

**Sustainability 2020-2021**  
**General Management Course, 4,5 ECTS**

**Overview of Sustainability**  
**Technical note 1 (work in progress)**  
Prof. Silvia Pérez Bou  
ISEM Fashion Business School

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## **Sustainability in the Fashion Value Chain**

Sustainability is a complex word related to the three-bottom line<sup>1</sup> of economic, social, and environmental dimensions of the development that meets the needs of the present without compromising those of the future<sup>2</sup>, within the planet's physical boundaries.

Sustainability in Fashion companies is no longer an option, but the “new normal”, evidenced by its privileged place in the Fashion Industry's Agenda in 2020<sup>3</sup>.

Fashion industry is considered to be the second most polluting in the world, textiles are the fourth highest-pressure category for the use of raw materials and water, after food, housing, and transport, and fifth for GHG emissions<sup>4</sup>. Clothing production doubled from 2000 to 2014 and the number of garments purchased each year by the average consumer increased by 60%<sup>5</sup>. People use their clothes half as much as they did in 2000<sup>6</sup>: in some countries such as China, clothing utilisation has decreased by 70% in the same period<sup>5</sup>.

Undoubtedly, the fashion industry is now a relevant player in economic scene, with a contribution of more than \$2.4 trillion to global manufacturing<sup>7</sup>, and more than 300 million people employed if we include the clothing industry along the value chain<sup>6</sup> all across the world.

It is clearly a growing sophisticated business with a fragmented and relative low-tech production system<sup>5</sup>. It began 200 years ago, but innovation to improve quality developed most significantly in the last 50-60 years; health and safety product control developed over the last 10-15 years, and sustainability emerged as a key concern only 5-6 years. The path to this transformation process is extremely difficult, multifaceted and must progress quickly.

Sustainability in the Fashion value chain needs the collaboration between academia and business (research in many fields like Communication, Environmental Sciences, Chemistry, Business, Biology, Law, Engineering, Design, Architecture, etc., and different players in the industry: providers, textile manufacturers, retailers, delivering services, etc.). It also needs the fuel of the public institutions and the commitment of the consumers.

But what sustainability does mean?

## Historic evolution from the first declarations on sustainable development to the Fashion Pact

At the end of the 20<sup>th</sup> Century, some steps accelerated the path to a deeper concern about the adverse effects that development might bring and the need to act in a different way. The milestones in that path were:

**1972, the United Nations Conference on the Human Environment in Stockholm** (Sweden), was the UN's first major conference on international environmental issues and it turned to be a starting point in the development of international environmental politics.

Its **Declaration** contained the frame of reference, 26 common principles and an action plan with 109 recommendations to inspire and guide the people in the preservation of the human environment.

The approach to the topic in this Declaration seems to be valid now, nearly 50 years later. It addresses directly to the responsibility and the capacity to act of each person and community. We bring some of the claims here:

*1. Man is both creature and moulder of his environment, which gives him physical sustenance and affords him the opportunity for intellectual, moral, social and spiritual growth. In the long and tortuous evolution of the human race on this planet a stage has been reached when, through the rapid acceleration of science and technology, man has acquired the power to transform his environment in countless ways and on an unprecedented scale. Both aspects of man's environment, the natural and the man made, are essential to his well-being and to the enjoyment of basic human rights-even the right to life itself.*

*2. The protection and improvement of the human environment is a major issue which affects the well-being of peoples and economic development throughout the world.*

*6. A point has been reached in history when we must shape our actions throughout the world with a more prudent care for their environmental consequences.*

*7. To achieve this environmental goal will demand the acceptance of responsibility by citizens and communities and by enterprises and institutions at every level, all sharing equitably in common efforts<sup>8</sup>.*

**1983:** The General Assembly established a special commission to make a report on environment and the global problematique to the year 2000 and beyond: a global agenda for change, to propose long-term environmental strategies. This Commission took the name World Commission on Environment and Development and was officially established in October 1984 in Geneva, being Gro Harlem Brundtland its chairman.

**1987: Report of the World Commission on Environment and Development - Our Common Future.**

The World Commission on Environment and Development elaborated a report in which coined the concept Sustainable development as the development that *meets the needs of the present without compromising the ability of future generations to meet their own<sup>2</sup>.*

This commission ceased its activities by December 1987, months after the issuance of this report and its consideration by the UN General Assembly during its 42nd Session in the fall of 1987.

**1989, the United Nations General Assembly** called for a global meeting for considering strategies to halt and reverse the effects of environmental degradation "in the context of increased national and international efforts to promote sustainable and environmentally sound development in all countries"<sup>9</sup>.

**1992, the United Nations Conference on Environment and Development (UNCED) held in Rio de Janeiro (Brazil)** is also known as the Earth Summit. It gave birth to the

“Agenda 21, *Programme of Action for Sustainable Development*” that was the international community’s response to the request of 1989 UN General Assembly<sup>10</sup>. Agenda 21 is a comprehensive plan of action to be taken at all levels by all kind of organizations worldwide, in every area in which human impacts on the environment.

Underlying Agenda 21 is the notion that humanity had reached a defined moment in its history. We could continue our present policies or we could change course. But “*no nation could achieve this on its own*”. “*Together we can –in a global partnership for sustainable development*”<sup>10</sup>.

Agenda 21 and the Rio Declaration on Environment and Development with its 27 principles were adopted by more than 178 Governments at the United Nations Conference (UNCED) in June 1992, being the most relevant milestone of the period.

Six months later, in December 1992 the **Commission on Sustainable Development (CSD) was created** to ensure, monitor and report on implementation of the agreements.

**1997, Earth Summit II. Rio+5** was held in a Special Session of the UN General Assembly in New York. Although much good work had been done since Rio, the major problems had grown worse since then. Among other issues, they signed the first Convention on Climate Change, promising to prevent dangerous global warming, and they drafted the work program for the Commission on Sustainable Development for 1998-2002.

#### **2000. 8 Millennium Development Goals**

In September 2000, the UN Millennium Declaration committed world leaders to combat poverty, hunger, disease, illiteracy, environmental degradation, and discrimination against women. The United Nations Millennium Development Goals were those eight goals, with specific targets and indicators that all 191 UN member states have agreed to try to achieve by the year 2015.

#### **2002, World Summit on Sustainable Development (WSSD), Rio+10. Johannesburg.**

There, the implementation of the Agenda 21 and the Commitments to the Rio principles were reaffirmed. A plan for the implementation of the decisions was approved, with precise and specific objectives, goals and deadlines.

#### **2012, UN Conference on Sustainable Development Rio+20, “The Future We Want”**

This declaration on sustainable development and a green economy adopted in Rio on June 19, 2012, included broad sustainability objectives related to the Millennium Development Goals that were tended to achieve by the end of 2014. It called for the negotiation and adoption of internationally agreed Sustainable Development Goals by 2015.

#### **2015, Agenda 2030 17 Sustainable Development Goals**

According to UN’s general Secretary Ban-Ki Moon, “the global mobilization behind the Millennium Development Goals produced the most successful anti-poverty movement in history”, but there was yet a lot to do “to put an end to poverty, leave no one behind”<sup>11</sup>.

In September 2015, the UN launched the Agenda for Sustainable Development based on the Millennium Development Goals, but with more ambitious aspirations, as they are addressed to all country members of UN (not only developed but developing too), and they highlight the three dimensions on sustainable and integral development (social, economic and environmental).

#### **2018, UN Fashion Industry Charter for Climate Action**

In December 2018, during the UN Climate Change Conference (COP 24) in Katowice (Poland), forty-three leading fashion brands, retailers, supplier organizations, and others,

signed the Fashion Industry Charter for Climate Action, a milestone in addressing the sector's climate impact. Among the founding signatories, there are these companies: Adidas, Burberry Limited, Esprit, Guess, Gap Inc., H&M Group, Hugo Boss, Inditex, Kering Group, Levi Strauss & Co, Puma SE, Salomon, Skunkfunk, Stella McCartney. There are also textile providers, manufacturers, groups specialized in technical fibres and yarns, outdoor garments, and logistics sector, etc.

Besides the brands, twelve organizations signed to support the objectives. To name only few: Global Fashion Agenda (GFA), Global Organic Textile Standard (GOTS), China Textiles Center (CTIC), Sustainable Fashion Academy (SFA), ZDHC (Zero Discharge of Hazardous Chemicals Foundation), etc.

They affirmed their commitment to support the implementation of the sixteen principles contained in the Charter, both by pursuing the principles within their own organizations and by working collectively with other Signatories<sup>12</sup>.

Some of the principles are: to support the goals of the Paris Agreement limiting global temperature rise to well below two degrees Celsius above pre-industrial levels; to commit to reduce 30% aggregate GHG emissions by 2030; to develop a decarbonisation strategy for the fashion industry; to support global transition to low-carbon logistics; to support the movement towards circular business models; to establish a closer dialogue with consumers to increase awareness about the GHG emissions caused in the use- and end-of-life phases of products, and to establish a dialogue with governments in key countries to enable renewable energy.

They have established 8 working groups, but there are not published results yet. From its launching, the number of signatories has increased, being 110 companies and 47 supporting organisations at the end of September 2020.

It seems that the big "machinery" (UN members, companies, organisations) and the scope of the goals might make difficult to achieve the objectives soon.

### **2019, The UN Alliance for Sustainable Fashion**

It is an initiative for United Nations agencies and allied organisations to contribute to the SDG through coordinated action in the fashion sector<sup>7</sup>. It was launched on the 14<sup>th</sup> March 2019 in Nairobi, at the UN Environment Assembly.

Until now, we have no more information than that of the events they organised and the news form different media that they collect to put on their website,

### **2019, The Fashion Pact**

It was signed by 32 global fashion companies the 23<sup>th</sup> August 2019, and it was presented to Heads of State during the G7 Summit in Biarritz.

What makes this Pact different is not the content (it addresses similar topics to previous initiatives), but its origin and its members. The origin came as a mission: in April 2019, French President Emmanuel Macron asked Kering Chairman and CEO François-Henri Pinault to lead a global coalition of companies in the fashion and textile industry, to work in environmental goals after the Paris Agreement. The members are companies: It is a pact from the industry to the industry and the society, and their commitment is stronger

The Pact tackles three environmental goals in three areas: stopping global warming, restoring biodiversity and protecting the oceans.

To the 32 founder signatories, they have added others, being 67 by 25<sup>th</sup> June 2020, comprising the most important players in the fashion industry (luxury, fast fashion, sports, etc.) in terms of production, number of employees and revenues.

This Fashion Pact can be considered the true milestone in the fashion industry.

In October 2020 they have released their first report of the progress done during the first year<sup>13</sup>.

In parallel to these UN commitments, in the Fashion industry many proposals and campaigns have arisen (Clean Clothes Campaign; The Fashion Revolution-Who made my clothes; Detox by Greenpeace; ZDHC, etc.), and some Indexes were devised to compare performances: Index of Transparency focuses on the disclosure of information in websites; Higgs Index, among others, try to benchmark frequently incomparable items.

As the consumer's awareness has increased, it is likely that a non-sustainable company or not able to communicate its sustainability, will not be competitive.

The fashion companies must face a lot of transformation processes to be more sustainable. To name only a few: humanising working conditions, globalisation, regulations, technology for new materials, elimination of pollutants, digitalization (in customer experience, supply chain and distribution, and product development, including virtual sampling), decarbonization, logistics, improving techniques in manufacturing processes, ensuring good end of life in processes of circular economy, etc.

After centuries of minimal evolution in manufacturing processes, the sustainability imperatives must be conquered in brief. The Covid-19 pandemic has recently added new limitations to the industry: all the rungs of the value chain have been affected (from cotton farmers with around 100 million households directly engaged in the production<sup>14</sup>, to the chemical industry, and thousands of manufacturers and shop retailers have been temporary laid-off). Only in Bangladesh, 1,150 garment factories have reported cancellation orders worth \$3,18 billion, affecting 2.28 million workers, as of 1<sup>st</sup> May 2020<sup>15</sup>. This poses new challenges. Sustainability is becoming more necessary during and after Covid 19.

#### Approach to Sustainability in Ffashion

ISEM Fashion Business School's approach to Sustainability is developed in our programme The Right Fashion®.

It expresses a holistic vision of the five "R" that we consider paramount to do good while doing well or, in other words, to do the Right Fashion, that is *per se*, sustainable. It implies:

**1. Right Human:** social sustainability means, first of all, to respect the human dignity always and in all circumstances. It has to do with paying fair wages (almost living wages), compliance with the regulations in each country, insurances, not forced labour or child labour, due diligence, reporting, etc.

**2. Right Design:** 80% of the environmental impact is determined at the design phase<sup>16</sup>.

To design in a more sustainable way, there are 10 principles coined by Prof. Rebecca Earley and her team that provide a good guidance: The TED Ten<sup>17</sup>.

It is important to train designers to do their work it in this new way.

From 2020 on, Europe has a New Circular Economy Action Plan<sup>16</sup>. One of its seven key value chains is textiles. So, fashion has to move towards a Circular Economy model, what means an approach of Circular Design, that bears in mind the five fields of action of the circular economy: to take, to make, to deliver, to use, and to recover/enrich.

**3. Right Product:** What is most unsustainable is the recall of a production due to health and safety problems. A sustainable product is not necessary one made out of organic raw materials, but a product that is health and safety both for workers involved in its production and for consumers. It implies also meeting the chemical standards, and regulations.

4. **Right Delivery:** The logistics processes of moving the products from the manufacturing countries to the selling points can be sustainable or unsustainable. There are also other issues like packaging, plastic bags, hangers, last mile delivery, etc. The online channel poses also new challenges in distribution, with reversed logistics, devolutions, etc.

5. **Right Price.** Sustainability opens the path to new business models, most of them, based on the circular economy principles or digitalization. At the same time, to produce in a more sustainable way normally requires a lot of investment, estimated at \$300 billion in the next 10 years<sup>3</sup>.

Sometimes the so-called sustainable products are more expensive than normal ones (20%-30%). People is not aiming to pay more to buy more sustainable products.

Although luxury has been intended to be sustainable, there are also brands in fast fashion playing an important role in the sustainable scenario.

With this “Sustainability” course we want to provide scientific-based knowledge for key aspects of sustainability (environmental, social, and economic) across the value chain, that might provide an overview and the possibility to build a roadmap to sustainability, for whatever manager in the fashion industry.

As this course is taught in parallel to the implementation of **The European Green Deal**<sup>48</sup>, and the launching on 2021 of the **EU Strategy for Textiles**, we will be attentive to the new challenges, regulations or goals that they might issue. The approach of this course helps fashion industry to contribute directly to achieve the UN Sustainable Development Goals 8, 9, 12 and 17, and it also addresses elements of SDG 1, 3, 4, 5, 6, 10, and 13.

The objective is to train managers able to disseminate and communicate intersectoral and internationally the knowledge about sustainability to the stakeholders (designers, providers, manufacturers, retailers, consumers, academics, investors, civil society and governments), in their daily work and with their business decisions.

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