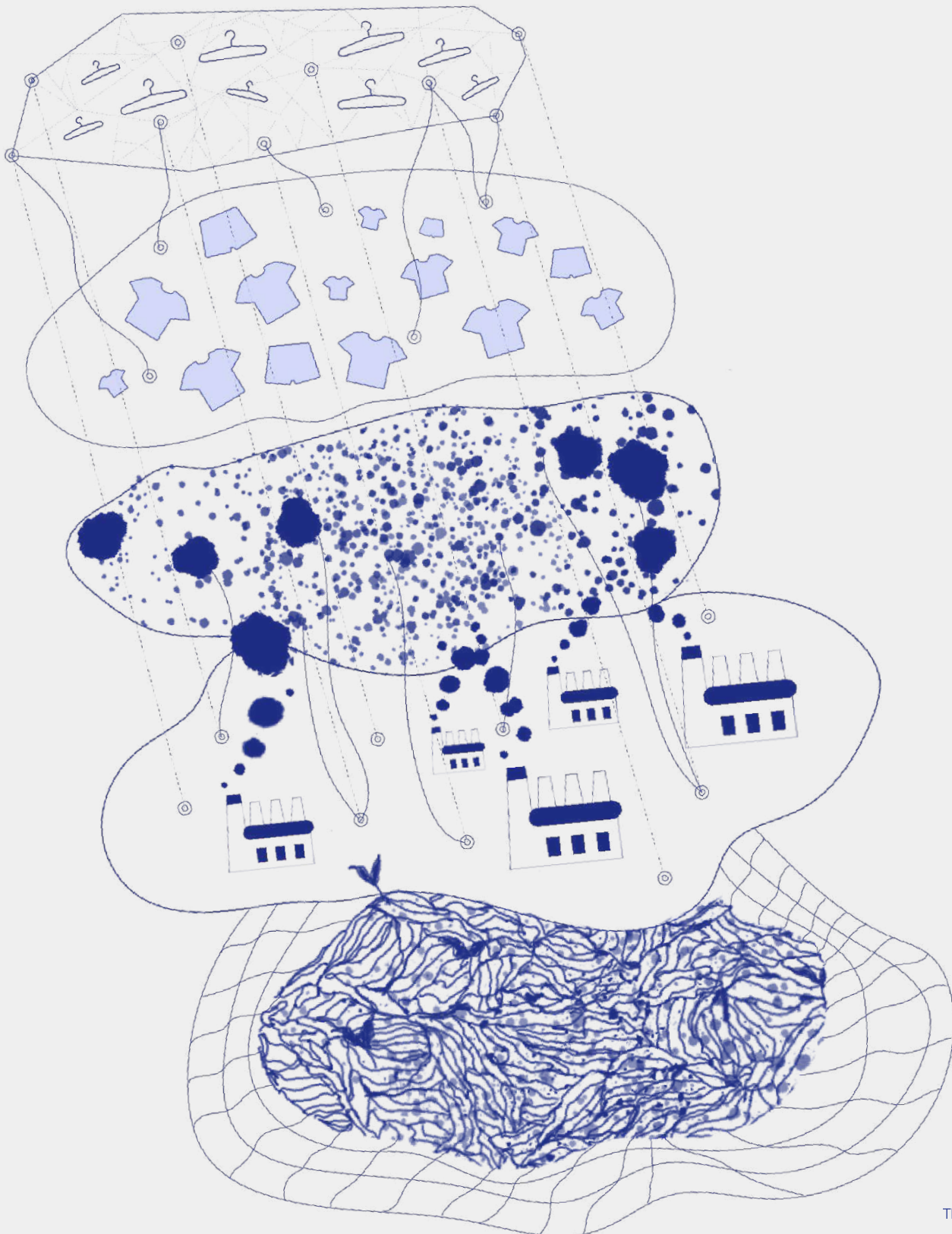


# Towards a *Collective Approach*:

Rethinking Fashion's Doomed Climate Strategy

*Global denim suppliers identify a worrying disconnect between the industry pursuit of science-based targets and feasibility, equity and financing.*



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## EXECUTIVE SUMMARY

The apparel industry's massive contribution to the climate crisis — estimated at 2% to 8% of global greenhouse gas emissions annually<sup>1</sup> — is not only garnering mainstream attention, it's now put the sector in the crosshairs of regulators. More than 400 apparel, footwear, textile, and luxury companies have committed to or set science-based targets (SBTs) to reduce emissions in line with the Paris Agreement,<sup>2</sup> a 20-fold leap in just four years.<sup>3</sup> And now regulators in the EU and the US are pushing the private sector to do the same through unprecedented new legislative efforts. In the US, the proposed New York Fashion Sustainability and Social Accountability Act (The Fashion Act) would, if passed, require fashion brands to not only set — but meet — targets to reduce emissions. In the EU, the forthcoming Corporate Sustainability Due Diligence Directive (CSDDD) and the recently enacted EU Corporate Sustainability Reporting Directive (CSRD) also require companies to set and report on targets respectively. On its face, this combination of ambitious target-setting and tough regulation marks an incredible leap from empty promises towards climate action in one of the world's most emissions-intensive sectors.

However, the primary findings of this report are that responsibility for climate action in fashion is not shared, it is largely approached as a supplier problem. This approach is not only inequitable, it's impracticable and doomed to fail. One of the main ways that responsibility has been pushed down the supply chain is through the industry's pursuit of SBTs. Most companies setting SBTs are setting targets that cover their entire supply chain emissions (where most emissions are concentrated), but without input from their suppliers. And suppliers say they're increasingly required or expected to set their own SBTs, which require individual companies to reduce their greenhouse gas emissions by about half by 2030 and to achieve Net Zero emissions by 2050. While seemingly egalitarian — by asking all companies along the value chain to set the same or similar targets to reduce emissions to the same extent — SBTs have institutionalized the logic that the work of decarbonizing fashion is the supply chain's responsibility. And yet, because SBTs are set without consideration of feasibility and context, many suppliers — through no fault of their own — are limited in their ability to deliver those targets.

What's more, the industry is not engaging in a wider reckoning about funding. In practice, suppliers are not only expected to do most of the work to decarbonize, but to pay for it (even when no financial returns are possible). This not only goes against industry platitudes and established international frameworks, including the Paris Agreement, about a need for equitable and just transition, but it also ensures climate mitigation will stall.

Thirdly, this broken climate action strategy is flowing out of fashion's decades-long, top-down approach to sustainability that is not equipped to tackle the problems of our climate change era. Finally, regulators are missing a chance to enable climate action in part by reinforcing targets as a solution and an end in themselves.

## TOWARDS A COLLECTIVE APPROACH

It would be tempting to conclude that if SBTs are inequitable and likely to fail, the solution must be a more equitable approach to target setting. And, in fact, we do advocate for the industry to explore a differentiated approach to target setting — one that takes context, feasibility, equity, financing, and other enabling conditions into account — as part of the solution, but it is not sufficient. A differentiated approach to target setting would mean that some entities will do more than others based on what's actually feasible, but it would not change the reality that the decarbonization that must take place sits largely in the supply chain. And it doesn't solve the underlying dynamics, which are the inequities built into global value chains and the broader operating context constraining a supplier's ability to act. What's ultimately needed is a collective approach to action centered in equity.

We define collective action as shared ownership and shared responsibility. This requires shifting responsibility for climate action from suppliers to one that's shared across the apparel value chain. Climate action must be **our** problem. This includes sharing financial resources, but also other types of resources. No target, not even a differentiated target, is viable without collective action.

Adopting a truly collective approach — meaning that targets, funding, risk, and activities are a collective responsibility rather than a supplier responsibility — is key to dramatically accelerating climate action, enabling decarbonization, and even allowing for companies to set higher targets and attain even deeper rates of emissions reductions than under the current paradigm.

The first step towards collective action is decoupling the "who does how much" question from the "who pays" question. In other words, just because a company needs to deeply decarbonize to meet our collective climate goals, that does not mean they're automatically responsible for paying the tab. These two pieces of the puzzle — where does the work need to be done and who pays — need to be solved separately. Contributions should be linked to ability to pay and could factor in equity, margins, and historical emissions, for example. Decoupling is the first and most important step towards a collective approach.

## END NOTES

1

Figures vary based on methodology; 2% comes from Aii and WRI  
"Roadmap to Net Zero Delivering Science-Based Targets in the Apparel Sector Preliminary Draft for Stakeholder Feedback" (published 2020 by World Resources Institute and Apparel Impact Institute)

[https://mcusercontent.com/02d7a943deeb0be5c375f4552/files/ce1eb77e-f71f-4ecb-8634-3c71afdd64dd/Roadmap\\_to\\_Net\\_Zero\\_Preliminary\\_Draft\\_Final\\_Sept\\_2020.pdf](https://mcusercontent.com/02d7a943deeb0be5c375f4552/files/ce1eb77e-f71f-4ecb-8634-3c71afdd64dd/Roadmap_to_Net_Zero_Preliminary_Draft_Final_Sept_2020.pdf)

4% comes from McKinsey

"Fashion on Climate: How the Fashion Industry can Urgently Act to Reduce Its Greenhouse Gas Emissions" (published 2020 by McKinsey & Company and Global Fashion Agenda)

[www.mckinsey.com/~media/mckinsey/industries/retail/our%20insights/fashion%20on%20climate/fashion-on-climate-full-report.pdf](http://www.mckinsey.com/~media/mckinsey/industries/retail/our%20insights/fashion%20on%20climate/fashion-on-climate-full-report.pdf)

8% comes from Quantis

"Measuring Fashion: Environmental Impact of the Global Apparel and Footwear Industries Study" (published 2018 by Quantis)

[https://quantis.com/wp-content/uploads/2018/03/measuringfashion\\_globalimpactstudy\\_full-report\\_quantis\\_cwf\\_2018a.pdf](https://quantis.com/wp-content/uploads/2018/03/measuringfashion_globalimpactstudy_full-report_quantis_cwf_2018a.pdf)

2

The Paris Agreement is a legally binding international treaty on climate change adopted by 196 Parties at the UN Climate Change Conference (COP21) in Paris, France, in December 2015. <https://unfccc.int/process-and-meetings/the-paris-agreement>

3

There were 20 apparel brands committed to SBTis as of June 2019; [https://sciencebasedtargets.org/resources/legacy/2019/06/GBT\\_App\\_Guide\\_final\\_0718.pdf](https://sciencebasedtargets.org/resources/legacy/2019/06/GBT_App_Guide_final_0718.pdf)

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