm.

In an industry that claims to prioritize ethical and responsible practices, it should be commonplace

for brands to openly share information about the types of fibres they use. This transparency serves as the foundation for building trust and fostering responsible consumption. Yet over two-thirds (71%) of brands are still tiptoeing around the issue and failing to disclose the percentage or tonnes of fibres used.

While 51% of brands have disclosed sustainable materials strategy, roadmap, or targets, a glaring disparity emerges when compared to the mere 27% of brands actively reporting progress on reducing reliance on virgin fossil fuel-based fibres. This raises a critical question: can a sustainable materials strategy truly exist without addressing the need to reduce both virgin and recycled synthetic materials?

The industry's selective approach to sustainability that conveniently ignores the link between synthetics and the destructive model of fast fashion, reeks of greenwashing. Despite the European Commission's

EU strategy for sustainable textiles highlighting this connection, the industry continues to turn a blind eye. Shockingly, our research from 2022 revealed that a quarter of major fashion companies increased their reliance on fossil-fuel-derived fibres during the climate emergency. Moreover, our [greenwash.com](https://www.greenwash.com) website reveals that brands' main sustainability materials strategy involves making clothes from plastic bottles; a false solution, as these items are much more likely to end up in landfill than if they were recycled into bottles.

Furthermore, brands are also reluctant to confront overproduction and microplastic pollution. A mere 12% of fashion companies, down from 15% the previous year, disclose the quantity of products produced annually. Most disappointingly, as studies continue to shed light on the devastating environmental and human health impacts of microplastics, less than a quarter of brands (22%, down from 24% last

year) disclose what they are doing to minimise the impact of microfibres. This discrepancy between grandiose sustainability claims and sluggish progress on these crucial issues lays bare the dark side of greenwashing.

In a decade since the tragic Rana Plaza incident, the slow progress in the industry is disheartening. However, upcoming legislation offers hope for reshaping the landscape, increasing clothing sustainability, and holding brands accountable. It will deliver a blow to insidious greenwashing tactics and require substantial evidence for sustainability claims. This will restore trust, empower consumers, and encourage genuine sustainability practices, leaving behind the days of vague claims and empty promises.

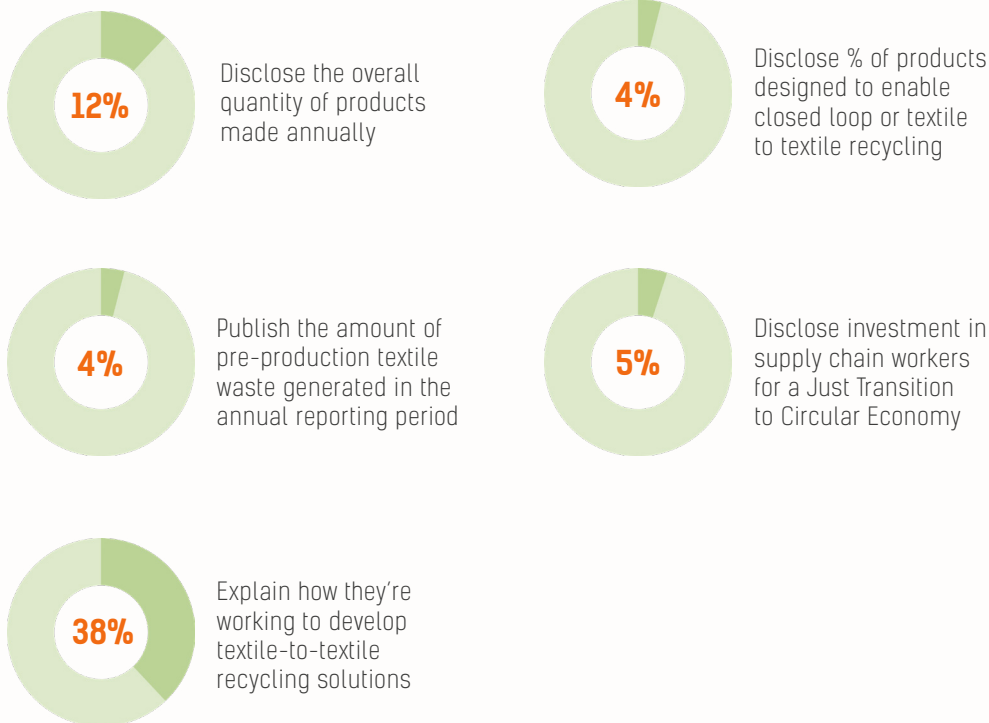
OVERCONSUMPTION, WASTE & CIRCULARITY

FINDINGS

BUSINESS MODEL & CONSUMPTION



WASTE & RECYCLING



OVERCONSUMPTION, WASTE & CIRCULARITY

Overproduction, overconsumption and waste continues to be a growing challenge caused by the global fashion industry's linear 'take, make, dispose' model where mostly non-recyclable materials are extracted, made into products, and ultimately downcycled, sent to landfill or exported through the global secondhand clothing trade or incinerated when no longer used.

Whereas in the 1950s shopping was an occasional event where garments were selected for their durability, the number of garments produced annually has more than doubled since 2000 and **exceeded 100 billion for the first time in 2014**. Fashion continues to be produced in staggering volumes, with estimates projecting a **2.7% increase in volumes annually**, despite the fact that just 1% of clothes are recycled into new clothes each year and that in the UK alone, of the **300k tonnes of clothing donated to charity annually**, it is estimated that **80% is incinerated**.

Brands continue to disclose more information on their take-back schemes than where the clothes actually end up, obscuring who is responsible for clothing waste

A take-back scheme is when a fashion brand 'takes' or 'buys' back its own garments. One would hope that these are either cleaned, fixed and then resold by the brand at a discount or dismantled and reused in other collections or recycled in some other way. Whilst our research shows 37% of major brands and retailers are now disclosing that they have take-back schemes, up from 33% last year, we continue to see less brands disclose what actually happens to the clothes received, with just 28% of brands disclosing this information, up from 26% last year. **Recent actions by investigative journalists** leaving air tags in clothes donated through major brands' take-back schemes confirm what has long been suspected: clothing taken back is often being

dumped in the Global South. Collected clothing is often sent to second hand markets in the Global South, with the 2021 data showing the **biggest importers** being Ghana (\$214M in value imported, up \$33M from 2020), Pakistan (\$180M), Ukraine (\$177M, up \$23M from 2020), the United Arab Emirates (\$173M), and Kenya (\$169M, up \$47M from 2020). Notably, Kenya has had the biggest rise in terms of imports while Pakistan and the UAE, who previously weren't in the top 5, have climbed up the ranks suggesting that the volume of clothing sent to the Global South is increasing in waves.

According to Liz Ricketts, founder of **The OR Foundation**, "the oversupply of secondhand goods undermines Indigenous sustainability logic and teaches citizens that clothing is disposable." Some countries in the Global South have banned the importation of second-hand clothes from the West, such as **The Philippines**, for this very reason. Importantly, moving clothes from one place to another does not equate to circularity. Unless brands are transparent about what happens to clothes taken back, it is unclear who is responsible for fashion's **'absurd excess'**.

Major brands and retailers still disclose more information on the circular solutions they are developing than the actual volumes of waste they produce

In the face of overproduction and overconsumption, a crucial way to tackle textile and clothing waste is by investing in efforts to slow down consumption and increase clothing longevity, which would have a significant positive impact on the environment. 2022 saw the implementation of many **new rental business models** across major fashion brands. This year, we found that 30% of major brands describe the implementation of these new business models, such as renting and reselling (up from 14% in 2021) and 26% offer repair services (up from 20% in 2022), which would enable their customers to wear their clothes longer. A growing number of major brands explain how they're developing circular solutions that enable textile-to-textile recycling – 38% of brands in 2023, up from 28%

in 2022, indicating a big jump from the previous year. Yet, less brands (29%) disclose their annual fibre mix and only 4% of brands publish the percentage of their products designed to enable circularity – which allows for the raw materials in disused clothes to be transformed into raw materials for new clothes. Given that historically, major brands have released so-called 'sustainable' lines representing just a fraction of overall production, the absence of disclosed data on the quantity of a brand's products that are truly circular does not inspire confidence. In order for these circular solutions to meaningfully contribute to addressing fashion waste, they need to become the norm rather than the exception in the industry. As a first step, greater transparency on brands' fibre mix is crucial to understanding how to unravel the challenge of circularity.

A growing number of major brands explain how they're developing circular solutions that enable textile-to-textile recycling

Of the 11 out of 250 brands disclosing such data, half – Balenciaga, Bottega Veneta, Gucci and Saint Laurent – use the **Kering Material Circularity Index**, suggesting that the publicly available information on this topic among the world's largest brands and retailers is lacking diversity.

It is clear the industry is making strides in terms of the transparency of these solutions but the simple fact remains: brands are willing to disclose more information on the circular solutions they are developing than the actual volumes of waste they produce. Our research finds that just 4% of brands disclose the amount of pre-production waste generated annually (offcuts, scraps, end-of-roll fabrics), while 4% disclose the amount of post-production waste generated annually (deadstock, overstock, unsold goods, samples) – down from 10% and 8% last year, respectively. A drop in this disclosure is attributed to our research team drilling down on how this information is disclosed. Brands often aggregate this information or display waste only as a percentage that is incinerated. Even then, according to our research, just 12% of major brands disclose the quantity of items destroyed annually.

Whilst we had hoped to see more transparency on the incineration of unsold goods in response to the **new** French legislation banning the destruction of unsold goods and the EU's textile strategy, we do not see a change from last year. All in all, we notice a lack of standardisation when it comes to how major brands define waste and disclose this information. This, alongside the lack of disclosure across the majority of fashion brands when it comes to production volumes, means that whilst we have an idea of how much waste the industry produces, the real figure is unknown.

Unless brands commit to reducing the number of new items they produce, they are only expanding the 'circle' rather than reducing it

Without a clear understanding of pre- and post-production waste, we cannot understand if brands' processes to address waste are effective. For too long, the fashion industry has used the global secondhand clothing trade in the Global South, who lack the financial capacity to manage waste, as a **de-facto waste management strategy**. Critically, unless brands commit to reducing the number of new items they produce, they are only expanding the 'circle' rather than reducing it, which undermines the sustainability logic of circularity initiatives in the first place. Furthermore, some brands' rental schemes are for clothes that are not made to be durable. Again, this raises questions on the quality of the clothing and the intent behind the scheme itself; a genuine attempt at slowing down fashion or yet another smokescreen?

Despite upcoming legislation to mitigate fashion waste, mounting evidence of overproduction remains the big elephant in the room as most major brands do not disclose their annual production volumes nor do they commit to reducing the number of new items they produce



We live on a planet with finite resources, yet the already-trillion-dollar fashion industry continues to expand with **global consumption projected to increase by 63% by 2030** and if growth continues as expected, total clothing sales would reach 160 million tonnes in 2050 – **more than three times today's amount**. Alarming,

thousands of tonnes of clothing waste are found globally; in the **depths of the ocean**, on the shores of polluted beaches from the **USA to Ghana**, tangled and twisted among other waste, collecting in gutters **increasing the risks of cholera and malaria** and **piling up in deserts**. Fashion sheds microplastic particles that enter the atmosphere and waterways through washing and wearing with **plastic particles even found in human placentas**. On the smallest scale and to the largest, fashion's overproduction and overconsumption **problem is now visible even from space**. Despite the indisputable fact that clothing waste reaches all facets of life, 88% of brands still do not disclose their annual production volumes. This is a disappointing drop from last year's 85%. Brands absolutely know how much they are producing; what business can survive without this information? The continued lack of transparency begs the question, what's being hidden?

BRAND	ANNUAL PRODUCT VOLUME IN THE REPORTING PERIOD
Inditex (Zara, Bershka, Massimo Dutti, Stradivarius)	565,027 tonnes*
Adidas	482 million units
Sainsbury's (Tu Clothing)	107,000,000 products
Calzedonia Group (Calzedonia, Tezenis, Intimissimi)	270,739,032 items of clothing. More specifically, Calzedonia produced 39%, Intimissimi 22%, Tezenis 38% and Falconeri 0.4%.
OVS	around 170 millions of products
Kmart Australia	230 million units of clothing
Fendi	around 3,000,000 products
VF Corporation (The North Face, Timberland, Vans)	~410M units of apparel, footwear and accessories sourced
United Colors of Benetton	54 million garments

*tonnes of garments placed on the market; in 2020's report Inditex disclosed that 1.6 billion items had been made in the annual reporting period but for 2021 and 2022, disclosure is in tonnes. It is interesting to see this change, considering that it is more difficult to conceptualise tonnes than the disclosure of items.

For reference, an average-sized small car weighs just over 1 tonne.

We have heard time and again that fashion overproduction is a 'fast fashion' problem, and yet it is clear that luxury brands are also overproducing and ultimately driving trends for other brands to take inspiration from and mass reproduce similar styles. For too long, the fashion industry has hidden and ignored the truth of overproduction and overconsumption. Rather than taking responsibility for downstream impacts, they have sat by as importing countries foot the bill, resulting in serious human rights and environmental implications. The OR Foundation has reported that an estimated **15 million garments** arrive in Kantamanto Market per week! Basic transparency on annual production volumes is just one critical step to help grapple with the global fashion industry's waste and is the bare minimum that we can expect from brands.

For the first time this year, we are looking to see if brands disclose a commitment to 'degrowth', a concept stemming from ambitions to balance economics with planetary boundaries by a planned reduction both in how much is produced and consumed. Critically, the **planetary boundaries concept** presents a set of 9 boundaries that we must exist

within for humanity to continue to develop and thrive for generations to come. These vital thresholds, such as climate change, biodiversity and the nitrogen cycle, are already being approached or have been **crossed**; for example, **the Arctic could be ice-free by the Summer of 2030**. The reality is, if we continue to push these boundaries, we increase the risk of generating irreversible environmental changes like **rising sea levels** and **temperatures**.

Take-back schemes, rental and other new business models are as effective as blocking a dam with a bandage unless the issues of overproduction and overconsumption are addressed at the root. The urgency to slow down fashion is emphasised by projections that fashion's market size is **expected to grow to \$122.9 billion in 2023**, up from \$106.4 billion in 2022. It is clear that we cannot shop our way out of the climate crisis and yet the industry continues to grow at a staggering rate, ignoring the science and prioritising the money. Whilst major brands are making **commitments to decarbonise** their global supply chains, we cannot have a meaningful impact on carbon reduction without addressing overproduction and overconsumption as a vital part

of reducing climate impact. **Time is running out** and the industry desperately needs to slow down and scale back and yet 99% of brands do not disclose a commitment to reduce production of new clothes.

Take-back schemes, rental and other new business models are as effective as blocking a dam with a bandage unless the issues of overproduction and overconsumption are addressed at the root

To put this excess into clearer view, **recent research by WRAP** finds that the average UK adult has 118 items of clothing in their wardrobes of which one quarter (26% – 31 items) were unworn for at least a year – meaning there are 1.6bn items of unworn clothing in UK wardrobes alone with some studies suggesting that globally, there is enough clothing already in circulation to outfit **the next six generations of people**. The business of fashion has simply grown too large. Armani and United Colours of Benetton are

the only 2 out of 250 brands who have disclosed a commitment to degrowth, with Armani committing to a **'significant reduction in SKUs'** (pg. 18) and **United Colours of Benetton** to 'decouple the company's economic performance from the increase in the volume of garments'. What this could look like at scale, according to **The OR Foundation**, is for reduction targets for new clothing of at least 40% over five years.

This narrative of degrowth is at odds with an industry which pushes for uninhibited growth. There have been **meteoric rises** and also **collapses**. Sudden collapses can happen, without warning, when a business falls into administration. When this does happen, time and again, shareholders are the first to be paid, far before the suppliers and workers who make the clothes – **if they are paid at all**. Degrowth is something different. Any discussion on degrowth must address this imbalance of power so that the people who make our clothes, whom major fashion brands couldn't exist without, are able to have their voices and concerns heard and centred.

Hardly any brands are disclosing information on their efforts to upskill workers to enable a Just Transition to a Circular Economy

At Fashion Revolution, we understand degrowth is a complex term which can have catastrophic consequences globally if not done with immense care. For example, critics of degrowth have likened it to recession, which is not planned, chaotic and socially destabilising. A Just Transition cannot be achieved without careful consideration, consultation with affected stakeholders and co-created action plans. This is the key difference. At present, value is defined primarily through profit, where people and the planet are deprioritised. **Fashion Revolution envisions a fashion industry** where fashion conserves and restores the environment; where fashion measures success by more than just sales and profits.

Therefore, a shift to a circular economy would involve taking the existing mostly opaque, fragmented

and complex supply chains and expanding them to include new activities where brands will need to be accountable for their downstream supply chains e.g. collection of post-consumer waste which will need to be collected, sorted, and recycled into new textile inputs.¹

The transition to a circular fashion economy is occurring against a back-drop of widening economic inequalities and precarity as the climate crisis worsens. According to the **Just Transition Centre**, a Just Transition secures the future and livelihoods of workers and their communities in the transition to a low-carbon economy. It is based on social dialogue between workers and their unions, employers, and government, and consultation with communities and civil society. A plan for Just Transition provides and guarantees better and decent jobs, social protection, more training opportunities and greater job security for all workers affected by global warming and climate change policies. Our research shows that 95% of brands disclose

¹ For more information on the intersection of the climate crisis, circularity and just transition, please refer to a [viewpoint](#) in last year's Index from Sarah Krasley and Ashley Nichols of Shimmy Technologies, a worker upskilling platform.

no information on how they are upskilling the workforce for a Just Transition, suggesting that they may be doing something and are choosing not to be transparent about it or are not doing anything at all. The sorts of disclosure we are looking for includes advancing women by helping them to acquire soft skills and technical competencies to hopefully attain managerial and other leadership roles. **Business of Social Responsibility's (BSR) 2021 Keeping Workers in the Loop** similarly found current upskilling efforts are lacking throughout the entire value chain, with gaps across a broad spectrum of skills required to prepare for the future of work, with 40% of respondents in Europe and the US and 62% in India having never received training at their work facilities.

Intersecting these risks, BSR's research also found that marginalised and disenfranchised groups, overrepresented in value chain segments likely to expand in a more circular system (e.g., recycling and logistics), will be disproportionately impacted by a circular fashion transition. These workers risk the perpetuation of insecure jobs that are characterised by low wages, excessive overtime

and harassment, unless they are consulted and their needs centred in a transition to a circular fashion economy. Economic factors globally and in individual countries compound these risks further, especially for at-risk groups. For example Bangladesh, one of the largest garment exporters globally, is scheduled to **graduate from LDC (Least Developed Country) status** in 2026. This will mean tariffs and taxes on exports will increase by 20-30%, with estimates of \$5.73 billion worth of export being lost. Job losses are anticipated. Workers – predominantly low-income women – risk losing their jobs unless they are upskilled as part of a just transition to be employable in a circular textile economy. Similarly, the rapid **rise and fall of major fashion brands** highlights the volatility of the industry and the acute need for fashion brands to future proof livelihoods of the people who make our clothes. It makes both moral and economic sense for fashion brands to urgently invest in upskilling their supply chain workers to ensure that the people who make our clothes are not left behind – especially at-risk workers.

Extended Producer Responsibility is essential to ensure impacted stakeholders are not left to bear the brunt of waste colonialism

Brands must be held financially responsible for the cost of cleaning up the environment and the poor health outcomes they contribute to. As a critical first step, until major brands are transparent about their production volumes and what happens to clothes taken back, the industry will continue to avoid responsibility. Our research results indicate brands are far away from achieving what is considered the bare minimum of what we should expect.

We are advocating for the introduction of eco-modulation, based on modulated product fees according to their level of eco-design

What responsibility looks like in practice includes brands internalising the cost of clothing waste management, which includes **Extended Producer Responsibility (EPR)** fees aligned with real costs and the sales tax precedent, where EPR fees should be adjusted according to the accessible reuse, recycling and decomposition pathways for each item produced based on fibre type, finishings and construction. This is also known as eco-modulation. EPR fees are critical to build the infrastructure and support the communities that are critical to circularity. In addition to The OR Foundation's **Stop Waste Colonialism Report**, we encourage you to check out **The OR Foundation's series of videos** which bring to life the issue of overproduction.

Whilst **some major brands and retailers are taking accountability for their waste** and following the principles of EPR, continuing to churn out staggering volumes of clothing does little to reduce clothing waste. It is encouraging that the EU is introducing EPR schemes through a revision of the Waste Framework Directive (WFD), one of the main proposals in its EU Strategy for Sustainable and Circular

Textiles. The WFD involves setting a fee for brands and retailers for the costs associated with products' end-of-life management rather than municipalities bearing the costs, and by extension, citizens, as is currently the case. It is worth flagging that EPR has been criticised for failing to incentivise producers to eco-design which is why we are also advocating for the introduction of eco-modulation, based on modulated product fees according to their level of eco-design.

Overall, major fashion brands continue to disclose more information about circular solutions and investment into new business models to slow down consumption, whilst continuing to overproduce and be un-transparent about their production volumes. This signals a greater commitment to profiting from the problem than addressing it.

SOURCE: CHANGING MARKETS FOUNDATION AND CLEAN UP KENYA



VIEWPOINT

WE CANNOT RECYCLE OUR WAY OUT OF OVERPRODUCTION



EMILY MACINTOSH

Senior Policy Officer for Textiles
European Environmental Bureau

The European Parliament recently adopted the EU 'Textile Strategy' – a policy plan to bring down the environmental and social impact of Europe's textile consumption, with a focus on fashion and clothing. And while the approach contains good intentions, it remains to be seen whether its flagship actions on waste prevention will stop the most polluting business practices.

More and more used garments are set to be collected by local authorities when new EU rules requiring separate collection of textiles come into force in 2025. To finance this collection, the EU is working on plans for brands to pay fees that cover the costs of managing their products once they become waste, through so-called Extended Producer Responsibility (EPR) schemes.

But what happens to collected textiles? While we might imagine donated clothing is all reused in Europe, in fact, 1.4 million tonnes of used textiles with no EU market value were exported to third countries like Ghana and Kenya in 2020 alone, causing devastating environmental, economic, and human rights impacts.

And collecting more garments from 2025 in Europe will mean more and more items entering the global used clothing trade. That's why money raised through EPR fees must go beyond paying for collection and sorting activities in Europe and support fair remuneration for communities in the Global South who receive exports of clothing cast-offs from the EU.

The fees must also be set so they make a meaningful impact on reducing the volume of clothing produced every year because it is overproduction that is the root cause of the climate, environmental

and social impacts of clothing consumption. We cannot allow brands to pay to pollute for a minimal fee. In other words, policymakers can 'eco-modulate' the fees by rewarding business practices rooted in sufficiency, quality, fairness, and transparency with a lower fee, and penalise those built around throwaway fashion, exploitation, and opaque supply chains with a higher one.

And with only 12% of brands currently revealing how much they produce, there is an opportunity to incorporate this obligation into EPR rules to make disclosure of data around how many products companies put on the market annually – and where they are produced – mandatory.

Because we cannot recycle our way out of overproduction. Overblown green claims on recycling hide the reality that the infrastructure and technology to turn ever-increasing volumes of clothing back into clothing is virtually non-existent, and

the recycled fibres that do appear in 'eco' ranges make minimal environmental gains.

It's only by remunerating workers properly at all ends of the supply chain as part of strategies to reduce volumes that we can ease the strain fashion is putting on our planet.



VIEWPOINT

BUSINESS AS USUAL IS NOT VIABLE

JOSEPHINE PHILIPS

Founder and CEO
SOJO

It's great to see more of the major fashion brands offering repair services, 26% this year compared with 20% in 2022 – as it not only shows a growing desire from consumers to partake in these practices, but also that brands are taking more accountability for their items post the point of purchase, promoting more circular behaviours.

While this moves the industry in the right direction, it's important to note that shifting towards circularity needs to happen at every stage of the lifecycle of a product – not just at the point of disposal. For example, when garments are designed with longevity and end-of-life in mind, it entails a different approach towards material sourcing, ways of manufacturing, and end-of-life recycling. Another critical aspect is changing the narrative of how and what we buy. Ultimately, by continuing to pump out the

same product volumes, we are not addressing the root causes of textile waste – overproduction and overconsumption.

Using technology to streamline the tailoring and repair process allows SOJO to provide these services in an easy and accessible way, with online orders and door-to-door delivery of newly fitted or fixed items. The hope is that in the long term this will trickle down to changing consumer behaviour – decreasing consumption volume by helping people love their items for longer.

The British Fashion Council **reports** an estimated annual cost to brands of £7 billion caused by returns processes with approximately 30% of items bought online returned. With sizing or fit attributed as a leading factor in a customer's decision to return (93%) and responding to the limited, generic sizing offered by most brands, our services help customers tailor their clothing

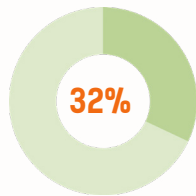
uniquely to their bodies. In this way, care and customisation of garments happens not only at end-of-life, but also holistically throughout the lifecycle of the garments, supporting the reduction of waste through minimizing returns and reverse logistic implications.

These two areas of focus for SOJO show that growing a business is not incompatible with championing a circular fashion industry. In other words, being better for the planet and people does not mean bad business. It's a very exciting time to be part of the industry, however, scale is critical for creating systemic change. This calls for brands and investors to place bets and take risks to help champion these solutions. Ultimately it's in their incentive to be part of this change, since it's clear that the current business-as-usual mentality is not viable – for people, planet, nor profit.

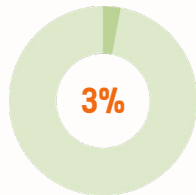
WATER & CHEMICALS

FINDINGS

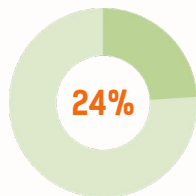
WATER USE



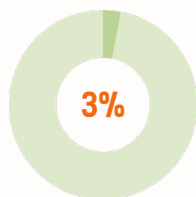
Publish annual water footprint in company's own facilities



Publish annual water footprint at raw material level

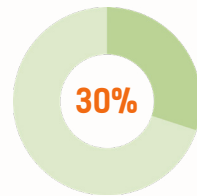


Publishes annual water footprint at manufacturing and/or processing facility level

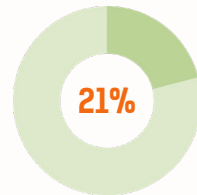


Publishes annual water footprint at fibre production and/or raw material level

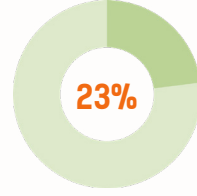
HAZARDOUS CHEMICALS



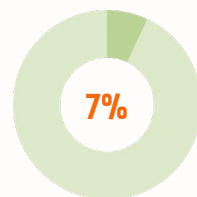
Discloses a time-bound commitment/roadmap to eliminate the use of hazardous chemicals as aligned with international standards such as ZDHC and Bluesign



Discloses measurable progress towards eliminating the use of hazardous chemicals at supply chain partners as aligned with international standards such as ZDHC MRSL, e.g. via Bluesign or STeP by Oeko-tex



Disclose process for conducting water-related risk assessments



Publishes supplier wastewater test results

Most of our clothes are made in regions facing high water-related risks yet only 23% of major brands and retailers disclose their methodology to identify these risks

Water is a crucial resource for the fashion industry – it is used at all stages of our clothes' life from the farm where fibres are made, all the way along the supply chain (e.g. to process fibres, dye and finish products) right to the end when customers use water to wash their clothes. Fashion is a major contributor to water pollution around the world and one of the most water-intensive industries. Many of the biggest garment-producing regions are also subject to significant water risks – which include water availability, flooding, pollution or gaps in water regulation and planning. While the industry keeps churning out more clothes and its reliance on water is ever increasing, water-related risks are likely to increase in the face of the climate

crisis and will inevitably impact the industry. For instance, the **World Bank's recent research suggests** that growth in key apparel production regions, such as Pakistan, India and China, is projected to decrease by up to 6% by 2050 due to water-related impacts. **By 2050, three out of every four apparel and textile industry suppliers may face high water quality risk.**

Despite the indisputable impact clothing production has in water-scarce regions, it is unacceptable that there is such low disclosure from major brands and retailers in this area

Given the industry's reliance on water and the need to address water stress within fashion supply chains (**defined as the ability, or lack thereof, to meet human and ecological demand for fresh water; it includes water quality, availability and accessibility**), it is concerning to see that the further you look down supply chains, where the greatest impacts occur through wet processing or growing

fibres like cotton and linen, the less information brands and retailers disclose on their water footprint. For instance, while 32% of brands publish their water footprint within their own operations (same as last year), only 24% publish the water footprint at manufacturing level and even less at fibre at raw material level (3%). In addition, only 23% of brands disclose their process to conduct water-related risk assessments, despite research showing that most of **the industry is concentrated in a few large clusters** and many of these large clusters are highly exposed to physical water risks. Despite the indisputable impact clothing production has in water-scarce regions, it is unacceptable that there is such low disclosure from major brands and retailers in this area – indeed, transparency on the usage of a vital resource for life is the bare minimum. Indeed, it is clear that humanity's right to water is deprioritised to make clothes which may only be worn a handful of times before they are ultimately discarded.

Despite studies showing that hazardous chemicals can still be found in our clothes, only 7% of major brands publish their supplier wastewater test results

More than 8,000 synthetic chemicals are used in the fashion manufacturing process and end up in what we wear. Some are hormone disruptors, like phthalates, others are carcinogens like PFCs and formaldehyde. All stages of textile manufacturing use chemicals: from pesticides in the fields, inputs in fibre production, washing, transportation, dyeing, and finishing (anti-static, anti-crease) and even up to the baling of second hand items. The impact of hazardous materials is felt throughout the supply chain, down to the consumer who buys the clothes. But it doesn't stop there, as textile waste has negative consequences on the environment and the people who live near landfills. **Synthetic fibres**

are known for their disastrous consequences on human health by blocking the elimination of toxins from our skin – our largest organ – by bypassing the liver. Meanwhile, despite being a natural fibre, cotton is the most pesticide-intensive crop in the world. In addition, the chemical processes that both natural and synthetic fibres undergo contribute to the accumulation of the toxic load in our bodies.

Synthetic fibres are known for their disastrous consequences on human health by blocking the elimination of toxins from our skin

Research by Greenpeace Germany has shown that hazardous chemicals can be found in textile products imported into the EU due to loopholes and a lack of enforcement of EU legislation while contributing to water pollution around the world – from the country where the garment is made to the country where it is used.

Despite being banned in the EU, azo dyes may still be present in clothes because their synthesis **(the process by which one or more chemical reactions are performed with the aim of converting a reactant or starting material into a product or multiple products)** has fallen into the public domain, and continue to be used by some Asian countries like China and India. Alongside this, there is a lack of enforcement – as the volume of clothing imports into Europe does not allow for the verification of all garments meaning they are not systematically inspected, suggesting that borders are not completely watertight.

Last year, we strengthened our methodology to only allow points for brands with commitments to eliminate the use of hazardous chemicals in line with Bluesign and ZDHC's Roadmap to Zero standards.

BLUESIGN®

The bluesign® SYSTEM provides the necessary tools for the promotion, adoption, and implementation of safe chemicals usage and responsible practices within factories and mills.

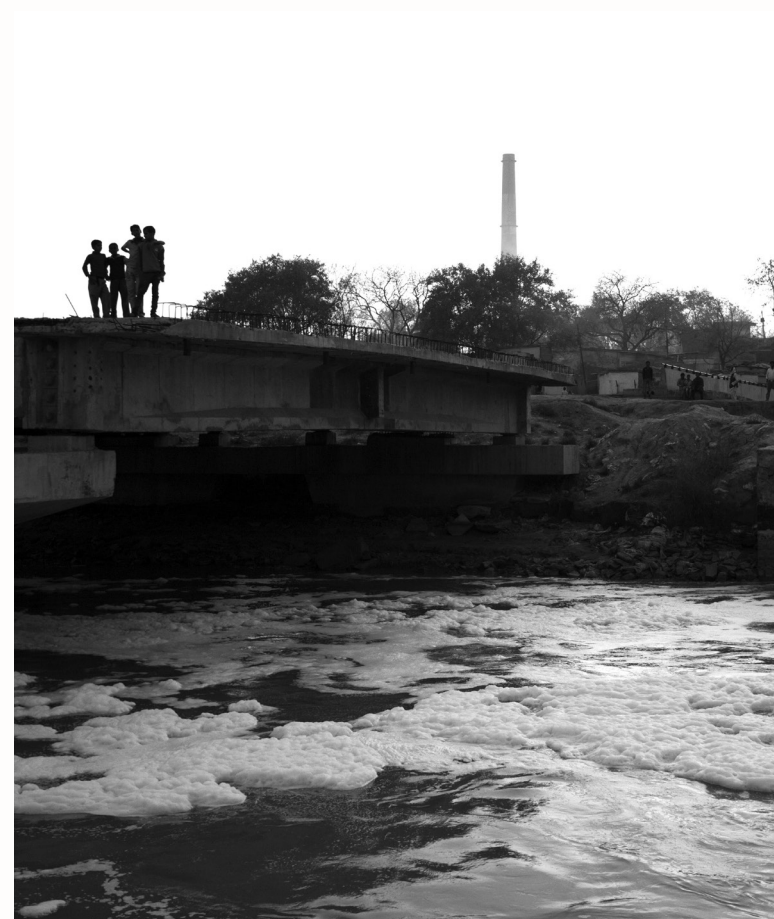
ZDHC

The “zero discharge of hazardous chemicals” movement (ZDHC). ZDHC provides clear guidance for companies on how to move away from using certain hazardous chemicals in their manufacturing and replace them with safer alternatives. The programme analyses wastewater tests from thousands of factories around the world from hundreds of brands to see how they are progressing on their commitment to zero discharge of hazardous chemicals.

This year, less than a third (30%) of major brands and retailers disclose their target to eliminate hazardous chemicals – a marginal increase from last year (27%) and even fewer (21%) disclose their progress against this target.

Despite research showing the impacts of hazardous chemicals on garment workers, local biodiversity – **leading some rivers to be considered biologically dead** – and local communities, many garment-producing countries do not have standards in place to manage hazardous chemicals or wastewater treatment. Given the worldwide impacts of hazardous chemicals on people and planet, it is concerning that only 7% of major brands and retailers publish their supplier wastewater test results. Brands must trace their entire supply chain to address long-lasting social and environmental impacts of water pollution on garment workers, local communities and the surrounding natural environments.

SOURCE: RIVERBLUE DOCUMENTARY



VIEWPOINT

WE MUST REGULATE THE TOXIC CHEMICALS IN OUR CLOTHES



DR. AUDREY MILLET

Marie Curie Research Fellow
University of Oslo

Why are clothing brands and retailers so lacking in transparency? If they were to disclose all the chemicals used in the production and manufacturing chain, their reputation would suffer.

I produced a report on the presence of harmful products in clothing sold in Europe, which was presented in Brussels on January 30, 2023. The results are indisputable. We're seeing an increase in cancers (skin, liver, thyroid, etc.), lung problems, autism in children and infertility in textile regions. The poisoning continues right down to the wardrobe, with the presence of persistent hazardous elements on clothing. And the levels of PFOA and PFOS in some parts exceed European thresholds. The entire life cycle of a garment is concerned, from birth to reuse.

Toxic, carcinogenic and mutagenic products are used in:

- 1. Extraction of raw materials:** cultivation, harvesting and conservation
- 2. Textile production:** steaming, weaving, bleaching, dyeing and finishing
- 3. Manufacturing:** cutting, sewing, finishing, sizing
- 4. Transport:** packaging and storage
- 5. Sales:** packaging, storage
- 6. Second-hand resale:** grouping, conservation, transport

The Fashion Transparency Index finds that little more than a third (35%) of major fashion brands disclose a Manufacturing Restricted Substances List (MRSL) which lists all chemicals used in the manufacturing process of a product. If brands

were transparent, they would have to admit publicly that some of them use lead, mercury, arsenic, cadmium, barium or chromium VI. The REACH regulation is a good basis, but no institution is capable of controlling the volumes of clothes entering Europe or inspecting the "100,000 microplastics [ingested] each day" by humans or the **8,000 synthetic chemicals** used in the fashion manufacturing process. In 2020, 8.7 million tons of finished textile products, worth €125 billion, were imported into the EU-27 where clothing accounts for 45% of imports in terms of volume.

No one effectively opposes free competition but as it stands, the current model allows unfair competition between countries where workers are poisoned on the job and trade unions are gagged. The World Health Organization seems ineffectual compared to the powerful World Trade Organization.

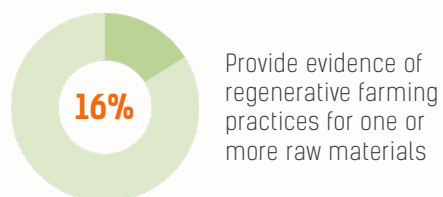
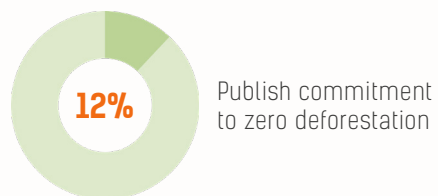
The agri-food sector seems more dangerous. We don't eat our socks, but every day we wear clothes that can poison us continuously, either because they contain dangerous chemicals, or because these dangerous chemicals accumulate in our bodies. This is the case with microplastics which **my research** has found can even be present in foetal placentas and breast milk. Transparency on the usage of chemicals, including hazardous chemicals, by major fashion brands is crucial to ensure that the people who make our clothes and wear our clothes are safe from harm.

CLIMATE CHANGE & BIODIVERSITY

FINDINGS

CLIMATE CHANGE & BIODIVERSITY

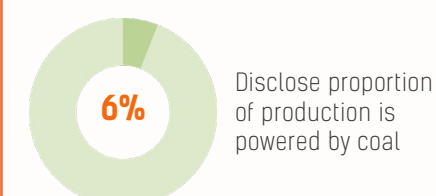
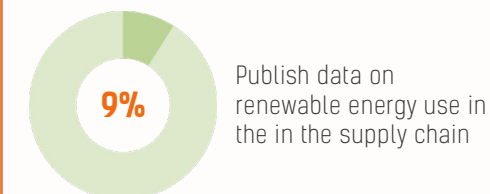
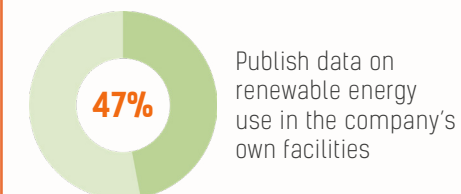
DEFORESTATION & REGENERATION



CARBON FOOTPRINT



RENEWABLE ENERGY



Despite the urgency of the climate crisis, only a third of major brands and retailers have a decarbonisation target and even fewer (9%) disclose how they will support investment towards decarbonisation in their supply chain

As temperatures continue to increase globally along with the frequency and intensity of natural hazards – from devastating fires in Canada to disastrous floods in Pakistan – scientists have been raising the alarm regarding our lack of action to reduce our greenhouse gas emissions globally. The fashion industry is a major contributor, contributing an estimated **2–8% of the world's greenhouse gases**, and the people who make our clothes around the world, often in countries contributing the least, are already feeling the environmental impacts the most.

Social justice and climate justice are inextricably linked. It is estimated that in 2022, Pakistan, one of the largest cotton producers in the world, lost 40% of its crops due to floods and many factories closed – leaving millions of farmers and garment workers to fend for themselves without the support of major brands and retailers. This example illustrates how the climate crisis impacts people every day, but major brands and retailers are not held accountable for these impacts on the people who make their clothes.

As a growing number of major brands set targets on decarbonisation, it is important to differentiate between carbon neutrality and net-zero carbon as these terms are often used interchangeably, causing a great deal of confusion.

There are key differences between carbon neutrality and net-zero carbon set out in the table (right) and based on the **Science-based Targets Initiative definition**:

	CARBON NEUTRALITY	NET-ZERO CARBON
Scope	Carbon neutrality has a minimum requirement of covering Scope 1 & 2 emissions with Scope 3 encouraged.	The boundary of net-zero includes global Scope 1, 2 and 3 emissions of the organisation.
Level of ambition	No requirement for a company to reduce its emissions on a certain trajectory in order to be carbon neutral.	To be net-zero, an organisation must be reducing its emissions along a 1.5°C trajectory across Scopes 1, 2 and 3.
Boundary	To achieve carbon neutrality, an organisation must purchase carbon offsets that either result in carbon reductions, efficiencies or sinks.	A net-zero claim can only be achieved if an organisation's entire value chain is accounted for.
Aim	A carbon neutral claim can refer to a specific product or service instead of encompassing the whole organisation.	A commitment to net-zero carbon means reducing greenhouse gas emissions with the goal of balancing the emissions produced and emissions removed from the earth's atmosphere. To achieve net-zero carbon, the company would need to reduce and also invest in projects that remove carbon emissions from the atmosphere.

Under the 2015 Paris Agreement, national governments have committed to limiting global temperature increase to well below 2°C and pursuing efforts to limit temperature increase to 1.5°C. Companies play a key role in meeting these commitments. Science Based Targets provide companies with a clearly defined pathway to reduce greenhouse gas (GHG) emissions in line with the Paris Agreement.

Science Based Targets can cover scopes 1 and 2 (a company's own operations) or scopes 1, 2 and 3 (own operations and supply chain). Our research shows that 34% of brands publish a decarbonisation target covering their operations and supply chain and verified by the Science Based Targets initiative (scopes 1, 2 and 3). This year, to understand brands' plan to decarbonise, we added a new indicator to track which brands are publishing near and long term Science Based Targets and only 12% of brands disclose this information – highlighting the short-term view of the fashion industry on its path to decarbonisation.

The fashion industry should implement verified carbon net-zero strategies across their own operations and supply chain rather

than only focusing on their own operations. This would ensure major brands and retailers avoid **making misleading claims** as the majority of the environmental impacts occur in supply chains.

34% of brands publish a decarbonisation target covering their operations and supply chain and verified by the Science Based Targets initiative

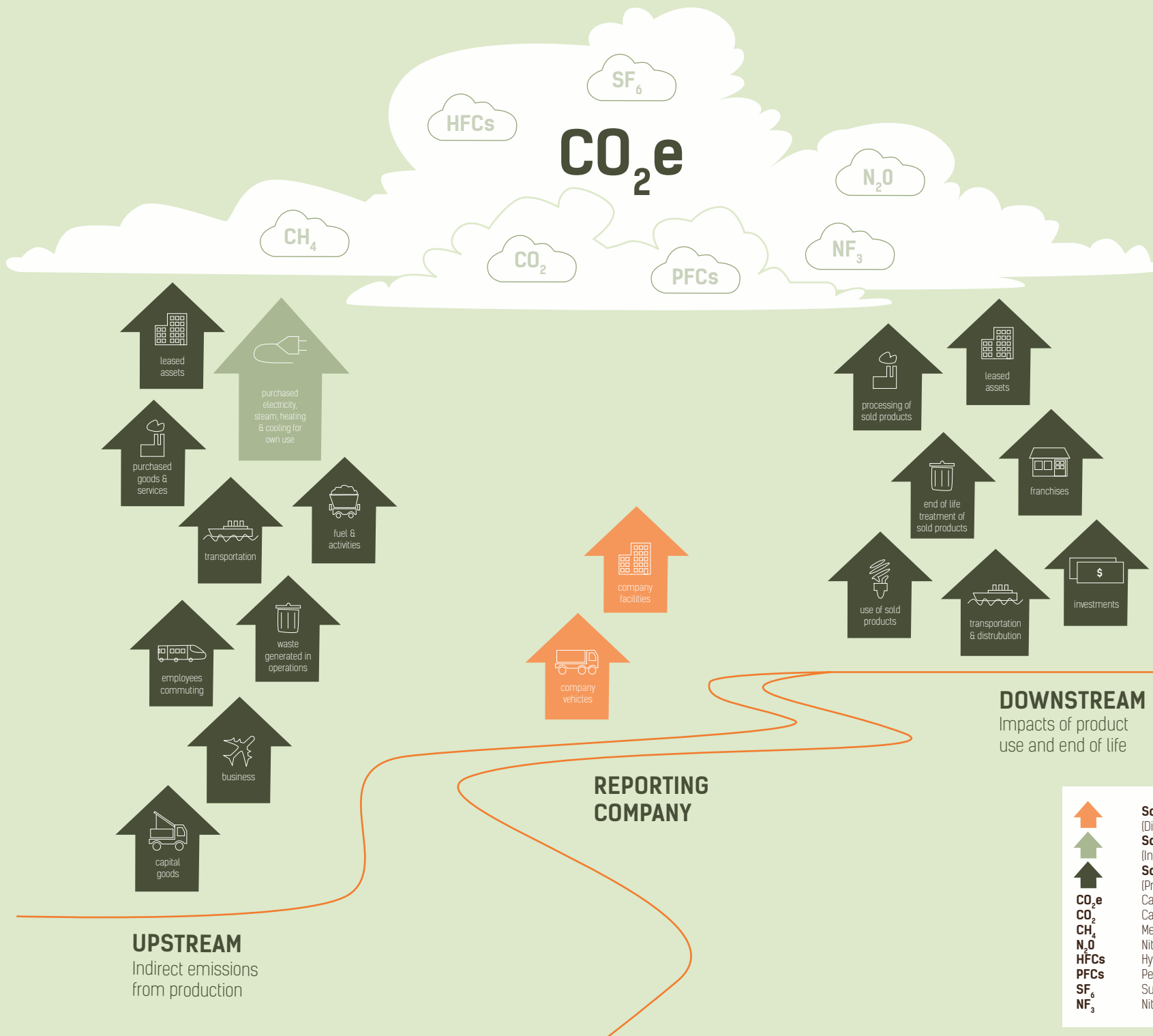
According to the GHG protocol, scope 3 is split into various categories. Purchased goods and services account for all the emissions that come from producing raw materials to processing fibres and making the clothes we wear. To understand whether brands include the carbon footprint of the clothes they make across the whole supply chain, we have a dedicated indicator looking at what is included in the company's scope 1, 2 and 3. 60% of brands disclose this information, which allows scrutiny of their claims on decarbonisation, specifically in the

cases where only scope 1 and 2 are included or where purchased goods and services are not included, which would ultimately fail to account for their greatest environmental impacts, which is encouraging compared to last year's disclosure (52%).

Additionally, major brands and retailers should focus on reducing their GHG emissions in absolute terms rather than based on intensity reduction. This means reducing their overall GHG emissions rather than their emissions per revenue. Brands only pursuing intensity-based emissions reductions can increase their overall emissions **(as long as their emissions increase less than their revenue increases each year)**.



SOURCE: ALEXANDER TSANG ON UNSPLASH



	Scope 1 emissions (Direct emissions from company)
	Scope 2 emissions (Indirect emissions from purchased energy)
	Scope 3 emissions (Product emissions)
CO_2e	Carbon Dioxide Equivalent
CO_2	Carbon Dioxide
CH_4	Methane
N_2O	Nitrous Oxide
HFCs	Hydrofluorocarbons
PFCs	Perfluorocarbons
SF_6	Sulphur Hexafluoride
NF_3	Nitrogen Trifluoride

The climate crisis is growing in intensity but 94% of brands still don't disclose what fuel is used in the manufacturing of their clothes

The need to transition away from coal entirely to cleaner forms of energy is urgent if we are to mitigate the climate crisis. We added a new indicator this year to understand major brands' reliance on coal. Despite this, few brands (6%) disclose the proportion of their supply chain that is powered by coal and which geographic regions are still reliant on fossil fuels. Visibility of fossil fuel reliance in supply chains is critical for brands to take adequate measures to support their suppliers in a green transition and advocate that governments of countries they source in increase accessibility to high-quality renewable energy like wind and solar.

For the first time this year, we have included an indicator to track the number of brands committed to **RE100** – a global corporate renewable energy initiative bringing

together businesses committed to 100% renewable electricity. 31 brands included in the FTI have committed to RE100 and while a few brands like **Burberry commit to 100%** of electricity from renewable resources to power its whole business by 2022, the majority only focus on their own operations, for example, their stores and offices rather than the factories in which their products are made. To ensure that their moves towards clean energy genuinely address the full impact of their production and do not ring hollow, there is a need for brands to incorporate supply chain production in their commitments and actions.

Phasing out coal involves significant costs which may be prohibitive for factories operating on thin margins. Brands should co-finance decarbonisation of their supply chains rather than passing the costs onto their suppliers. This is why, for the first time this year, we have added a new indicator on investment in decarbonisation to understand what actions brands are taking to actively support their suppliers in their green transition. Only 9% of major fashion brands disclose their investment in decarbonisation, such as investment in research and development, helping suppliers

access finance to cover costs of a green transition, sustainability-linked loans and insetting back into the supply chain such as investment in renewables or regenerative farming.

Brands should co-finance decarbonisation of their supply chains rather than passing the costs onto their suppliers

However, It is encouraging to see more brands (22%) disclosing how they evaluate environmental impacts and risks against financial costs compared to last year (13%), as this provides a tangible way for businesses and partners to mitigate environmental risks across their supply chain. For instance, Kering Group's (Balenciaga, Bottega Veneta, Gucci and Saint Laurent) **Environmental Profit & Loss accounting tool**, measures environmental footprint data across its operations and supply chain and translates this data into monetary value.

BRANDS THAT HAVE SIGNED THE RE100 COMMITMENT

American Eagle	New Balance
Asics	Nike
Balenciaga	Ralph Lauren
Bestseller (Vero Moda, Jack & Jones)	Saint Laurent
Big W	Target Corporation
Bottega Venetta	Tesco
Burberry	The North Face
Calvin Klein	Timberland
Chanel	Tommy Hilfiger
Decathlon	Under Armour
Gucci	Vans
H&M	Versace
Ito-Yokado	Walmart
JD Sports	Woolworth's South Africa
Michael Kors	Zalando

CARBON AND ENERGY FOOTPRINT ACROSS SUPPLY CHAINS

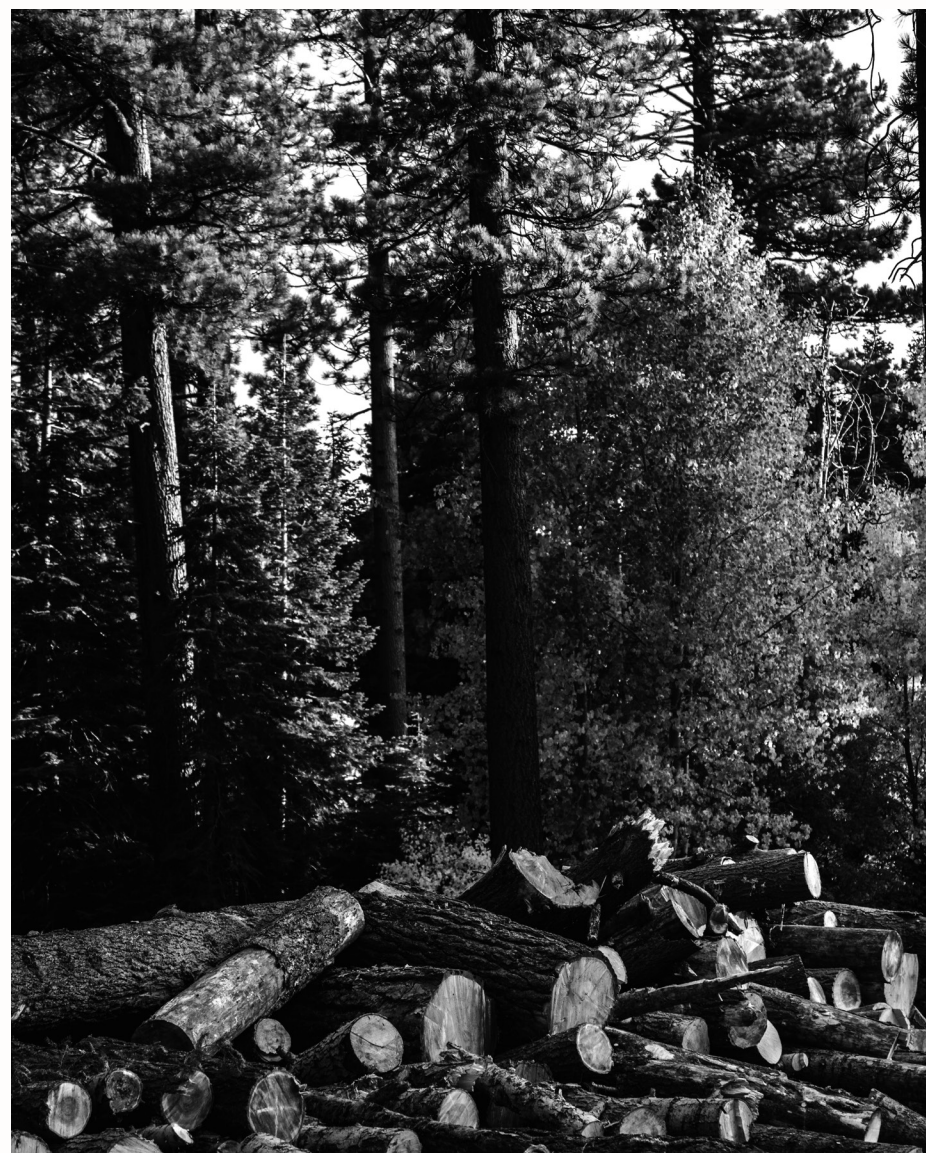
Collecting accurate data on greenhouse gas emissions (GHG) is crucial in order for brands and retailers to reduce emissions and meet their decarbonisation targets.

While most environmental impacts occur at the processing and raw material level, it is encouraging to see that 43% of brands publish their carbon footprint at processing level compared to 34% last year and 37% at raw material level, compared to 22% in 2022.

Meanwhile, 64% of major brands and retailers publish their carbon footprint for their own operations and facilities. This overall increase in disclosure on GHG emissions may be due to increased pressure from stakeholders such as investors and governments to capture this data in order to mitigate brands' environmental impacts. If major brands do not track carbon emissions in the supply chain down to raw material level, they cannot accurately measure their climate impacts. Furthermore, without it, brands cannot be held accountable for reducing emissions.

We see a similar pattern on renewable energy use, with 47% of brands disclosing renewable energy use data in their direct operations, but only 9% disclosing renewable energy use data in their supply chain. This year, we updated our methodology on absolute energy reduction across the entire supply chain and no brand received the point for this indicator. As brands do not disclose or account for energy use (note this is different to carbon footprint) at processing and raw material levels, it is impossible for any brand to make a claim on their absolute energy reduction. This may be due to the difficulty of capturing carbon and energy data down the supply chain, where brands need to rely more heavily on estimates as suppliers work simultaneously with multiple brands and may not have the infrastructure to collect data for individual brands. However, some brands are disclosing information on energy consumption by facility.

SOURCE: MERRIT THOMAS ON UNSPLASH



Few major brands and retailers have committed to zero deforestation despite accelerating biodiversity loss

Materials used to make our clothes such as cotton, viscose and leather are associated with deforestation. **Brazil, for example, the second largest global cotton exporter** is now reaching record-levels of deforestation – **in 2022 more than 20.000 km² were deforested, an increase of 22% from 2021.** **The Cerrado, the region with the highest concentration of cotton farms in Brazil,** has suffered from territorial conflicts and deforestation for five decades, losing 50 thousand square kilometres of native vegetation in the last ten years. In addition, the Brazilian cattle industry is the main driver of deforestation in the Amazon Rainforest to source beef and leather. **Research** has shown that hundreds of brands have supply-chain links to Brazilian leather exporters, despite some of them having explicit policies about deforestation.

Given the fashion industry's role in contributing to global deforestation, it is alarming to see the absence of transparency on targets. Just 12% of brands published a time-bound, measurable commitment to zero deforestation this year. This is three percent less brands than last year. In addition, only 7% publish measurable progress towards achieving zero deforestation. We found that some brands publish progress information only on man-made cellulosic fibres, like viscose, modal and rayon. The lack of transparency from global brands in this area mirrors the inaction of local fashion brands in Brazil in this area; none of whom disclosed a time-bound commitment to zero deforestation according to the **Fashion Transparency Index Brazil 2022**. We cannot mitigate the climate crisis without addressing forest loss and damage so the need for brands to ensure that their production is not threatening our forests is urgent. In the absence of good, comprehensive transparency on this issue, we are left in the dark as to the real environmental costs of our clothes and we are unable to hold major brands accountable for their destruction of this important ecosystem.

Given the urgency of the climate crisis, major brands and retailers urgently need to shift their support to farmers in supply chains, rethink how the climate crisis may impact the cost of raw material production and the livelihood of communities in these supply chains

It is worth noting that half of the brands that disclose a zero deforestation commitment do so by being a signatory of the Fashion Pact. **The Fashion Pact** is a global initiative of companies in the fashion and textile industry committed to a common core of key environmental goals in three areas: stopping global warming, restoring biodiversity and protecting the oceans. One of the Fashion Pact's targets is to support zero deforestation and sustainable forest management by 2025. While the progress on the Fashion Pact's

targets remains to be seen, **some brands have even decided to leave the Pact altogether due to the low level of action.**

Finally, the topic of regenerative agriculture is becoming increasingly popular among sustainability advocates in the global fashion industry. Regenerative agriculture can be **defined as 'a system of farming principles and practices that increases biodiversity, enriches soils, improves watersheds, and enhances ecosystem services.'** Some brands are even paving the way on **agroforestry and agroecology** to source their raw materials. It is a given that most fashion brands depend on agriculture to source raw materials, yet we found that only 16% of major brands disclose evidence of implementing regenerative farming practices for at least one raw material source. Given the urgency of the climate crisis, major brands and retailers urgently need to shift their support to farmers in supply chains, and rethink how the climate crisis may impact the cost of raw material production and the livelihood of communities in these supply chains. For more information on agroforestry and agroecology, read our Viewpoint on page **138**.





VIEWPOINT

WE STAND HERE WILLING AND READY TO MAKE THE TRANSITION BUT WHAT ARE THE INVESTMENTS NEEDED FOR A SUSTAINABLE ECONOMIC AND ENVIRONMENTAL FUTURE?

ALIA LODHI

Director
Inter Market Knit (pvt), Ltd.
Lahore, Pakistan

In our journey, we have relied on our brand partners to lead the way forward and guide us. Traditionally, our responsibility has been to follow brands' supplier codes of conduct and the United Nations Guiding Principles on Business and Human Rights diligently, strongly believing that they serve the best interest of all stakeholders. These guidelines were developed by various organisations with a global perspective encompassing everything from production system development to sustainable wage disbursement, health and safety and social responsibility. We have been engaged in calculations on how each of these systems impact the bottom line of our business. It really did work for us, but this new definition of responsibility – making the green transition demands a paradigm shift – perhaps even a new definition of a business entity!

We crave for a deep understanding from our partners of the challenges that small manufacturers like us are challenged with regarding green transition in the face of market driven prices

The SDGs have set the stage for challenging current worldviews and opening the door for new legislations which could have near-term effects on green transition. We have seen that an increasing number of brands, especially in Europe, are willing to understand the on-the-ground realities of the Global South. Could the first success story be of how a small manufacturer in the Global South catalysed change? How can those with more resources create conditions that

make the green transition viable and attractive? How can the world's largest fashion brands and retailers enable manufacturers in the textile industry to play an active and more effective role in the green transition? We stand here willing and ready to make the transition but what are the investments needed for a sustainable economic and environmental future? This year's Global Fashion Transparency Index asks brands, for the first time, if they disclose their level annual investment in decarbonisation, which includes financing the costs of green transition. Fashion Revolution's research finds that 91% of brands reviewed do not disclose this information, which signals that financing the transition is not a priority for them, though it is an expectation on us to be more sustainable.

With an increased radius of responsibility reaching far beyond the realms of compliance, we

want to foster stronger and long-term partnerships, and promote absolute transparency. We crave for a deep understanding from our partners of the challenges that small manufacturers like us are challenged with regarding green transition in the face of market-driven prices. In my business, we strive to create awareness that leaving a better world for future generations requires a clear understanding of the impact of our actions with and without these transformative steps. While we believe that investment and taking responsibility for implementing changes successfully, is a shared burden between the brands and their suppliers, small manufacturers like ourselves can benefit by showcasing our efforts to help win future investments from brands. This kind of showcasing can be mutually beneficial and can redefine the future of the textile industry.



RUTH MACGILP

*Fashion Campaign Manager
Action Speaks Louder*

VIEWPOINT

DECARBONISATION REQUIRES HONESTY, ACCOUNTABILITY AND ACTION

According to the Apparel Impact Institute, the majority of greenhouse gas emissions that fashion brands are responsible for are produced in their supply chain, concentrated at the material production and processing stage. This means that, while it's promising to see some brands in this year's Index committing to renewable energy in their own operations through RE100, without action to build or procure local and additional wind and solar power at the manufacturing level, the fashion industry will fail to meet its climate targets.

At Action Speaks Louder, we close this do-say gap by mobilising communities who are harmed by corporate greenwashing. More often than not, we find that brands' sustainability teams are blind to the reality of what it will take to reach their own climate targets: a total overhaul of the energy system that powers their supply chains. To shift the dial, we need to see bold, public-facing commitments to build and procure clean, renewable energy.

Despite increasing media attention on multi-stakeholder initiatives, summits, pacts and charters, fashion's carbon footprint continues to grow. Meanwhile, not one brand in the Index is disclosing an absolute reduction in energy consumption. So do commitments even matter anymore? Of course, targets alone are not enough. We need transparency on the actions taken to reach targets and robust accountability mechanisms for false sustainability claims.

Staggeringly few brands disclose the energy mix in their supply chain, details on renewable energy procurement or even what constitutes their scope 3 emissions, making it impossible to scrutinise the feasibility of their climate commitments and sustainability claims. This dangerous lack of transparency leaves room for loopholes and false solutions such as biomass combustion, carbon offsetting and renewable energy credits that allow emissions-as-usual to continue.

Like many issues explored in the Index, the challenge of decarbonisation is underpinned by a deeply flawed power imbalance between buyers and suppliers. Climate targets are not just something to splash on an impact report while farms, factories and mills are left to pick up the pieces. Instead, implementation of a successful decarbonisation strategy requires providing the financing,

technical assistance and policy tools that allow suppliers to invest in the most effective solutions. Asia Garment Hub calls this approach 'supplier led, brand supported'.

Climate targets are not just something to splash on an impact report while farms, factories and mills are left to pick up the pieces

Brands tell us that the road to 100% renewable energy isn't 100% clear. But this isn't true. The clean technologies are all commercially available if big fashion puts the spending power behind them and commits to transparency about their progress. Those brands which don't, but continue to claim they have climate credentials, will lose the trust of their customers and broader civil society.



VIEWPOINT

SHEDDING LIGHT ON FASHION'S COMPLICITY AND TRANSFORMING SUPPLY CHAINS AS CATALYSTS FOR POSITIVE CHANGE

BETO BINA

Co-founder
Farfarm

The fashion industry is complicit in the environmental abuses seen in the agricultural, beef, and forestry industries.

Let me explain: the vast majority of a company's environmental impacts lie in the supply chain. More precisely, the indirect impacts (upstream and downstream) are 11.4 times higher than the direct impact, **according to CDP**. If a fashion brand using cotton has the most impact in the growing of the fibres, agriculture, it should also be considered part of the agricultural industry. Leather should be seen as part of the beef industry, viscose as part of the forestry industry, and so on. However, companies tend to refer to these impacts as externalities, something of less importance, therefore less investments.

The Index found that only 5% of fashion brands disclose efforts to provide upskilling or invest in the supply chain for a 'Just Transition'. Additionally, only 16% of major fashion brands disclose evidence of implementing regenerative agriculture, which is an increase of merely 2 percentage points from the previous year. But, even if a company invests in regenerative agriculture, it shouldn't be seen as a final solution. What is happening in the sector is the fastest rise and fall of a new term. "Regenerative" is losing its meaning through commoditisation and fragile certifications, being downgraded to a less important label. Even worse, companies in Brazil that use GMOs, chemicals, monoculture, and are connected with illegal deforestation are on the path to being certified as "regenerative." I **took pictures** of what a conventional cotton plantation in the region looks like.

My dream is to see Brazil as a global provider of responsible raw materials. My nightmare is to witness irresponsible large-scale farmers negatively impacting smallholder organic farmers and their social movement. I am writing to represent smallholder farmers and amplify their voices. Those who are the real regenerative farmers avoid labelling themselves as "regenerative." In Brazil, what they practice is Agroecology, which integrates humans and nature, revitalises landscapes, fights inequality and promotes gender equality.

With this in mind, it is important to emphasise that the Index considers the 250 largest global fashion brands, those with the resources to make urgent changes. The absence of investment in the supply chain is a symptom of a clear root problem: a lack of strategic alignment with businesses. Only 51% of fashion brands have a strategy, roadmap, or targets to use sustainable materials.

Just 42% publish annual progress reports regarding responsible materials, and merely 7% are making progress towards achieving zero deforestation.

The situation in which 93% of the largest companies show no progress towards zero deforestation, and deforesting farmers are being certified as "regenerative," appears to be another nightmare. However, we cannot lose hope. There are signs that my dream is starting to come true. We are witnessing fashion brands supporting Agroecology, uplifting smallholder farmers, and allocating resources to agricultural initiatives. If you are reading this report you might share a similar dream, recognizing the significance of transparent, measurable and beautiful supply chains, considering it a strategic component of businesses. I still have hope that fashion can become an ally to support the collective dreams we all have for the world.

VIEWPOINT

BEYOND REPORTING AND TARGETS, WE ALSO NEED AN ACCELERATION IN ACTION



PAULINE OP DE BEECK

*Environmental Portfolio Lead
Apparel Impact Institute*

As we approach the halfway mark to 2030, the increase in detailed scope 3 disclosure, setting of near & long-term targets, and published progress against them is welcome. However, brands reporting on these indicators still represent less than half of the sector—well below what is needed for 1.5C alignment by 2030. We need footprinting and targets set to be at 100% by 2025.



One of the most encouraging improvement indicators is the increase in environmental risk and impact reporting linked to financial statements: 22%, up from 13% in 2022. This demonstrates that more brands are seeing the relationship between their business' viability and the need to align to net zero. This understanding catalyses deep decarbonisation efforts.

While we celebrate these advancements, it is important to acknowledge areas that still require attention. A small fraction of brands (6%) disclose the proportion of their production powered by coal, and only 9% report supply chain renewable energy. To fully harness the potential of coal phase-out and renewable energy, brands must expand their efforts beyond pilot projects and embrace large-scale implementation. This entails mapping suppliers' energy sources, setting specific targets, and formulating comprehensive plans to achieve them. Additionally, we must come together as an industry to address shared challenges.

A key step lies in establishing a common understanding of the most viable alternative sources for thermal energy and electricity, taking into account country- and facility-specific contexts. Not all alternatives will be equally feasible from a financial or technological standpoint.

By fostering collaboration and knowledge exchange, we can identify the optimal energy solutions that strike a balance between environmental impact and practicality.

Another critical factor is the evolution of policy frameworks in garment-producing countries. We have seen promising examples, such as in Bangladesh, where brands have actively engaged with policymakers to develop regulations that facilitate renewable energy deployment. By replicating these efforts in other countries, we can accelerate facility-level installations and explore alternative avenues such as corporate Power Purchasing Agreements.

The commitment of brands to their targets can be truly measured by the level of transparency regarding their green investments. While the current disclosure rate stands at less than 9%, we believe this indicator will

increase dramatically by 2025. Targets must be accompanied by robust net-zero transition plans that outline the associated costs. With just 6.5 years left to halve emissions, we have to mobilize action and secure the required capital.



“The Fashion Transparency Index shows that while little over a third of the world’s largest fashion brands (34%) disclose a time-bound, measurable commitment to decarbonisation which includes Scope 3, just 32% disclose progress against these targets. Transparency is pivotal for the textile sector’s progress, especially in emerging economies like Pakistan where trust is crucial for investors and buyers. By prioritising measurement and disclosure of credible carbon emissions under Net Zero Pakistan (an initiative of Pakistan Environment Trust), we build transparency and address this lack of trust. This approach has the potential to yield valuable data, necessary for empowering governments of manufacturing countries to identify and implement necessary policy changes for decarbonization. Moreover, consistent and transparent data provide a solid foundation for international buyers to establish credible relationships with suppliers. As these long-term relationships flourish, buyers become more willing to invest in delivering a net zero transition for their value chain. Within Net Zero Pakistan initiative, we recognize the significance of transparency as a catalyst for sustainable growth.”

Talha Khan
Executive Director
Pakistan Environment Trust

*FINAL THOUGHTS &
RECOMMENDATIONS*

TAKE ACTION ON TRANSPARENCY

WHAT NEEDS TO HAPPEN NEXT?

Anyone anywhere should be able to find out how, where, by whom and at what social and environmental costs their clothes are made. This requires greater transparency across fashion's global value chain.



By working together, as one collective voice, we must demand that companies become more transparent and that governments require transparency from the brands we buy.

We want to see an industry where transparency and accountability are so deeply embedded across the entire value chain that the Fashion Transparency Index is no longer needed. However, until that time, greater transparency is an essential first step towards making change in the global fashion industry.

Ultimately, transparency will help us to create a global fashion industry that conserves and restores the environment and values people over growth and profits.

OUR CALL TO YOU IS THIS:

Do not use this Index to inform your shopping choices but rather **use these findings to fuel your activism**. Scrutinise the major brands and hold them to account on their claims.

FOR CITIZENS

THIS MEANS CALLING ON:

European policymakers to legislate on living wages. At the time of publication, our **Good Clothes, Fair Pay** campaign will be ending on the 19th of July 2023 and needs one million signatures from EU citizens (EU passport holders) so head to goodclothesfairpay.eu to sign your name. If you're not an EU citizen, help us spread the word by sending to a friend who is, and by sharing our posts on social media. Follow [@goodclothesfairpay](https://www.instagram.com/goodclothesfairpay) on Instagram and subscribe to our newsletter for updates.

Major brands and retailers to be more transparent on all the issues included in the Fashion Transparency Index – get in touch with brands and ask them

#WhoMadeMyClothes? #WhoMadeMyFabric? and #WhatsInMyClothes?

Policymakers to create legislation that holds big brands accountable for human rights and environmental impacts across the length of the value chain

Shareholders and investors to use their power to influence big brands to be more transparent and do better for the planet and the people who make our clothes, including making investment decisions on the basis of how transparent companies are or are not

Civil society, such as trade unions and NGOs, to ensure that brands' policies and practices translate into positive outcomes in the places where clothes are made

FOR MAJOR BRANDS AND RETAILERS,

THIS MEANS:

Publish your supply chain right down to raw material level as soon as possible, doing so in alignment with the open data standard, and upload the list to the **Open Supply Hub**

Be completely transparent on all the topics covered in the Fashion Transparency Index, continuously updating public disclosure in response to evolving risks

Implement robust due diligence on human rights and environmental risks and publicly evidence the outcomes and impacts of your efforts

Work collaboratively on due diligence with your peers, especially when they operate in the same facilities, and with rights holders, especially women workers and trade unions, and then share these efforts publicly

Support legislation that requires greater transparency and corporate accountability on environmental and human rights issues in the global fashion industry

FOR POLICYMAKERS

THIS MEANS:

Support better regulations, laws and government policies that require transparency and corporate accountability on environmental and human rights issues in the global fashion industry

Support better enforcement of existing laws, including sanctions, on social and environmental issues that relate to the global fashion industry

Be more proactive at responding to 'red flags' and risk factors associated with labour exploitation and environmental damage in the global fashion industry

Read and listen to the viewpoints of workers, communities and experts – on pages **69, 84, 92–93, 96, 97, 99–100, 102–103, 113, 121–122, 127, 136–140** – to inform your policymaking activities

FOR INVESTORS & STAKEHOLDERS,

THIS MEANS:

Ask major fashion brands and retailers for clear governance and accountability on human rights and environmental issues

Ask for board level accountability on human rights and environmental issues and demand that executive pay is tied to improved impacts on these issues

Demand that the board has expertise on the complexities and nuance of human rights and environmental issues

Prioritise meaningful and credible environmental, social and governance (ESG) factors into your investment strategies

Call for mandatory transparency and corporate accountability legislation on environmental and human rights issues in the global fashion industry

FOR CIVIL SOCIETY, JOURNALISTS & ACADEMICS,

THIS MEANS:

Use this data and our findings, available in this report and on **Wikirate.org**, to scrutinise and verify the public claims made by brands and hold them to account

Raise the flag when brands make public claims that do not reflect the reality on the ground

Use this data to collaborate with other stakeholders and brands themselves to address issues found in supply chains and prevent them in the future

Stand together in calling for mandatory transparency and corporate accountability legislation on environmental and human rights issues in the global fashion industry

CREDITS

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ATTRIBUTION

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We would like to highlight our fair treatment of fact and our unbiased approach to assessing C&A in the Fashion Transparency Index. We have mitigated any risk of a conflict of interest by the following three methods: viewing and treating C&A and the Laudes Foundation as separate entities; treating C&A like any other of the 250 brands we analysed and not giving C&A any preferential treatment in this or additional assessments of C&A by our technical partner in Brasil ABC Associados.

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