



WORKING TOGETHER TOWARDS SUSTAINABLE FASHION

Abstract

The fashion industry brings with it many environmental, social and governance (ESG) concerns. It is the second largest polluter in the world after Oil and Gas—producing more greenhouse gas emissions than international flights and maritime shipping combined. Ethical concerns for factory workers are also well known. Fast fashion, an accelerated way of producing a high volume of low-cost garments, is making these concerns grow exponentially.

However, there is a new breed of consumer growing. Engagement in sustainability has deepened during the COVID-19 crisis. The consumer of today wants to be educated about what goes into production of the garment they are buying, and wants to support ethical, environmentally friendly clothing—but will they put their money where their mouth is?



The rise (and issue) of fast fashion

As a kid I was always excited when the Summer or Winter season used to set in. It coincided with our festivals, and I used to receive new clothes from my parents. Two pairs of t-shirts and trousers, it used to last more than a year. Fast forward to the present, a person in the US buys 52 garments per year, while a person in the UK buys 33 garments per year. This global phenomenon is called Fast Fashion. Fast Fashion is an accelerated way of producing a high volume of low-cost garments.

It leverages a design, manufacturing and distribution cycle spanning just over 4 months to rapidly produce clothes in contrary to the traditional and long cycle of 21 months.

Fast fashion is popular with the masses because of its capability to bring inexpensive styles to the public using trend replication and low-quality materials. But while we are getting access to low-cost clothing, the question is how is the apparel sector looking to balance sustainability with profits?

“

“Fast fashion isn’t free, someone somewhere is paying.”

– Lucy Siegle

”

Some of the key problems of the fashion industry:

- The fashion industry is the second largest polluter, after Oil & Gas
- Outsourcing to low-cost economies that pay below minimum wage, with a majority female workforce, stunts individual possibilities
- There are 1.4 million injuries every year because workplace safety is not what it should be
- Textile waste is a big problem. A person in the US disposes of 82 lbs of textile waste every year, and much of it is synthetic fibers which are not biodegradable
- 1.5 trillion liters of water are used every year, the fashion industry accounts for 20% of wastewater

The new brand of consumer is pushing for ESG

According to McKinsey, engagement in sustainability has deepened during the COVID-19 crisis. The consumer of today wants to be educated about what goes into production of the garment they are buying, taking environmental, social, and governance (ESG) matters into account.

Today many regulators have requirements around climate change risk management:

Consumer sentiment on sustainability in fashion

- 88% think more attention should be paid to reducing pollution
- 67% say use of sustainable materials is an important purchasing factor
- 63% consider a brand's promotion of sustainability an important purchasing factor
- 55% expect brands to take care of employee health (specifically workers in Asia, 38%)

In response to this growing trend, even big fast fashion brands like H&M have come forward with some sustainability focused initiatives, but it is a tricky balance. Many people want sustainably made clothes and ethical working conditions, but they also want cheap prices. Since organic cotton is around 30% more expensive than the materials covered in pesticides, the decision to buy sustainable clothes really does hit the pocket.²

While these are just some examples, the trend is indicative of a future with an impetus on integration of climate change risk assessment across all sectors, including financial institution risk frameworks.

¹ <https://www.mckinsey.com/industries/retail/our-insights/survey-consumer-sentiment-on-sustainability-in-fashion>

² <https://www.forbes.com/sites/sophiamatveeva/2020/02/11/top-trends-in-sustainable-fashion-today/?sh=1424265764f4>



The new brand of consumer is pushing for ESG

Bottom-up pressure: There are things consumers will simply not accept. For example, if a supplier or manufacturer is discovered to be a major polluter or breaks human rights, brands and retailers can no longer get away with feigning ignorance. Since the 2013 Rana Plaza fire in Bangladesh, in which over 1,000 people who were making clothes for companies like Primark and Benetton, lost their lives, the press and consumers have a higher expectation that Western companies will know, and monitor, their supply chain.³

Top-down pressure: Venture Capitalists are also focusing more on sustainability and ethical investing because consumers are concerned about issues like climate change. Pension funds that manage their money, for example, make green pledges. If those pension funds are then seen to invest in contradiction to these pledges, they may have a scandal on their hands, so they push the venture funds they invest in in the same direction.

The problem is, it's quite challenging. Brands lack the systems and processes to handle supply overflow and support the recycle process. It's hard to procure the right material, get the right vendors, and comply with environmental and fair-trade principles.

The unavoidable truth is that the topic of sustainability in fashion is full of contradictions. There is a growing "green" and ethical trend in consumers, but fashion is also, by definition, ever changing and producing new things to purchase, with fast fashion brands still seeing big growth. This leaves us with the fact that it's a choice. As a fashion brand you can do your part to consider environmental, social and governance aspects while still making a healthy profit.

So, what can you do to improve your ESG commitment?

As a fashion company, you can:⁴

1. Work to minimize, or completely reduce, any wasted materials (eg. using excess material in new designs) while also having a positive effect on sales and revenues
2. Cut down on single-use plastic (eg. in packaging for online purchases)
3. Work towards eco-friendly clothes that give back, like investing a percentage of revenues in local environmental initiatives and quantifiable carbon-reducing projects
4. Become more transparent about design and production processes so consumers can make better-informed purchasing decisions
5. Go through your back catalog of designs to capitalize on a growing "vintage" trend

³ <https://www.forbes.com/sites/sophiamatveeva/2020/02/11/top-trends-in-sustainable-fashion-today/?sh=1424265764f4>

⁴ <https://linchpinseo.com/trends-in-the-sustainable-clothing-industry/>





Tech powering innovation

Technology can help the transition towards a more sustainable way of business. On online sales platforms, for example, you can easily add a “sustainability” filter and highlight product benefits like organic cotton or recycled materials. This will help consumers easily make more active ESG decisions when shopping.

Different tech platforms are also connecting ESG dots in the supply chain, like connecting fashion brands with biodegradable packaging companies and start-ups that are creating new types of “greener” fabrics requiring less water and energy to produce.⁵

By partnering with like-minded tech providers such as Microsoft, we also extend

the power of our solutions while staying true to our values. Dynamics 365 & Power Platform, for example, can accelerate your business growth with connected business applications to optimize your operations, innovate across teams, and better engage customers delivering superior experiences.

⁵ WBCSD. <https://www.wbcd.org/Programs/Cities-and-Mobility/Sustainable-Cities/Transforming-the-Built-Environment>

Choosing a sustainable future for your organization and the world

It is fair to say that sustainable fashion goes beyond procurement of environment-friendly materials and producing in an ecological way. It is about creating an ecosystem integrating a safe and healthy workplace, minimum equal pay opportunities, systems, and processes for responsible production and consumption.

Most of the world's fashion companies, and especially big fast fashion brands, need to work towards more sustainable models. There is a rising demand for sustainable fashion, which will push fast fashion brands to adapt to growing social and environmental expectations. Investor pressure is also mounting for proven "green" and ethical approaches, which also prepares fashion houses for tighter environmental, social, and governance (ESG) regulations worldwide. But at the end of the day, consumers still love a bargain, and fast fashion profits are on the rise.

We have to face it: going sustainable is a choice, and it's simply the right thing to do. Both consumers and fashion companies should be adopting an ESG approach to help us all build a better future.

Discover more

We've developed a series of opinion pieces on sustainability based on the pillars of ESG across some of the different industries our clients operate in.

Take a look at the papers below to discover the main sustainability challenges and trends in your industry today and how Infosys can help you get the best of both worlds, profits and ethics, with an ESG approach.

ESG approach »

Finance »

Food »



About the author



Debanjan De Sarkar, *Senior Consultant*

Debanjan is a Senior Consultant with Infosys. He has over 8 years of experience in the technology & consulting, with over 6 years in Microsoft Business Applications space. He works as a Functional Consultant for the Solutions Consulting group in Microsoft Biz App practice and has delivered multiple solutions across Banking, Education, Sustainability & many more. He has played multiple roles from implementation to advisory in CRM, XRM, Automation and AI space. His interest areas are AI, Automation & Next Generation technologies.

For more information, contact askus@infosys.com



© 2022 Infosys Limited, Bengaluru, India. All Rights Reserved. Infosys believes the information in this document is accurate as of its publication date; such information is subject to change without notice. Infosys acknowledges the proprietary rights of other companies to the trademarks, product names and such other intellectual property rights mentioned in this document. Except as expressly permitted, neither this documentation nor any part of it may be reproduced, stored in a retrieval system, or transmitted in any form or by any means, electronic, mechanical, printing, photocopying, recording or otherwise, without the prior permission of Infosys Limited and/ or any named intellectual property rights holders under this document.