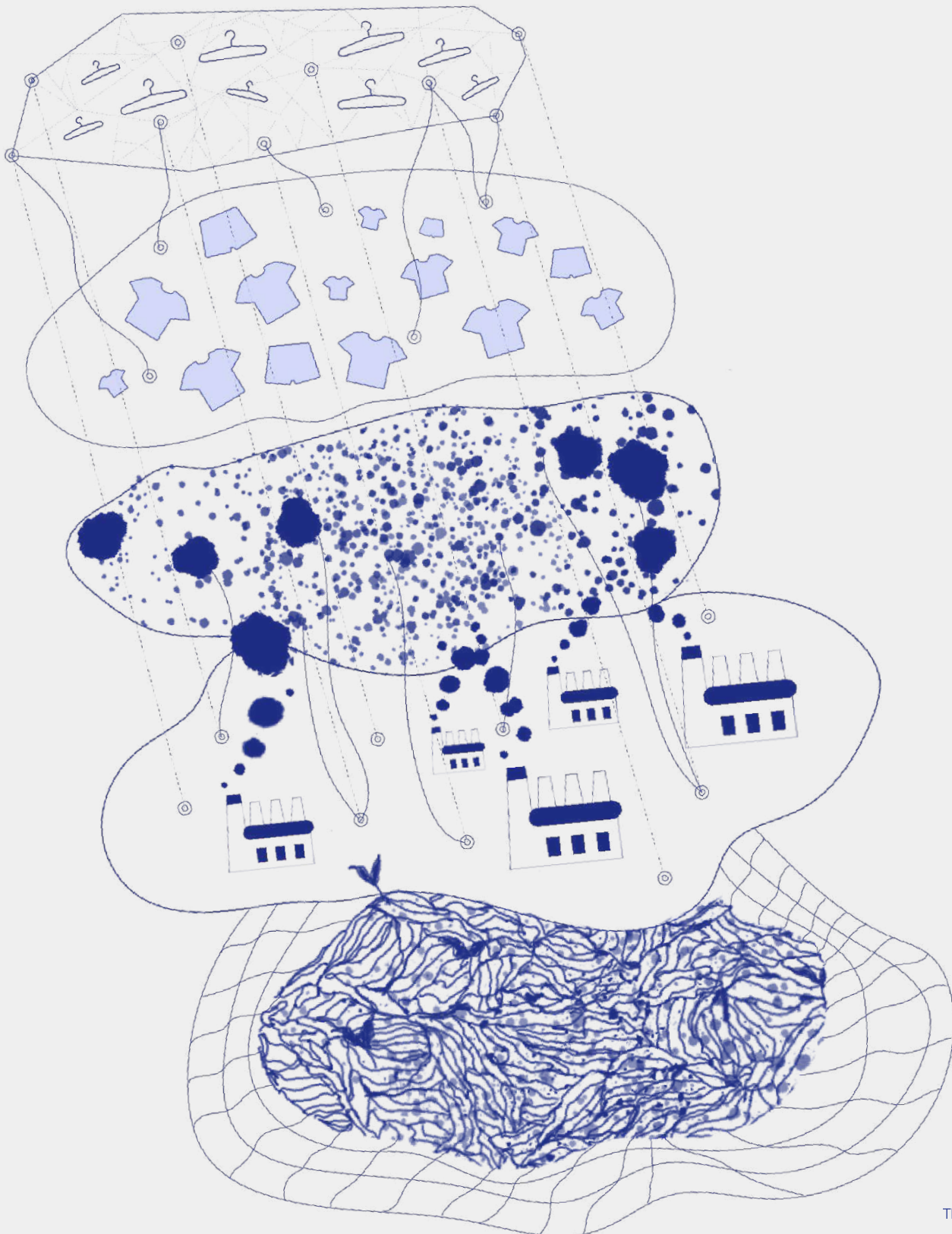


Towards a *Collective Approach*:

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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**DECARBONIZING
DENIM:
A POCKET GUIDE
FOR LEGISLATORS**

Decarbonizing Denim: A Pocket Guide for Legislators

Apparel sector and climate change:

The global apparel and footwear industries are responsible for an estimated 2–8% of global greenhouse gas emissions, depending on the methodology.¹ Scope 3 emissions account for well over 90% of the sector's emissions footprint, by most estimates, with the vast majority of emissions happening in the supply chain and in the making and manufacture of apparel and textile products.² Specific emissions for the denim sector are not available, but its footprint is assumed to be significant, as the production of denim relies on agricultural inputs (from chemicals, fertilizer and fuel used for cotton production) as well as significant energy inputs (electrical and thermal) used for cotton and synthetic material yarn processing, yarn and fabric dyeing, and garment production.

Commercial context:

As the majority of the apparel sector's emissions stem from production-related activities in the supply chain, the burden of decarbonizing lies primarily with apparel and textile producers, many of which are based in the Global South, with China, Bangladesh, Vietnam, Turkey, and India among the top apparel-exporting nations in the world.³ It's important to note that most brands and retailers do not own their production facilities, and the top-down approach requires that suppliers take on the burden of decarbonization often without technical or financial assistance from brands and retailers.

Legislative context:

Policymakers in a number of jurisdictions in the Global North are proposing numerous sustainability laws and measures to achieve net zero emissions and sustainable economic growth that target the private sector. Of particular consequence is the EU Corporate Sustainability Due Diligence Directive (CSDDD), the EU Corporate Sustainability Reporting Directive (CSRD), and the New York Fashion Sustainability and Social Accountability Act (The Fashion Act). These legislative developments aim to shift certain sustainability practices within the business community from being a voluntary practice to a mandatory requirement. These would require — or put pressure on — brands to report on their supply chain emissions and demonstrate emissions reductions in line with science-based targets or other emissions reduction targets set in keeping with the GHG protocol.

Decarbonizing Denim: A Pocket Guide for Legislators

Historical and political context:

It is important to note that the relationship between global brands and retailers and their suppliers has historically been based on a highly unequal distribution of financial risk and reward. Supply chains are fragmented and long and complex, which allows companies to offload risk and to achieve lower prices, but it also leads to transactional relationships within the sector and makes top-down solutions often ineffectual. This creates a contradiction: The apparel and denim sector's approach to sustainability has primarily been defined by brands, retailers, and activists based in the Global North and has not, for the most part, been created by or together with manufacturers. Suppliers are currently denied agency in determining the sector's approach to decarbonization specifically and sustainability more broadly, and meanwhile are expected to largely take agency on delivering on those goals.

Key questions and barriers to denim's decarbonization:

The denim sector is subject to the same emerging laws and industry-wide targets and goals to reduce emissions. Suppliers are increasingly being asked to set and achieve Science Based Targets, which call on companies to reduce their emissions by roughly half by 2030 and to reach net zero by 2050.

Rather than take this approach of target-setting in the supply chain as a foregone conclusion, we call on legislators to open up the conversation about appropriate and effective action. To do that, we have summarized suppliers' views on the following three questions:

- * WHEN IT COMES TO DECARBONIZING FASHION, WHO SHOULD DO HOW MUCH?
- * WHO PAYS?
- * AND WHO AND WHAT DRIVES CHANGE?

This report's findings demonstrate that the sector's prevailing answers and approach to these questions is flawed, stalling meaningful decarbonization action, and needs a rethink. Detailed evidence debunking these assumptions and approaches is offered in Chapters 1-3, below is a brief recap.

INSPIRATION FOR MORE EFFECTIVE CLIMATE LEGISLATION

→ THE GLOBAL NORTH SHOULD DO MORE

Legislators should demand that **companies headquartered in the Global North commit to a faster decarbonization rate than companies headquartered in the Global South** — potentially in relation to their size and revenue.

→ UNLOCK FUNDING

Legislators should leverage their power to **unlock the financing needed for a 'just transition' in accordance with UN's definition**. For example, this could be achieved by requiring companies within scope to invest a percentage of their annual turnover into their supply chain's decarbonization. Another model that could serve as a useful precedent is the Just Energy Transition Partnership (JETP), which at a national level facilitates financing by richer countries of the energy transitions in countries with fewer resources,⁴ as is equitable according to historic and current country-level emissions. Legislators should also require companies to commit to act as facilitators/engage in financial vetting that de-risks investment in decarbonization in the Global South.

→ CONTRIBUTION TO A COLLECTIVE GOAL

Legislators should explore ways of **holding companies accountable for their contribution to a collective goal** rather than companies' performance against company targets.

→ INCREASING DECARBONIZATION POTENTIAL

Legislators should create incentives for global brands and retailers to increase a particular location's decarbonization potential.

→ PURCHASING PRACTICES AND SHIFTING THE BUSINESS MODEL

Legislators should create incentives for more equitably distributed financial risk across value chains. Legislators should also create incentives for improved global brands and retailer purchasing practices and long-term sourcing commitments.

END NOTES

1

There are several reports measuring fashion's carbon footprint. Figures vary based on methodology: 2% comes from "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

4% comes from "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

8% comes from "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

2

"Roadmap to Net Zero Delivering Science-Based Targets in the Apparel Sector Preliminary Draft for Stakeholder Feedback." (Published September 2020 by the World Resources Institute and the Apparel Impact Institute)

https://mcusercontent.com/02d7a943deeb0be5c375f4552/files/ce1eb77e-f71f-4ecb-8634-3c71afdd64dd/Roadmap_to_Net_Zero_Preliminary_Draft_Final_Sept_2020.pdf

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"World Trade Statistical Review 2023." (Published 2023 by the World Trade Organization)

https://www.wto.org/english/res_e/booksp_e/wtsr_2023_e.pdf

4

"Six-Month Update on Progress in Advancing the Just Energy Transition Partnership (JETP)." (Published June 2022 by The National Archives)

<https://webarchive.nationalarchives.gov.uk/ukgwa/20230311221000/https://ukcop26.org/six-month-update-on-progress-in-advancing-the-just-energy-transition-partnership-jetp/>

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